

TOOLKIT – STRATEGY #5

COMMIT TO HOMES WORKERS CAN AFFORD

Affordable housing is a quality of life issue that affects numerous areas of one's life: education, employment, health, and financial security are just a few. Recognizing this dynamic, a commitment to affordable housing will improve the communities that we live in, raise our children in, and hope to sustain for generations to come.

Consistent, permanent funding sources, including tax revenues and bonds, must be identified and earmarked for affordable for sale and rental housing development. Whether through the conveyance tax, or other revenue sources, this change would provide predictability in the amount of funds available on an on-going yearly basis. In addition to conveyance tax proceeds, GET revenue collections on residential rents could be set aside for affordable housing projects. Real estate and property taxes are another source for funding affordable housing, as well as a new surcharge on the conveyance tax for investor and speculative purchasers.

Bonds are another source of funding that may be issued for the construction, rehabilitation, and preservation of affordable housing, emergency shelters, homeless facilities, infrastructure financing, and to provide down-payment assistance for first time homebuyers. California's Proposition 46 provided a \$2.1 billion dollar bond for housing programs and development. General obligation bonds, special purpose revenue bonds, and tax exempt bonds are a few of the bond options available in Hawaii for the State, Counties, and developers to utilize. Other funding sources to consider include community facilities districts, tax exempt financing, and a new special fund exclusively dedicated to affordable housing infrastructure funded with capital improvement project (CIP) monies.

Financing strategies that successfully empower the development of affordable housing are those that maximize resources, tools, and options, while simultaneously providing flexibility in the use of funds.

Another key is integrated, long-term planning to address infrastructure needs in the State. Target growth areas in communities and work to identify infrastructure needs and direct capital improvement projects funds to those areas for infrastructure improvements. Form partnerships with affordable housing developers (non-profit, for-profit, and self-help) who are willing to undertake a project in the targeted growth area with the infrastructure needs identified and give those projects priority funding and permit review. There must be communication and coordination of where State and County dollars for affordable housing development are flowing, and identify how one may assist the other.

The preservation and maintenance of affordable housing units are vital to providing a meaningful, permanent increase in Hawaii's affordable housing inventory. The State could acquire buildings that are Section 8 or affordable units that are set to go back into the market. The State could purchase these units to preserve them in the affordable housing market, deed restrict the units, and privatize the management and maintenance of buildings to non-profit developers and private developers. Simultaneously, the State and

Counties could re-evaluate their portfolio of public housing and ensure that those units stay in the affordable rental market, or are sold and use the revenues to maximize the number of affordable rentals in the market.

Other methods of committing to increasing the supply of affordable homes is to incentivize landlords to preserve affordable rentals rather than remove them from the market; legalize and provide funding to support the development of “ohana” units; create disincentives for any type of conversion, including condo-conversion, of an affordable unit that removes that unit from the affordable housing supply; amend the condo-conversion law to require affordable units that are targeted for conversion be brought to the same standards and code as new construction; and allow the privatization of Federal and State public housing. Co-operatives, limited equity co-operatives, and community land trusts must be utilized as sustainable affordable housing options.

Adequate resources, including funding, staff, equipment, and supplies to State and County agencies that are responsible for reviewing applications for affordable housing projects must be provided. Without adequate staff, agencies find it impossible to improve the amount of time to review and approve or disapprove an application.

Whether investing general revenues, GET tax collections, GET residential rent collections, property tax collections, or bond financing, a large leap in investment must be made into Hawaii’s affordable housing system, and agencies must be given flexibility to use and administer the funds in the ways that maximize the number of affordable housing units produced. Committing to affordable housing means a commitment to improving the quality of life for our workers.