

TOOLKIT – STRATEGY #4 LEVEL THE PLAYING FIELD TO ENCOURAGE AFFORDABLE HOUSING DEVELOPMENT

With so many challenges and obstacles to housing development in the State of Hawaii, there is a need for targeted, concrete incentives to engage more affordable housing development in the State. These incentives may take the form of tax exemptions, expedited permit reviews, project based incentives, and policies that provide more predictability in the field of housing development. Hawaii offers attractive incentives for other kinds of investment in various markets including television, film, and research. Housing is a quality of life issue that should be at the top of our priorities when considering, and meeting, the needs of our people.

There is a State/County general excise tax (GET) exemption program offered to affordable housing projects that meet a certain criteria established in statute, known as “201H.” **Similar GET tax exemptions could be offered to affordable housing developments that do not utilize the 201H process, public land, or public funding sources. GET exemptions could be offered to developers who provide more than the required amount of affordable units required of them by the County for a mixed income, market rate, or mixed-use project. Tax deductions together with tax credits and development density bonuses could be offered as incentives for the private donation of land for affordable housing.**

Project based incentives in exchange for affordable housing development include: density bonuses, height bonuses/waivers, cluster zoning, waiving sewer and water connection fees, tax credits, reduction of parking requirements, an expedited permit review, greater design flexibility, procurement exemptions, waiving State wage requirements, and targeted infrastructure financing.

Provide developers flexibility to meet their affordable housing requirements by allowing them to dedicate or donate land with restrictive covenants, including perpetuity, to satisfy their affordable housing requirement. Developers could be allowed to make their requirement on **offsite locations**, including State and County lands identified as developable for affordable housing. Finally, developers deserve **predictability**. Impact fees, items benefiting the public including schools and transportation, need some uniform standard and process for assessment and need to benefit the community in which the project exists. In-lieu fees and other exactions cannot be deposited into State and County general funds to be spent on areas unrelated to affordable housing.