

TOOLKIT – STRATEGY #2

ADEQUATE INFRASTRUCTURE CAPACITY

Roads, sewage lines, water lines, electrical, gas, storm water drains, curbs, gutters, and sidewalks are some of the infrastructure needs that must be provided for any residential development. In Hawaii, a significant amount of public and community opposition to any development, including the development of affordable housing, stems from the concern of infrastructure impacts that a proposed project will have.

The cost of infrastructure financing is a significant challenge. The limited amount of infrastructure financing options available in Hawaii makes this challenge even more daunting, and provides a disincentive to developers who are contemplating residential projects where a considerable amount of infrastructure and offsite infrastructure work may be needed or required. When offsite infrastructure is required of a development, and the improvement will be a benefit to the greater community in which the development is located, the cost of financing the infrastructure, and who bears that cost must be carefully evaluated.

In conjunction with developer contributions, government resources such as: general funds, capital improvement project funds, general obligation bonds, community facilities districts, tax increment financing, Community Development Block Grant funds, United States Rural Development Association programs, and HOME funds can be leveraged to share a burden of the cost of infrastructure, which means less infrastructure costs passed on to the consumer through higher housing prices.

Approach infrastructure financing with integrated long term-planning concepts coordinated by the State and Counties. Other infrastructure financing tools available include: tax credits, impact fees, tax exempt bond financing, improvement districts, real property tax exemptions, and a dedicated affordable housing infrastructure fund.