

TOOLKIT – STRATEGY #3 REDUCE RED TAPE

The regulatory framework that dictates development in Hawaii is by far the most difficult strategy to navigate, understand, and reconfigure. There are many areas to address within the category of reducing red tape in Hawaii.

Compressing and streamlining the entitlement and permitting processes of the State and Counties encourages and enables a greater number of developers to build more affordable housing. It is a fact that our land use system was created at a time when county governments hadn't evolved. Yet when the counties did evolve, and establish their own planning and land use development processes, the State process remained intact, setting up a two-tier system of State and County approvals that is redundant, duplicative, and unpredictable. However, as logical as it may sound to eliminate the duplicity, this is the area that touches the hearts of many residents in Hawaii who do not want to see our state overdeveloped and who do want to see open spaces and the natural landscape that defines Hawaii remain intact.

Some State and County approvals could be obtained concurrently. Developers assert the redundancies exist in the application of "conditions" the Land Use Commission (LUC) puts on projects - conditions that are often required at the County level, as well. Currently, the LUC conducts a 25-point condition review of proposed projects. The County review covers 23 of those conditions and an additional 13 conditions not covered by the LUC review. This process proves time consuming and costly for the non-profit, for-profit, and self-help development community. Streamlining the entitlement and permitting process is a key element to Expanding Development Opportunities (Strategy #1.) Projects of 50 acres or less that meet a defined affordable housing criteria could be exempt from the LUC approval process and subject only to County approval. The function of the LUC should change from a project specific zoning agency to a policy oriented body overseeing State land use designations; the Counties have the expertise to handle district boundary amendments today and are the appropriate body to set policy and direct growth at the local level.

Due to the shortage of staff in the permitting area, State and County agencies should **establish permit fee programs that allow developers to receive an expedited review** by private consultants retained by the State or County. Simultaneously, **affordable housing applications should be granted a priority review status** by all State and County agencies. **A single point of contact, or housing expediter**, may be identified to steer affordable housing projects through the entitlement and permitting process.

Development standards including building codes, inclusionary zoning requirements, and items benefiting the public such as schools and transportation should be established so there is predictability in the development process.

Leveraging financing sources for an affordable housing development is an art. There are Federal, State, and County programs that assist with the development of affordable housing and homelessness. However, for the most part, these programs operate

independent of each other and without coordination. This creates a housing system with multiple layers and numerous points of entrance which can be difficult to navigate and often works against the ultimate goal of building units. Typically, affordable housing projects utilize multiple sources of financing that are leveraged with each other. Together, the multiple sources balance to reach the “bottom line” and make a project pencil out. For example, a project may be financed using Federal or State tax credits, bond financing, monies from the US Department of Housing and Urban Development, and the Rental Housing Trust Fund. Each of these funding mechanisms carries their own affordable housing requirements and it is the developer’s responsibility to meet every one of those requirements as individual and onerous as they may be. GET exemptions, Community Development Block Grants, US Rural Development Association programs, Temporary Assistance to Needy Families funds, and a new State low-income housing tax credit are examples of financing sources that could be leveraged to fund affordable housing projects. **To ease this challenge for developers of affordable housing, State or County funded programs must be granted utmost flexibility in the use of public and trust funds to maximize the use and production of housing units that result from a fund.**

A single point of contact or clearinghouse for housing development would provide a single access point for information and referral on Federal, State, and County programs. Housing expediter positions could also be created to guide and steer affordable housing projects through the various steps in the development process, ensuring that projects receive timely or priority reviews so as not to jeopardize any of the funding sources for the project.

The times of Notices of Funds Available for USDA, USHUD, HHFDC, HOME, CDBG, and County funds are staggered at different times throughout the year and have different application periods. These should work together, not separate and apart from each other. **This is another reason why it is important to have some predictability in the amount of funds available in the State Rental Housing Trust Fund. These agencies should meet and work to address coordination issues and get their programs to work together rather than independent from each other.**

The following State and County agencies play a roll in Hawaii’s affordable housing institutional structure:

State Department of Hawaiian Homelands
State Department of Business, Economic Development, and Tourism
State Department of Human Services
State Department of Budget and Finance
State Department of the Attorney General
Hawaii Housing Finance and Development Corporation
Hawaii Public Housing Authority
Department of Planning and Permitting, City and County of Honolulu
Department of Community Services, City and County of Honolulu
Department of Housing and Human Concerns, County of Maui
Kauai County Housing Agency
Office of Housing and Community Development, County of Hawaii

Together with private developers, non-profit developers, self-help corporations, economic opportunity councils, and service providers, these groups comprise the institutional structure for affordable housing in Hawaii. The large amount of participants can fracture the system and create unintended barriers to creating affordable housing. Hawaii's system as a whole must work together, communicate, and implement broad-based strategies, from financing development to educating first time homebuyers, to dramatically increase the affordable housing inventory in the State.

Federal, State, and County agencies that provide assistance for affordable housing should conduct a minimum of two joint workshops a year with potential applicants for funds to discuss agency programs, interaction, and application processes.