



HOUSING OAHU: Affordable Housing Strategy

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Draft for Review and Discussion

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HOUSING OAHU: Affordable Housing Strategy

Executive Summary

Oahu is experiencing a housing crisis. Our current housing policies, programs, and investments are fragmented and need updating to address escalating needs. The marketplace is not building enough affordable housing to keep up with demand. Many people live in overcrowded homes, spend more than 45% of their incomes on combined housing and transportation costs, or are homeless and living on the streets. Oahu would need more than 24,000 additional housing units to address pent-up demand combined with new household formation by 2016. Over 18,000 or 75% of the total projected demand is for households earning less than 80% of area median income (AMI), or \$76,650 for a family of four. This demand is largely for rental units. In contrast, only 2,080 residential building permits per year on average were issued over the last five years. Most homes built were for higher income households and for-sale units.

The Vision

Oahu – Hawaii’s gathering place – will provide housing choices that build community, strengthen neighborhoods, and fit family budgets. All people will have access to shelter on Oahu.

This Affordable Housing Strategy will help address these needs through new and revised policies, incentives, regulations, and investments, in partnership with developers, builders, and other stakeholders.

Implementing the Housing Strategy through City efforts will add approximately 4,000 units to the affordable housing inventory over five years. If the State participates as well and continues funding affordable housing projects at a rate similar to the projects currently in the pipeline, and capitalizes on TOD opportunities on state lands, the five-year total increase could be over 8,000 units. If these policies and investment strategies prove effective and are continued over a fifteen to twenty year period, the currently-identified housing needs will be met, with affordability of those units ensured for decades. Major new initiatives include:

- **Affordable Housing Requirement.** This will apply to all development over a certain threshold. Current regulations (applied only to rezoning) require affordability to be maintained for ten years or less. The new requirement will prioritize more affordable rental housing for lower income households, require affordability for three times longer, and have sufficient flexibility to meet developers’ needs, including the four options summarized below.

Current Unilateral Agreement Rules	Proposed Affordable Housing Requirement
Applies to projects needing rezoning at 10 units or more. Options:	Applies to projects islandwide needing building permits for 10 units or more, with different percentages for rental and for-sale. May be adjusted for varying unit sizes and lower income ranges. Four options:
A minimum of 30% of total units must be affordable to those earning up to 140% AMI.	CONSTRUCTION ON-SITE: If Rental: 15% of the units at up to 80% of AMI If For-Sale: 20% of the units at up to 120% of AMI (1/2 up to 100%)
Of this 30% , a minimum 20% of the total units must be affordable to those earning up to 120% AMI, of which 10% of the total units must be affordable to those earning up to 80% AMI.	CONSTRUCTION OFF-SITE: If Rental: 15% of the units at up to 80% of AMI If For-Sale: 25% of the units at up to 120% of AMI (1/2 up to 100%) IN LIEU OF CONSTRUCTION FEE or LAND DEDICATION: Cash contribution or improved land in lieu of building affordable units (proposed fee \$45 per finished SF).
Minimum required period of affordability 10 years .	Minimum required period of affordability 30 years .
<i>Note: HCDA Reserved Housing Rules for development in Kakaako require 20% of for-sale units (for 5 years) and 15% of rental units (for 15 years), both at up to 140% of AMI. Updated draft rules under review by HCDA are more in alignment with the City’s draft affordable housing requirement.</i>	

- **Transit-Oriented Development.** Building the rail system is a new driver. A toolkit of TOD zoning and financial incentives will encourage developers to build more affordable housing near the rail stations. City investments in catalytic projects, infrastructure, and public-private partnerships will help lead the market. Applying similar “transit-ready development” principles islandwide will help make sure that growth on the rest of Oahu is also compact, connected and walkable.
- **Accessory Dwellings.** The supply of rental housing in existing neighborhoods will be increased by updating zoning codes to allow accessory dwelling units (ADUs) to be added on existing single-family and country lots. Like ohana units – but not limited to family members – small cottages, additions, or converted garages will provide well-located, well-managed housing choices plus additional income for owners, or more accessible units for elders to move into as they ‘age in place.’ Over 100,000 homeowners could be eligible to build ADUs on their lots (if infrastructure has capacity), or convert existing structures, which could produce over 250 units per year.
- **Financial Incentives.** Recognizing the high cost of land and construction in Honolulu, a variety of financial tools will be available to incentivize affordable housing production, such as lower sewer and park dedication fees, reduced property taxes, and reduced parking requirements. Public-private partnerships can help overcome some barriers and better utilize City and State properties. Targeted public investment and other mechanisms like community facility districts can address infrastructure needs. While the City’s investment in rail and proposed rezoning are themselves development incentives, additional funds will be made available to subsidize affordable housing development.

<p>Strategic Action Plan: Major Initiatives</p> <ol style="list-style-type: none"> 1. Increase Workforce Housing Inventory <ul style="list-style-type: none"> • Adopt new Affordable Housing Requirement islandwide to require longer affordability period at lower income levels in more projects. • Increase affordable housing production and adopt benchmarks. 2. Increase Low-Income and Homeless Housing Options <ul style="list-style-type: none"> • Acquire, develop, rehabilitate, and lease Housing First units. • Leverage existing HUD funding to implement projects and to better coordinate and target homeless services. 3. Invest in Better Neighborhoods <ul style="list-style-type: none"> • Develop affordable and workforce housing in mixed-use, mixed-income catalytic TOD projects, using public-private partnerships. • Implement a housing finance toolkit with incentives to stimulate private investment. • Rehabilitate existing housing and invest in neighborhood infrastructure. 4. Update Policies and Regulations to Promote Housing Production <ul style="list-style-type: none"> • Adopt Neighborhood TOD Plans and update ordinances, zoning and parking requirements to make it easier to build mixed-use projects near rail stations. • Expand zoning for multi-family and accessory dwelling units (ADUs) for affordable rental housing. • Revise construction standards and building codes and improve permit process. 5. Coordinate Implementation and Measure Progress <ul style="list-style-type: none"> • Establish a strategic development office to fast-track implementation. • Track production and inventory of affordable housing.
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Acting together on this Strategy will help us emerge from our housing crisis and build a more diverse and affordable housing stock over time. Since this Strategy’s initial presentation, stakeholder groups were reconvened and the document was revised to incorporate many of their suggestions. An ADU ordinance was passed by Council on 9/02/15, and the Affordable Housing Requirement ordinance will be introduced soon. Adoption of these key actions will affirm the City’s commitment to the production, preservation and maintenance of well-located affordable and workforce housing.

Introduction

The Affordable Housing Strategy includes a vision and principles for housing and community building that will be integrated with a variety of public and private plans. It also includes strategic actions to revise policies, regulations, incentives, programs, investments, and financial tools that help increase the supply of affordable and workforce housing, and to address the housing and services needs of our elderly and vulnerable populations, low income, working poor, and homeless families and individuals.

Applying transit-ready development principles to any new housing provided in suburban and rural areas will help ensure that all communities are more walkable, age-friendly, and connect neighbors and neighborhoods with expanded and enhanced bus service. There is significant potential for increasing the supply of rental housing in existing neighborhoods by updating zoning codes to allow accessory dwelling units (ADUs) to be added on existing single-family lots. Like ohana units – but not limited to family members – small cottages, additions, or converted garages will provide well-located, well-managed housing choices plus additional income for owners, or more accessible units for elders to move into as they ‘age in place’. Planning for the long-term potential for new development to increase housing supply must also be coupled with solving the immediate crisis of homelessness through expanding availability of low cost rental units for the City’s Housing First initiative.

While Oahu has been struggling with the lack of affordable and workforce housing for years, the island has a new opportunity to resolve many of its housing problems in conjunction with the construction of the new rail transit system. Transit-oriented development (TOD) will help transform the neighborhoods along the rail corridor. With the rail system planned for completion in 2020, acting now to develop updated and new plans, policies, programs, and investment strategies will help address housing needs. Over time, more people will want to live and work within walking distance of a rail station, and that will drive demand for more housing choices. Directing growth toward the transit stations, and including a wide variety of income groups and lifestyles, will simultaneously protect our rural communities and open spaces for future generations. This growth will also include rehabilitation of and additions to existing residential buildings.

Vision and Principles

Affordable Housing Vision

This vision outlines goals and principles for producing housing that meets Honolulu’s diverse needs.

Oahu – Hawaii’s gathering place – will provide housing choices that build community, strengthen neighborhoods, and fit family budgets. All people will have access to shelter on Oahu.

- **Transit-oriented and transit-ready development** will revitalize, enhance, and stabilize existing urban and suburban neighborhoods and rural towns; increase the supply and long-term affordability of a range of housing types and sizes; and reduce combined housing, transportation, and energy costs.
- **Compact, mixed-use community design** will connect people with jobs, parks, services, and each other; provide more sustainable infrastructure and reduce environmental impacts; protect rural character and quality agricultural lands; and make walking and wheeling easier and safer.
- **Healthy, age-friendly communities** will accommodate keiki to kupuna with housing options that allow older children to live in the communities where they grew up and elders to “age-in-place” or with or near relatives; and will help minimize displacement and unwanted gentrification.

Affordable Housing Principles

These islandwide principles for affordable and workforce housing are centered on social equity and are consistent with the broad policy statements within the Hawaii State Plan, Oahu General Plan and Hawaii 2050 Sustainability Plan.

1. **“Affordable housing” will stay affordable.** Investment of public funds and use of public lands will focus on producing rental housing for families earning less than 80% Area Median Income (AMI) and kept affordable for a longer period of time. Voucher and other supportive initiatives such as “Housing First” will be expedited to address the housing and service needs of homeless and very low and low income families and individuals.
2. **Affordable housing units will be dispersed and mixed.** To avoid creating neighborhoods segregated by income, policies will apply to all geographic areas and development types. Affordable housing will be provided with market-rate housing, and constructed with diverse incomes, ages, and cultures in mind. More variety in building types will include row houses and townhouses, ohana units for extended families, accessory dwellings units (ADUs) such as cottages and additions on existing lots, micro-units, tiny houses, and modular homes.
3. **The City’s role in affordable housing development will be primarily as a facilitator and stimulator.** Most affordable housing construction will likely be initiated by private and non-profit developers coordinated and monitored by State and City agencies and supported by targeted public investment and updated policies (e.g. upgraded infrastructure, creative financial support, increased densities, reduced parking requirements, relief from selected development requirements)
4. **New affordable housing requirements will recognize market realities.** There is a fine balance that must be achieved between the requirements imposed by the City and the market realities faced by private and non-profit developers. The process for developing and maintaining these affordable housing requirements will recognize that balance. In addition, these requirements will be reviewed as needed to address changes in the larger economic environment.
5. **New construction and preservation and rehabilitation of existing affordable units will be encouraged** through land use ordinance and zoning code updates. This will focus on affordable housing in compact mixed-use development near transit stations. Development will provide additional affordable housing, active streetscapes, and usable open space in return for appropriate increases in density and height. Parking requirements will be reduced to lower housing costs and encourage walking, biking, and transit use.
6. **Housing will connect people to places,** and help build strong communities, where people care about their neighbors, their neighborhoods, and the environment. It will be located in walkable, accessible neighborhoods with good transit service.

The rail system is an opportunity to create new housing types for a mix of incomes and household sizes, while preserving and improving existing affordable housing. TOD will reduce total housing and transport costs. Apart from the cost savings of not owning a vehicle (estimated at \$7,000 annually), there may be other opportunities for savings that private partners can provide. For example, mortgage lenders may offer “location-efficient” mortgages, meaning that people purchasing homes near transit stations may qualify for higher loans at lower costs. Implementation of the vision requires working collaboratively with others who are also committed to the production, preservation and maintenance of affordable housing on Oahu.

Background and Needs

Background

This Strategy responds to City Council Resolutions 13-274 to develop an affordable housing policy for transit-oriented development (TOD) districts; 13-168, CD1 to amend the unilateral agreement policy; 14-28 to establish an affordable housing strategy; and 14-200 to regulate accessory dwelling units. It was developed by the City's Office of Housing (HOU), Department of Planning and Permitting (DPP), Department of Community Services (DCS) Budget and Fiscal Services (BFS), and Office of Strategic Development (OSD). Other partners provided guidance, and will assume key roles in implementing the Strategic Action Plan. This includes City departments that provide services and infrastructure to residential properties like the Department of Transportation Services (DTS), Environmental Services (ENV) and the Board of Water Supply (BWS). It also includes State agencies such as Hawaii Housing Finance and Development Corporation (HHFDC), Office of Planning (OP), Hawaii Public Housing Authority (HPHA), Hawaii Community Development Authority (HCDA), and the Department of Accounting and General Services (DAGS), as well as the US Department of Housing and Urban Development (HUD). Given that public funding has historically only produced a small amount of affordable units, our most important partners are the non-profit and private developers, service providers, and design and construction professionals. Many of these partners participated in a series of stakeholder group meetings to provide input on key elements of the Strategy.

The draft Strategy was initially presented to Council on September 12, 2014. It was then distributed widely and discussed in numerous meetings with developers, housing advocates, bankers, realtors, and planning and land use professionals in the housing industry. The draft Strategy was the topic of two Town Hall meetings (at the Blaisdell Center and in Waipahu), and was discussed during the November 13, 2014 Waipahu Community Meeting, November 15, 2014 FACE Housing Summit, November 22, 2014 TOD Symposium, and the December 16-17, 2014 Land Use Research Foundation (LURF)-sponsored Housing Summit. The draft was also posted to the DPP and Mayor's Office of Housing websites, with an email hotline created to respond to questions.

The Strategy is also based on the work of housing task forces and committees convened previously over the past ten years, including:

- Governor's Affordable Housing Task Force (2004-2005)
- Hawaii State Legislature's Joint Legislative Housing and Homeless Task Force (2005-2006)
- City and County of Honolulu's Affordable Housing Advisory Committee (2006)
- City Auditor Recommendations (2007)
- Governor's Affordable Housing Regulatory Barriers Task Force (2008)
- Mayor's Affordable Housing Advisory Group (2008)
- Equitable TOD Fund Housing Fund Strategy (2013)

Existing data was assembled from the University of Hawaii's Economic Research Organization (UHERO) construction projections, the 2010 *Affordable Housing Trend Report* prepared by Helbert Hastert & Fee; *Hawaii Housing Planning Study, 2011*, prepared by SMS Research and Marketing Services, Inc.; City and County of Honolulu *Homeless Point-in-Time Count 2013*; *Affordable Rent Guidelines 2014*, established by HUD for Honolulu County; the draft 2014 *Community Benefit Program Economic Analysis: Ala Moana TOD Planning Area* prepared by Keyser Marston Associates, Inc.; Honolulu Transit-Oriented Development (TOD) Scenarios Study prepared by Pacific Resources Partnership and Calthorpe Associates in 2013; and, the Office of Hawaiian Affairs (OHA) *Hawaii Renters Study 2014*. The Strategy also incorporated data and anecdotal information collected during stakeholder meetings held with housing advocates, developers, public, and government partners during TOD planning meetings and exercises. Finally, it reflects the findings from an on-line self-selected

survey of housing needs conducted by the DPP in 2014. As a public policy issue, the need to provide equal access to housing for all income levels has become clear. In order to help determine appropriate percentages in the proposed new affordable housing requirement, the City also commissioned a *Residential Nexus Analysis* by Keyser Marston Associates, Inc. (2015). The analysis calculates how market rate residential development creates a need for affordable housing, and what percentages of affordable housing should be required for different development types. It also calculates what level of in-lieu fee (cash contribution) would be supported, for developers who choose to pay a fee instead of constructing affordable housing.

Demographics and Housing Needs

Oahu’s population continues to increase annually. Projections suggest that we can expect as many as 5,000 new residents every year between 2010 and 2040 (DBEDT, 2012). Over the last decade, single family detached homes have accounted for the majority of new construction, about 64%, with attached and multifamily homes making up the other 36% (US Census, 2010). Married couples with children, the primary market for single-family detached homes, now account for only 22% of all Oahu households (US Census, 2010), a proportion that continues to shrink each year. By contrast, the proportion of singles, single parents, empty nesters, and seniors — many of whom prefer more compact single family and multifamily housing types — has grown steadily (PRP and Calthorpe, 2013). The City’s projections forecast the number of one-and two-person households to climb from 55% today to 60% by 2035.

The fastest growing cohort includes people over 65 years old. This group is expected to increase from 14.5% to 23.6% of Hawaii’s total population between 2010 and 2040. The growing elderly population will have strong implications for the affordable housing supply, typology and location. The City has adopted an Age Friendly City Action Plan to implement supportive strategies. The second fastest growing cohort is the ‘Echo Boomers’ (or millennials, born after 1980), i.e., those young people who are just beginning to form their own households and are looking for compact, affordable rental units in walkable neighborhoods close to town and near mass transit and bicycle lanes. They are deferring home purchases, and may require down payment assistance due to lifestyle choices in early adulthood, along with overall economic conditions which precluded wealth accumulation.

Figure 1: Projected Demand for Housing Units 2012-2016, City and County of Honolulu

(Based on HUD’s Area Median Income (AMI), prepared by DCS)

	<30% AMI plus HPIT	<50% AMI	<80% AMI	<120% AMI	<140% AMI	140% + AMI	Total Units
Maximum AMI ¹	\$28,750	\$47,900	\$76,650	\$114,980	\$134,140	>\$134,140	
Ownership Units ²							
Single-family	887	277	1,499	643	752	1,143	5,201
Multi-family	963	392	539	286	294	565	3,039
Rental Units ²							
Single-family	134	69	183	0	0	287	673
Multi-family	4,022	2,811	2,047	1,047	515	502	10,944
Homeless: family & individuals ³	4,712	---	---	---	---	---	4,712
TOTAL	10,718	3,549	4,268	1,976	1,561	2,497	24,569

¹ Honolulu County Affordable Rent Guidelines 2014 for 4 person family size.

² Hawaii Housing Planning Study, 2011, prepared by SMS Research and Marketing Services, Inc., November 2011.

³ City and County of Honolulu, Homeless Point-in-Time Count (HPIT) 2014, assumes all earn less than 30% AMI.

Figure 1 identifies the latent housing demand and new household formation needs up to the year 2016 for different household income ranges. **Oahu needs over 24,000 additional housing units by 2016, with over 18,000 or 75% of the total projected demand for households earning less than 80% of area median income (AMI). This need contrasts with actual housing production: residential building permits have averaged approximately 2,080 per year over the last five years, with most of the homes constructed for higher income households.**

Low-income households often do not have a sufficient down payment or credit history necessary to secure a mortgage. The 2014 survey suggests that saving for a down payment to buy a home is the most critical personal housing issue for 20% of the respondents. While the survey reveals that most renters aspire to purchasing their own homes, few have the resources necessary to secure a mortgage. Survey respondents who rent the place where they live were asked about how much money they had in savings or other sources that could be used for a down payment. A plurality of renters responding (38%) have less than \$1,999 to put towards a down payment. The median sales price for a single-family home on Oahu in 2013 was \$650,000, which would require a 20% down payment of \$130,000. The median sales price for a condominium on Oahu in 2013 was \$332,000, requiring a down payment of \$66,400. Only 5% of survey respondents have more than \$50,000 to put towards a down payment. Funds for down payments are only one barrier that potential home owners face. Another problem is credit worthiness. A household's credit can be severely damaged during market downturns when jobs are lost, bills go unpaid, and loans are not repaid in a timely manner. Assistance for home buyers will need to be customized to help people overcome various challenges.

Besides those first-time homebuyers who need assistance with affordable mortgages, analysis of the data shows the need to meet the strong demand for rental units. From a supply perspective, the housing stock needs to include more affordable rental options, which include smaller units (such as accessory dwelling units, studios, tiny homes, and micro-units) and more compact housing designs such as townhouses and row-houses to minimize land costs. Beyond producing more compact, well-located units, assistance and services could be better oriented towards meeting the needs of renters, including rental assistance and the more widespread dissemination of tenants' rights information.

While Figure 1 includes homeless people, it does not reveal the problem that often precedes homelessness. When housing is expensive and affordable options are limited, adult children stay at home longer (or return home) before forming their own households, and living rooms become bedrooms for relatives and friends. Overcrowded households are problematic for health and safety reasons, but in Honolulu this is a coping mechanism that prevents people from living on the streets (see for example the Waianae Sustainable Communities Plan, 2012). A 2014 Office of Hawaiian Affairs (OHA) report refers to those who depend on others for temporary shelter as experiencing "housing insecurity". Data that documents the prevalence of overcrowding is limited. The survey conducted by the DPP in 2014 suggests that for households with three people or less, the majority have a bedroom for each person. For households with four to nine people, the majority live in three and four bedroom homes - implying the need to share. Among household sizes of ten people or more, five to six bedroom homes are most common.

According to the U.S. Census, Oahu's average household size has remained relatively steady at just under three people per household. But this number does not reflect the frequency of overcrowding, nor does it reflect the lifestyle variations among our population. The new policies, regulations, and projects will be customized geographically and generationally to accommodate the needs of Oahu's diverse population.

To summarize, the people most in need of affordable housing, and for whom assistance is currently insufficient are:

- Households paying more than 30% of their income on housing.

- Households earning less than 80% of median income.
- Households who can only qualify for rental housing.
- Individuals and families who are homeless or are on the verge of homelessness.
- People who are 65 years or older who need special assistance and/or need to move into more age-friendly living arrangements (either with extended families or on their own).
- Echo Boomers or millennials who are moving out of their parents' homes or returning to Oahu and starting their own households.

Current Affordable Housing Laws and Policies

Some argue that “the time-consuming and expensive permitting process” contributes extensively to the cost of housing. Of course, many factors contribute to the pace of construction and cost of housing, including land costs, interest rates, the availability of adequate infrastructure, economic cycles, etc. A recent report from UHERO references the various factors that impact construction.

“Hawaii’s construction expansion continues apace. New condo towers in Kakaako are spurring double-digit growth in permits for residential construction. A sharp rise in commercial construction, much of it in resort areas, is on the horizon. Public spending on infrastructure has also leapt upward, as the State works to address shortfalls that have built up in recent years. And with recent federal court victories, the way ahead is now clear for Honolulu rail rapid transit. Now in its third year of recovery, the construction industry is positioned for healthy growth over the next several years. (excerpt from UHERO’s “Hawaii Construction Forecast: Construction Upturn on Track” posted March 28, 2014)”

Given that the housing stock has grown by approximately 0.8% per year since 2007 (DBEDT, 2014), it is clear that regulations are permitting construction of market-rate housing. However, unlike places where land is plentiful and reasonably priced, the free market in Honolulu is not producing the necessary quantity of affordable units. The City has been working to improve the planning and permitting process, but additional efficiencies can be identified and implemented. To help developers to build the types of affordable housing desired, in the places where growth is encouraged, it needs to be easier and quicker to get a permit, through tools such as one-time review and e-permits. Honolulu’s regulations both facilitate and hinder housing construction. The regulations specify the minimum requirements by which a wide range of housing types are constructed, and where, in compliance with local and national health and safety laws. The planning process is designed to direct and manage growth so that the City can ensure that new units can be serviced with sufficient water and sewer capacity, roadways, parks, and neighborhood schools. The regulations also protect sensitive environmental and cultural resources, facilitate connectivity, and maintain public health and safety. Honolulu also has regulations (and various subsidies) pertaining to the production of affordable housing, but these are not generating enough housing to meet the needs of households with less than 80% AMI.

Meetings with the public and stakeholders to develop Neighborhood TOD Plans in communities around the future transit stations regularly identified the lack of affordable housing. People are especially concerned that housing in proximity to the transit stations will become less affordable as property values increase over time. To supplement this anecdotal data, a web-based survey was conducted in April 2014. The concerns raised by survey respondents coincide with the concerns expressed by participants in the TOD planning process. The majority of respondents (68%) said that making housing more affordable is the most critical housing need for Oahu. In terms of supply, a plurality of respondents (42%) say that “more housing, in general” is the most critical. When asked what the most critical *affordable* housing need would be in the next 5 to 10 years, a plurality of respondents (38%) said “ensuring that affordable housing stays affordable for more than ten years”. This response is closely followed by 32% of respondents saying that new affordable rental housing is the most critical. These results are also consistent

with the 2011 survey conducted by the DPP in conjunction with the Oahu General Plan update process that identified “Address need for affordable housing” as one of the “Top Ten Interests” in Oahu.

Currently, the City has four primary types of incentives that affect housing production: 1) the Unilateral Agreement (UA, applied to rezoning); 2) 201H Affordable Housing Exemptions; 3) Land Use Ordinance exemptions and variances; and 4) various tax relief programs. These incentives need to be updated and expanded to expedite construction of affordable housing that meets Honolulu’s diverse needs.

As Honolulu’s population has grown over time, housing needs have become more diverse and complex. The public investment in rail serves as the newest and largest impetus for creativity and change. Policies need to be updated to accommodate:

- Elders who want to “age in place” or wish to move to smaller, more care-free homes in walkable, accessible age-friendly neighborhoods. This can include adding accessory dwellings units on their existing lots, allowing them to rent their larger, less accessible homes.
- Lower cost renovations and more flexible building codes to preserve and facilitate the rehabilitation and expansion of existing, older, and historic buildings.
- Higher densities in residential and apartment neighborhoods to increase the supply of housing through market forces, while maintaining the land use regulations that protect our rural areas and prevent encroachment on quality agricultural lands.
- Reduced parking requirements, more efficient parking system management, and increased bicycle parking to reflect multimodal transit options and lower transportation costs.
- Housing with shared amenities (like parks and open space) that makes urban living more enjoyable, and people more connected to each other and to nature.
- Developers who are willing to provide a wider diversity of building and home types, like row houses and townhouses, ohana units for extended families, accessory dwellings units, micro-units, and modular and mobile homes.

Addressing these issues will respond to the needs of our changing demographics; help keep the country, country: and take full advantage of the opportunities rail provides in the urban core.

Consistency with State and County Plans

The affordable housing vision is consistent with policy statements in the Hawaii State Plan, Hawaii 2050 Sustainability Plan, and the Oahu General Plan. These earlier plans do not fully consider the enormous potential for housing in transit-oriented neighborhoods along the rail line. However, many of the goals in this Strategy were voiced in these prior policy documents.

The Hawaii State Plan has two chapters that guide housing policy from the State’s perspective. Chapter 226-19 outlines three priority objectives for housing:

- Provide greater opportunities for Hawaii’s people to secure reasonably priced, safe, sanitary, and livable homes, located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals, through collaboration and cooperation between government and nonprofit and for-profit developers to ensure that more affordable housing is made available to very low-, low- and moderate-income segments of Hawaii’s population;
- Promote the orderly development of residential areas sensitive to community needs and other land uses; and
- Develop and provide affordable rental housing by the State to meet the housing needs of Hawaii’s people.

The Hawaii 2050 Sustainability Task Force (January 2008) also established priority actions toward creating Hawaii’s preferred future. Their top priority for the year 2020, when interim goals should be met, is “Increase affordable housing opportunities for households up to 140% of median income.”

Beyond creating affordable housing, sustainable housing design should incorporate efficient energy systems, multi-modal options, low carbon producing construction materials, and food security concepts.

The Oahu General Plan includes three housing-related objectives consistent with the new affordable housing vision:

- Objective A: To provide decent housing for all the people of Oahu at prices they can afford.
- Objective B: To reduce speculation in land and housing.
- Objective C: To provide the people of Oahu with a choice of living environments which are reasonably close to employment, recreation, and commercial centers and which are adequately served by public utilities.

The General Plan includes policies like streamlining approval and permit procedures, providing financial and other incentives to encourage the private sector to build homes for low- and moderate-income residents, and expanding local funding mechanisms. It encourages residential development in areas where existing roads, utilities, and community facilities are not being used to capacity, discourages development where infrastructure cannot be provided at a reasonable cost, and recommends preserving existing affordable housing through self-help, housing rehabilitation, improvement districts, and other programs. The General Plan was last amended in 2002 and is currently being updated to better highlight TOD, sustainable communities and neighborhood revitalization.

Housing and Transportation Costs

Households on tight budgets generally assume that it is cheaper to live in the suburbs or the country where housing costs may be lower, but this assumption is worth revisiting. The Housing and Transportation Affordability Index measures the combined costs of housing and transportation in proportion to household income. Incorporating both housing and transportation costs into the metric for affordability takes into account the trade-offs households make when choosing a place to live. Property values outside of the urban core may be lower, enticing households to move to suburban or rural areas. However, transportation costs to work and services increase as public transportation becomes less convenient. Generally, when transportation costs are added to housing costs, the household in the suburbs pays as much or more than the household in the urban core.

The Center for Neighborhood Technology has refined this method for US HUD by estimating that 45% of income spent on a combination of housing and transportation is truly affordable. Census data indicates that the average expenditure on housing and transportation for households in the City and County of Honolulu is 61% of income, with 32% spent on housing and 29% spent on transportation. When considering housing costs alone, approximately 52.6% of Honolulu residents spend more than 30% of their income on housing (i.e., they are overspending). Using a desired maximum expenditure of 45% on housing and transportation combined, approximately 63.7% of Honolulu households are overspending (from the 2010 *Affordable Housing Trend Report*). Of course, costs alone do not dictate where people live. Proximity to family, special facilities, etc. often play a role in locational decisions. If planned well, transit-oriented development coupled with the recommendations included in this Housing Plan will help reduce combined housing and transportation costs and offer a variety of housing choices.

Potential Capacity for Housing in TOD Areas

DPP developed potential buildout projections for each TOD neighborhood planning area (updated as of July 2015), by assessing available land, likely market interest, community vision, and updated zoning. The total potential units for each planning area are shown in Figure 2. This also includes buildout assumptions for Kakaako, which is under HCDA jurisdiction. The timing of actual buildout in each area is difficult to predict, given market cycles, since housing will primarily be constructed by the private sector or in public-private partnerships. The potential buildout of approximately 55,150 units does not yet include final projections for the three Airport Area stations or for the Halawa Area (surrounding Aloha

Stadium); TOD planning for those areas began in mid-2014. Full buildout is likely to take at least 25 to 30 years or more.

Figure 2: Potential Distribution of Housing in TOD Neighborhood Planning Areas

TOD Planning Area	Dwelling Units		
	Existing	New TOD	Gross
East Kapolei (3 Stations)	---	18,440	18,440
Waipahu (2 Stations)	760	4,300	5,060
Aiea/Pearl City (3 Stations)	550	5,670	6,220
Halawa Area (Aloha Stadium Station) ¹	1,130	2,650	3,780
Airport Area (3 Stations) ¹	1,840	1,000	2,840
Kalihi (3 Stations)	3,700	5,400	9,100
Downtown (3 Stations)	8,800	5,900	14,700
Kakaako (2 Stations - HCDA) ²	6,130	6,190	12,320
Ala Moana Center (1 Station)	9,640	5,600	15,240
Total	32,550	55,150	87,700

Rounded to the nearest ten residential units; timing associated with buildout is market-dependent but could range 25-30 years. Each planning area contains one to three stations and, apart from Kakaako, is based on buildout analysis conducted by DPP. Since the TOD plans have been developed over the last 9 years, the existing conditions counts were conducted in different years.

¹ *These projections are rough estimates of potential new housing in the Airport TOD area (3 stations) and the Halawa Area (surrounding Aloha Stadium). TOD planning around those 4 stations began in mid-2014, and the analysis is not yet completed.*

² *Kakaako data are based on the 2010 US Census and DPP projections (2014).*

Strategic Action Plan

This Strategic Action Plan will enable the City and its partners to implement a more proactive approach to produce affordable and workforce housing. City actions through programs, policies and capital investments can stimulate affordable housing development if applied strategically. City Council allocated over \$47 million in local funding in FY2015 and over \$39 million in FY2016 to address critical needs for affordable housing and services for homeless families and individuals. A new financial toolkit for TOD areas is being developed to support housing production and better leverage limited resources. Coordinated, consistent funding can be used to build affordable and workforce housing in mixed use, mixed income development on under-utilized City and State lands along the transit corridor. A preliminary analysis identified 224 parcels, or approximately 417 acres, of City-owned property within the ½ mile transit corridor, and another 519 parcels, or 2,038 acres, of State-owned property. While much of this property is improved and dedicated to other important uses such as parks, schools and offices, or leased to other organizations, an asset optimization approach will identify near term and long-term opportunities to maximize available properties' value through TOD projects. City staff are currently working to identify city-owned parcels available for housing development. A TOD task force of state agencies convened by state legislators is meeting monthly to assess development potential on state-owned lands, and identify priority projects and infrastructure needs.

City resources to support affordable housing development have been somewhat useful incentives to spur affordable housing development, including low income rental housing tax relief, reduced fees for infrastructure hook-ups and permits, and the Affordable Housing Fund. The Departments of Budget and Fiscal Services and Community Services are the agencies responsible for the preparation of the HUD Consolidated Plan. The Department of Budget and Fiscal Services provides oversight of the activities funded by the CDBG, HOME, Emergency Solutions Grants, and Housing Opportunities for Persons With AIDS (HOPWA) programs. The State of Hawaii has administered the majority of affordable housing plans, which include HOME, Tax Exempt Bonds, the Rental Housing Trust Fund, and Low-Income Housing Tax Credits (LIHTC) that assist developers with the production of affordable housing. The largest developer and manager of affordable housing units in the County is the Hawaii Public Housing Authority (HPHA), which is planning for redevelopment of Mayor Wright Homes into a mixed-use, mixed-income, transit-oriented neighborhood. HPHA is also assessing potential for redevelopment of several of their other properties near transit stations. Housing Choice and Section 8 Vouchers – administered by both the City and State – assist households with housing costs. However, many needs remain unmet.¹

The massive investment in rail, city-initiated rezoning for a greater variety of land uses and opportunities for height and density bonuses, and parking reductions are powerful incentives for private developers who will be asked to contribute to the production of affordable housing. Rather than only requiring affordable units when a property is rezoned, a new requirement will ensure that affordable units are produced as part of every development project of 10 units or more. Other changes to codes and regulations will make it easier to build affordable housing. Updating zoning codes will allow accessory dwelling units (ADUs) to be added on existing single-family lots. Like ohana units – but not limited to family members – small cottages, additions, or converted garages will provide well-located, well-managed housing plus additional income for owners, or more accessible units for elders to move into as they ‘age in place’.

¹ See Attachment 1: Current Affordable Housing Incentives Table in Appendix.

Implementing the recommended City-related actions will add approximately 4,000 units to the affordable housing inventory over five years (see Figure 3 below). If the State continues funding projects at a rate similar to the projects currently in the pipeline, and capitalizes on TOD opportunities on state lands, the five-year total increase could be over 8,000 units. One key to this increase will be to require a much longer period of affordability, to build up the inventory and maintain affordability over time. The City’s current UA rules require affordability for 10 years. The recommended new affordable housing requirement will require units to remain affordable for 30 years. If City lands or funding are used, the recommended period of affordability would be 60 years or more. If these policies and investment strategies prove effective and are continued over a fifteen to twenty year period, the currently-identified housing needs will be met, with affordability of those units ensured for decades.

The HCDA Reserved Housing Rules for Kakaako development require 5 years affordability in for sale projects and 15 years in rental projects. For this Strategy to be fully effective, the HCDA rules should be aligned with the City’s proposed new requirements.² Since this draft Strategy was introduced in September 2014, the HCDA has drafted proposed revisions to their Reserved Housing Rules that would require lower AMI thresholds and a longer period of affordability; discussions are under way between HCDA and the City to explore aligning the requirements further.

**Figure 3:
Projected Annual Increase in Affordable and Workforce Housing Inventory through City Strategies**

	2015	2016	2017	2018	2019
New units added each year (bold number) are maintained in affordable inventory.	619	619	619	619	619
		989	989	989	989
			789	789	789
				789	789
					789
Increasing Inventory	619	1,608	2,397	3,186	3,975

This table shows the units that will be produced and maintained as affordable with implementation of City-related efforts. The potential production of units by State-sponsored efforts during this same period are not included, but could add almost 4,000 additional units over five years.

Assumptions include 1) current City budgeted production and projections beyond 2016; 2) projections of units required through Unilateral Agreements; 3) projections based on implementation of the Affordable Housing Requirement; 4) projections based on amending zoning to allow the production of ADUs; and 5) implementation of other actions contained in this Strategy.

The rural areas will also benefit from this Strategy. Policies that attract development to the urban core and suburban and rural town centers will help reduce growth pressures in Oahu’s rural areas. Actions that result in a greater diversity of housing types will also allow elders to age in place and larger families to live together. Revisions to the Land Use Ordinance and housing code amendments will allow an increase of housing to accommodate the natural population increase – a strategy that will particularly benefit rural areas. The housing inventory can increase incrementally on existing parcels (urban infill) without having to build additional new towns or extensive suburban development. The Strategy will help the country remain country.

The following near-term strategic actions include planning, policy, regulatory and program revisions; funding mechanisms; public and private investments; and efforts to identify and track changing housing needs. Many of these efforts are already in progress; others are new concepts, and will be reviewed by Council and stakeholders as specific initiatives, policies, and projects are introduced.

² See Attachment 3 in Appendix: Comparison between Current Unilateral Agreement Rules and Proposed Affordable Housing Requirements

1. Increase Workforce Housing Inventory

a) **Adopt Affordable Housing Requirement Islandwide (2015-2016)**

Honolulu's Unilateral Agreement rules (City and County Resolution 09-241, CD1, Affordable Housing Agreement Rules, 2010) have helped produce about 300 affordable units annually since 2010. These rules require 30% of housing (in projects of ten units or more that require rezoning) to be affordable to households earning between 80% to 140% of AMI. However, the maximum required period of affordability is less than ten years. Typically the affordable housing obligation has been addressed by providing for-sale residential units, rather than rental. Developers who do not require zone changes are excused from contributing to affordable housing production. Most other communities with similar requirements do not tie them to rezoning, requiring fewer units per project, across more projects, helping more households with greater needs, and typically for a longer term.³ Almost 500 communities across the country – including ones in “hot” markets like San Francisco, Boston, Sacramento, and San Diego – have implemented similar requirements, often known as “inclusionary housing”.⁴

The proposed affordable housing requirement (AHR) will require a percentage of all new development (of ten units or more) to be affordable by people with low to moderate incomes. It will also require a percentage of subdivided lots to be used for affordable housing, where a land developer is subdividing and selling lots, but not constructing the housing. Compared to the current rezoning process, developers will be required to build fewer affordable units, but more of the units will be more affordable, and remain affordable for three times longer. This will lead to a much larger inventory of affordable units over time. This requirement anticipates the less frequent need for Unilateral Agreements (that are only triggered by a request for zone change) in TOD areas where new zoning will be adopted by the City. It also reflects the opportunity to capture value in the form of community benefits resulting from public investment in rail and TOD-related infrastructure, coupled with City-initiated TOD zoning. Most municipalities that require affordable housing production embed that requirement within land use regulations and therefore require documentation of intended compliance before receiving any major or minor permit approvals or, in the case of projects allowed by right, before the building permit is issued. The proposed requirement will be enforced at permit issuance (for building permits) or in the subdivision approval process (for land developments where lots would be sold for others to build on).

The need for an affordable housing requirement has been established by the growing gap between housing produced by the market and housing available for all income levels. It is underscored by the increase in luxury housing construction, in stark contrast to the growing population of individuals and families living on the streets. One recent project in Kakaako is being advertised internationally with the least expensive units starting at \$1.5 million; at the same time, Honolulu's crisis in homelessness has been called one of the worst in the country.

In order to help determine appropriate percentages in the requirement, the City commissioned a residential nexus analysis that calculates how market rate residential development creates a need for affordable housing. The analysis shows that demand for goods and services by new households generates high- and low-paying jobs in sectors such as retail, restaurants, health care, and education that translate into a need for housing in specific price ranges, including affordable housing.⁵ The

³ See Attachment 2 in Appendix: Affordable Housing Requirements Comparison of Select Cities.

⁴ Robert Hickey, et.al; “Achieving Lasting Affordability through Inclusionary Housing”. Lincoln Institute of Land Policy, July, 2014.

⁵ Keyser Marston Associates, Inc., for the City and County of Honolulu; “Residential Nexus Analysis”; 2015

analysis identifies the affordable housing that must be constructed to mitigate the need generated by market rate housing construction. While the analysis shows slightly different percentages could be required for different building types, a uniform percentage is proposed for ease of use, based on the two most common housing types that are constructed in Honolulu.

Four Options under Proposed Affordable Housing Requirement (AHR)

In light of the City's experience with UA's, research on similar programs across the country, and the documented need for rental housing at lower income levels for a longer period, the proposed affordable housing requirement provides four options for compliance. The ordinance and rules will be sufficiently flexible to allow for on-site construction of affordable units, off-site construction, payment of cash in lieu of construction into a fund dedicated to the production and preservation of affordable housing, dedication of suitable land on which to construct affordable housing, or a combination of these options.

Under all four options, the proposed length of the affordability period is thirty years, or three times the current ten-year period under the UA. However, if any city funds or land are allocated to a project, the required affordability period will likely be 60 years or longer. The requirement can be adjusted to account for varying unit sizes, lower income ranges, or other factors, similar to the way the current Unilateral Agreement rules are administered.

Option 1: On-Site Production of Affordable Housing

- If AHR is satisfied with Rental units: 15% of the total to be rented at up to 80% AMI, or,
- If AHR is satisfied with For-Sale units: 20% of the total offered for sale at up to 120% AMI. *Option 1 prioritizes rental housing and onsite construction with lowest required percentage. One-half of the For-Sale units to be offered at up to 100% AMI.*

Option 2: Off-Site Production of Affordable Housing

- If AHR is satisfied with Rental units: 15% of the total to be rented at up to 80% AMI, or
- If AHR is satisfied with For-Sale units: 25% of the total offered for sale at up to 120% AMI. *Based on on-site option plus 5%, to provide incentive to construct housing on-site at same time as principal units; rental units still prioritized with lower percentage. One-half of the For-Sale units to be offered at up to 100% AMI.*

Option 3: In-Lieu Fee

- A cash contribution ("in-lieu fee") paid to the City, based on the cost to fully mitigate the affordable housing impacts created by market rate residential development, as calculated in the residential nexus analysis. The in-lieu fee would be less than the total nexus cost for the highest-cost construction prototype in the residential nexus analysis.
- The initial proposed fee is \$45 per SF; it will be updated regularly, per Consumer Price Index, to reflect increasing construction costs.
- The in-lieu fee would be paid at time of building permit, and deposited into a fund used for the construction and development costs of affordable rental units, Housing First-type units, or supportive infrastructure up to 1/2 mile from the proposed principal project or within the same rail transit station area. Construction would be done by private or non-profit developers or public-private partnerships.

Option 4: Land Dedication

- Dedication of land (with infrastructure/improved lots) to be used to construct affordable housing. The appraised value of the improved land would be equal to or greater than the required in-lieu fee. The land could be placed in a community land trust to ensure affordability in perpetuity.

The requirement would also apply to subdivision of land for sale as building lots, where the developer may be developing and selling 10 or more lots but not constructing the housing. Units provided through substantial rehabilitation would be counted as the equivalent of fifty percent of a newly constructed unit.

A draft ordinance has been developed to implement the proposed Affordable Housing Requirement. Once it has been adopted by Council, more detailed administrative rules will be developed to implement the AHR ordinance. To allow the construction and development industry time to prepare for the requirement, it is proposed that it be made effective July 1, 2016. Similar to the current UA rules, the Affordable Housing Requirement will be applicable to any project involving the construction of 10 or more residential units, or subdivision of 10 or more building lots. Residential rehabilitation projects resulting in the production of less than 10 additional units will also not be subject to the new requirements. The basic formulas outlined above will be refined in the rules to reflect the need for a variety of unit sizes and types, along with updated rules to administer the extended period of affordability. These rules will be developed in consultation with the construction and development industry and housing advocates to make sure they are feasible, fair, and effective.

The proposed Affordable Housing Requirement will exempt uses such as commercial development and hotels, previously entitled projects or subdivisions, ohana dwellings, accessory dwelling units, micro-units, 201H projects, some other government projects, group living accommodations and special needs housing, and projects requiring rezoning which would be subject to a UA. Rehabilitation projects involving less than 50% of the current replacement value would also be exempted.

In order to spur development in TOD areas where market demand is not high, Council could consider exempting the first 100 to 200 units proposed in selected TOD plan areas, such as Chinatown, Iwilei, Kalihi, and Waipahu. This could provide an incentive for mid-market development in areas that already have a significant supply of more affordable housing. Council would also retain the ability to defer application of the AHR during times of economic uncertainty. At the current average rate of 2,084 building permits per year, this requirement could produce approximately 170 affordable units per year, with the long term affordability period increasing the inventory each year.

b) Amend the Unilateral Agreement Rules (2015-2016)

After adoption of the Affordable Housing Requirement, the existing UA rules should be updated to align with the new AHR, reflecting the need for more rental housing at lower AMIs for longer periods of time. This will include the administrative and structural changes recommended by the Audit of the City's Management of the Unilateral Agreement in Affordable Housing (Report No. 07-05, October 2007). Existing development UAs are not proposed to be affected by the amended rules. The City will also explore whether existing development UAs should be permitted to be modified by agreement between the developer and the City (at developer's option/request) to align with the new AHR.

c) Increase Affordable Housing Production and Adopt Benchmarks (2015, update regularly)

Affordable housing production goals for units produced by City strategies will be lower in the first few years, increasing each year as additional investments and policies are implemented (as outlined in all four groups of strategic actions). Some of these units will be renovated buildings that are added to the long-term affordable inventory. The majority will likely be in TOD areas, including ADUs on existing lots, but also include those produced outside of the rail corridor, using transit-ready development principles islandwide. These goals will be adjusted regularly based on market conditions. The first-year goal of approximately 620 affordable units per year will increase to 990 in year two, and 790 in year three, based on current planned and pipeline projects. For later years, although production might continue to increase incrementally each year, we have assumed a more

conservative projection of approximately 790 additional units per year after all proposed policies and investment strategies are in place. Coupled with the new requirement for long-term affordability, this gradual increase in production will increase the inventory by almost 4,000 affordable units over five years. If the State continues funding projects at a rate similar to the projects currently in the pipeline, and capitalizes on TOD opportunities on state lands, the five-year total increase could be over 8,000 units.

2. Increase Low-Income and Homeless Housing Options

This strategy focuses on the needs of Low and Very Low-Income Households (such as the working poor, seniors, and people needing services), and homeless individuals and families. The City is implementing an evidence-based Housing First initiative to address long-term homelessness, in partnership with the State, service providers, non-profits, and the private sector. Homeless programs and services are currently delivered through the Continuum of Care (CoC) funding which supports a ‘treatment first’ model mandated by US HUD in the 1990s. Homeless families or individuals transition through various levels of housing, shelters, transitional apartments, and lastly permanent housing. Most CoC options require participation in substance abuse or alcohol treatment programs as a prerequisite for entry into an emergency shelter or transitional housing. This is often viewed as a barrier to entry, increasing the challenges of addressing the needs of vulnerable populations.

By contrast, the Housing First approach removes the barrier of mandatory treatment for program enrollment, and provides permanent supportive housing directly from streets and shelters. The newly housed persons are immediately provided with extensive case management and wrap-around services to address multiple needs. Data has shown that over time voluntary enrollment in the treatment program is achieved. Housing First works on two central premises: (1) re-housing should be the central goal of working with people experiencing homelessness, and (2) by providing housing assistance and follow-up case management services after a family or individual is housed, we can significantly reduce the time people spend in homelessness.

Transitioning from the current “treatment first” to a Housing First system requires a shift in focus from the emergency shelter and transitional housing approach, to one that prioritizes and leverages federal, state, and local funding towards Housing First programs. A scattered site approach provides participants with rent subsidies, such as portable vouchers, to obtain housing from private landlords, with supportive services delivered through home visits. A single site, or project-based approach includes housing developments or apartment buildings in which some units are designated as supportive housing. The City will continue to prioritize maintaining some of the units within a mixed income property as Housing First units.

Housing the chronically homeless served through the city funded Housing First program remains a high priority. Other priority populations include homeless families with young children, the elderly who are homeless or at high risk of homelessness; homeless individuals with disabilities or those with physical or medical conditions. Ideally, as the inventory of affordable rental units increases, there will be a corresponding reduction in the need for short term shelters. However, there is a critical need for additional transitional shelter facilities, such as the city’s proposed Hale Mauiola transitional shelter, to be built using container living units for up to 83 people (individuals and couples) on state property on Sand Island. The Institute for Human Services will provide intake and support services. The project will use a low barrier approach with fewer rules in place to encourage participation of people who may not seek help at a traditional shelter. Hale Mauiola is the first such community village being developed, with replication being considered at other sites.

a) **Acquire, Develop, Rehabilitate, or Lease Housing First Units** (2015-2016, ongoing)

Recognizing the growing crisis in homelessness, the City Council incorporated an unprecedented level of funding in the FY2015 and FY2016 budgets. Housing First, vouchers and shallow subsidies

are among the strategies outlined in the 2013 Homeless Action Plan, which proposes modifications to Continuum of Care programs, adjustments to use of HUD HOME and CDBG funding, and specific targets for use of new local funding. The operating budget supports tenant-based rental assistance and supportive services in the early years with capital improvement funds dedicated toward development or acquisition of housing units to support the Housing First program over the long term. Thus, future years will realize reduced costs for tenant-based rental assistance.

The FY 2015 operating budget allocated \$3 million for Housing First, which is being used to contract with service providers to implement housing and supportive services and tenant based rental assistance. The FY 2016 operating budget allocated \$5.5 million for similar purposes. The FY 2015 capital budget appropriated \$8.3 million from the Affordable Housing Fund to develop or preserve affordable housing for the chronically homeless through the Housing First model. An additional \$4 million of AHF was appropriated for Housing First projects in Waikiki. Another \$32 million of general obligation bonds were allocated for the acquisition, development and/or renovation of city-owned facilities to relocate homeless individuals and families from parks, facilities and other public areas to emergency, transitional and/or permanent housing, and including funding for the Family Justice Center and Chinatown properties. The FY 2016 capital budget appropriated another \$32 million for similar purposes.

These investments will increase Honolulu's inventory of permanent rental housing units within the Housing First target regions. This will include existing scattered-site rental apartments; buildings for acquisition and rehabilitation, or new construction projects to increase the inventory of SRO, micro-units or one- and two-bedroom units. Single Room Occupancy (SRO) units, also called micro-units, offer a long-term solution for housing chronically homeless persons and low and very low income individuals. However, Honolulu's current vacancy rate provides limited capacity. Increasing the inventory of SRO units will provide for sustainability with operations maintained through outsourcing, similar to the current management practice for the existing City portfolio of special needs housing properties. With this initial funding, the City will partner with private developers to provide gap financing and acquire/rehabilitate existing units for the priority populations.

Current projects in development include renovation of city-owned assets such as Winston Hale, bringing 26 units back in service, and converting commercial space to 9 micro-units; renovations to 77 units in Pauahi Hale; three new units of supportive housing for families in Waianae; and three other projects in the negotiation or acquisition stage.

b) Leverage HUD Funding to Implement Priority Projects (2015-2016, ongoing)

The City has updated the HUD Consolidated Plan to reflect new affordable housing and supportive infrastructure among the priorities for selecting HOME- and CDBG-funded projects. Existing policies will need to be amended to identify housing and homeless programs as priorities, and to permit City initiatives to be funded with CDBG and HOME monies. Fifteen percent of the CDBG allocation is eligible for housing supportive services and administrative costs, while HOME funds can fund tenant based rental assistance, rehab, or new construction. Refocusing HOME priorities will allow for more expansive use of HUD Section 108 loan guarantees for project financing, which can multiply the available project funding five-fold. The City's Consolidated Plan priorities can set aside a percentage of the CDBG award to benefit chronically homeless clients of the City's Housing First program and continue to sustain the City's existing Rent-to-Work program.

c) Leverage and Coordinate Homeless Services (ongoing)

Federal, state, community, and private sector resources and partnerships can be better leveraged to provide case management, employment training, and other services to address the medical, psychological, social, vocational and legal needs of chronically homeless and those at risk of being homeless. For instance, Housing First projects can be incorporated into future HUD funding

applications. The Department of Community Services administers the federal Continuum of Care (CoC) funding to support countywide efforts to address homeless needs. The Honolulu Continuum, known as the Partners in Care, establishes the CoC funding priorities. Over \$10 million is allocated toward homeless-directed programs and providers. Consistent with current national discussions, over the next three years Honolulu can allocate an increasing portion of this funding to support homeless related projects. Given the community-based structure of CoC funding, the support of Partners in Care members is required for successful implementation of the Housing First model and other related services.

d) **Implement a Project-based Section 8 Voucher Program (2015)**

HUD Section 8 Project-Based Rental Assistance (PBRA) programs enable low-income households to afford modest apartments by contracting with private owners to rent some or all of the units in their housing developments to low-income families. Project-based vouchers are attached to specific housing units if the owner agrees to either rehabilitate or construct the units, or the owner agrees to set aside a portion of the units in an existing development. PBRA helps projects to score higher under the Qualified Allocation Plan (QAP). The City will pursue availability of these vouchers with HUD.

e) **Coordinate with the HHFDC Low-Income Housing Tax Credit Program (2015-2016)**

Honolulu's non-profit developers could be more successful in securing LIHTC funds from the Hawaii Housing Finance and Development Corporation for the construction and rehabilitation of rental units if HOME or other funds could be secured in advance of a LIHTC application. Funding and timing need to be assessed for better performance in LIHTC competitions. Project scoring could be enhanced if the City made funding commitments. Project priorities should include well-located projects near transit (rail or bus). City and State agency staff have been meeting monthly to better coordinate and maximize utilization of available funding resources.

3. Invest in Better Neighborhoods

Both City and State funding for housing vary from year to year, due to fluctuations in economic conditions. The investment in rail transit will be leveraged by targeting public funding toward catalytic projects near rail stations. Coordinated and consistent funding can be used to build affordable and workforce housing in mixed use, mixed income development on under-utilized City and State lands along the transit corridor. A preliminary analysis suggests that there are 224 parcels, or approximately 417 acres, of City-owned property within the ½ mile transit corridor, and another 519 parcels, or 2038 acres, of State-owned property. While much of this property is dedicated to other important uses, such as parks, schools and offices, an asset optimization approach will identify near term and long-term opportunities to maximize available properties' value through TOD projects. While TOD plans, policies, codes, and implementation tools are led by the TOD Division, the City's efforts to develop housing using city assets will be led by the new Strategic Development Office (see Strategy 5.a.).

a) **Implement a Housing Finance Toolkit to Stimulate Private Investment (2015)**

This includes financing mechanisms, incentives and policy guidelines to stimulate private investment. Some of these resources need to be created; others need modification and increased funding; all need to be better publicized. The City has engaged a TOD finance consultant to assist in developing and implementing these tools, including a potential district-wide approach to infrastructure improvements starting in the Iwilei-to-Kapalama area. These resources include, but are not limited to:

- **Reduce Fees to Lower the Cost of Affordable Housing Production.** Certain housing types have a lower impact on City services than others. Currently, affordable housing projects are eligible for reduced sewer connection fees (reduced from \$6,424 to \$1,329 per unit in current year), lower or waived park dedication fees, and other similar requirements. To help offset the proposed Affordable Housing Requirement, any affordable units produced to comply with the AHR should be eligible for these reduced or waived fees. These off-sets would be administered through the same restrictive covenant that ensures long-term affordability of the units.

- **Adjust Real Property Tax Exemptions.** Affordable housing projects are currently eligible for real property tax exemptions, through execution of a regulatory agreement with the City. Similar to the fee waivers, any affordable units produced to comply with the AHR should be eligible for real property tax exemptions or reductions. Rather than requiring a regulatory agreement, the tax adjustments could be administered through the same restrictive covenant that ensures long-term affordability of the units.
- **Modify the Affordable Housing Fund.** Maintain the existing fund, which dedicates 1/2% of real property tax revenue annually, but modify the language to allow for better coordination with the State by revising, for example, the “in perpetuity requirement” to a long-term specified period so that the funds can be used for projects on State-owned land. A Charter amendment will be proposed to the Charter Commission to change the perpetuity requirement to 60 years, and change the 50% AMI requirement to 60% AMI, to better align with other available funding.
- **Establish Infrastructure Finance Districts.** As an alternative to Tax Increment Financing, Community Facility Districts can be designated for infrastructure and streetscape improvements using bonds funded by special assessment. An infrastructure master plan and district financing alternatives are being developed to support transit-oriented development in the Iwilei-to-Kapalama area.
- **Create a Community Land Trust and/or Land Acquisition Fund.** Create a nonprofit land trust to maintain affordable units for long periods of time, solicit money from private and foundation sources, and hold and acquire land or buildings for the production of long-term affordable housing. Larger developments could donate a plot or block for development by experienced affordable housing developers, as part of their affordable housing requirement. A land acquisition fund can acquire and hold land for housing or mixed use development while a project is being put together (like the Trust for Public Land acquires conservation lands).
- **Maximize State and Federal Funding Mechanisms.** Work with the State to streamline and prioritize or create more opportunities for affordable housing, including for example:
 - Facilitate the City’s use of private activity bonds for affordable housing development, or provide the State with more guidance about how to allocate such funds.
 - Develop a Transit-oriented Affordable Housing Fund (TOAH) through the Dwelling Unit Revolving Fund (DURF). Such a revolving fund can catalyze the development of affordable housing and other neighborhood assets along the transit corridor. TOAH/DURF investments focus on projects located in areas planned for higher density, infill development with demonstrated local commitment to enhance the availability of housing, community services and pedestrian-friendly environments served by high quality public transit. Through the Fund, experienced nonprofit and for-profit developers, municipal agencies and joint ventures of these entities can access flexible, affordable capital to purchase and/or improve available property near transit lines for development. Such a Fund should offer short-term loan products (5 – 7 years) that include: acquisition loans, predevelopment loans, construction bridge loans, construction-to-mini permanent loans, and loans at favorable interest rates to help bridge New Markets Tax Credits investments.
 - Raise the State’s Low Income Housing Tax Credit (LIHTC) match from 50 to 100%.
 - Encourage greater use of state GET exemptions by recognizing such exemptions as government assistance (or a regulatory agreement).
- **Use HOME Funding to Build Affordable Housing.** Reassess the priorities in the HUD Consolidated Plan to allocate more funds towards affordable housing. Use HOME funds to leverage HUD Section 108 loans to multiply the approximately \$10 million annual allocation to almost \$50 million in project funding.
- **Use CDBG Funding for Supportive Infrastructure.** Many jurisdictions use CDBG funding for infrastructure investments that support affordable housing development.

b) Develop Housing in Catalytic TOD Projects (2015-2020)

Three catalytic projects along the transit corridor – along the Kapalama Canal, on the Pearlridge Transit Station property, and the Neal Blaisdell Center – were launched in 2013, with initial funding approved in the FY2015 budget. Private developers such as Kamehameha Schools could construct up to 400 affordable units as part of the Kapalama Canal Catalytic Project with the implementation of the Affordable Housing Requirement. The City’s planned Pearlridge Transit Station development – which includes a housing component – will provide up to 250 mixed income and affordable units. The City’s proposed Halewaiolu Senior Residences in Chinatown – to be built by a private developer on property leased from the City on River Street – will provide 150 units of affordable senior housing, with the majority of units rented at 60% AMI, a community center, and some retail/commercial space. Future catalytic projects will be identified to coordinate infrastructure and development in target locations that, in turn, stimulate other improvements, and include the production of affordable, workforce, and market-rate housing. These may include partnerships with State agencies for development on State or City lands, such as in Iwilei. The planned redevelopment of Mayor Wright Homes by HPHA, preserving 300 public housing units while adding up to 1,200 more affordable and mixed income units is a model for redevelopment on other public lands. HPHA has also issued an RFP for redevelopment of its School Street property. The City is also working with State agencies to explore redevelopment of state-owned properties such as Aloha Stadium and other TOD areas.

c) Rehabilitate Existing Housing (2015-2016, ongoing)

The City will assess the quality of existing housing stock, including special needs housing and aging rental projects, and develop a strategy and targeted funding for housing rehabilitation. The City is taking an asset optimization approach to identify developable land and building rehab potential; it owns 417 acres along the transit corridor. There are nine City-owned parcels in Chinatown alone. Current projects in development include renovation of city-owned assets such as Winston Hale, bringing 26 units back in service, plus converting commercial space to 9 micro-units; and renovations to 77 units in Pauahi Hale. The properties outside of the historic district can be developed with a project like Halekauwila Place in Kakaako, which has over 200 affordable rental units on a small lot across the street from a rail station.

d) Invest in Neighborhood Enhancements and Infrastructure (ongoing)

Since housing costs alone do not dictate where and how people live, improvements to supportive neighborhood assets – such as complete streets, pathways, schools, parks and social services – will require continued attention and financial support. Better leveraging private, federal, state and county funds for increased infrastructure capacity will support higher density residential uses in TOD areas and other neighborhoods. This will also support accessory dwelling units that meet the needs of extended families and individuals. The City is initiating an infrastructure master plan and finance strategy for improvements in the Iwilei-to-Kapalama area, in collaboration with state agencies and property owners.

The City’s Department of Transportation Services led interagency walk audits to identify pedestrian, bicycle, bus, and Handivan access improvements needed around the 21 rail stations. This resulted in a prioritized list of capital improvements and \$4 million in initial funding to enhance station access and TOD opportunities. The initial priorities include wayfinding signs and pedestrian improvements in Chinatown, a re-design of Kekaulike Street as a shared-use extension of Kekaulike Mall, and proposed pedestrian improvements to the Waipahu Transit Center. A recent Chinatown Action Summit identified near-term improvements to increase safety and cleanliness, improve customer access and pedestrian and bike circulation, and support entrepreneurs and family-focused events and activities. The City and partners will focus on implementing these near-term improvements in Chinatown, along with similar improvements in other TOD areas.

4. Update Policies and Regulations to Promote Housing Production

a) **Adopt Neighborhood TOD Plans and Update Ordinances and Zoning (2015-2016)**

The City's Department of Planning and Permitting has developed six Neighborhood TOD Plans for the areas around 15 rail stations. The Waipahu and Aiea-Pearl City Plans have been adopted. The Kalihi and Downtown Plans are in process of review and adoption by Council, with the remainder expected to be adopted over the next year. Planning for the areas around the Airport and Aloha Stadium stations is under way. DPP has drafted revisions to the Land Use Ordinance, Zoning Maps, and other regulations pertaining to affordable housing production, streetscapes, infrastructure, and parks in transit-oriented neighborhoods. These new regulations will offer incentives such as city-initiated TOD zoning, height and density bonuses, process improvements, and reduced parking, combined with requirements to provide affordable housing, active streetscapes, and usable public space. Fees that contribute to high construction costs of affordable housing, including sewer and water connection fees and park dedication requirements (or fees in lieu of dedication), should be reviewed and reduced for the affordable units where possible.

b) **Expand Zoning for Multi-family and Accessory Dwelling Units (2015-2016)**

Many existing residential lots can support additional development with compact units for extended families and individuals. There is significant potential to increase the supply of rental housing in existing neighborhoods by updating zoning codes to allow innovative practices such as smaller lot sizes, townhouses, micro-units, tiny houses, and accessory dwelling units (ADUs).

- The smallest residential lot size is currently R-3.5 (3,500 SF). With the escalating cost of buildable land, and the market trending toward smaller unit sizes and more compact walkable development, a range of smaller lots sizes should be allowed, such as R-2.0 (2,000 SF), R-2.5 (2,500 SF), and R-3.0 (3,000 SF). This would also allow for construction of more affordable attached units like townhouses.
- There is a national trend toward smaller dwellings such as micro-units. These are one-room units (typically 170 to 300 SF, with bath/tiny kitchen area, and often built-in furniture and storage) that are part of a larger multifamily building. The City should also explore allowing micro-unit buildings on R-5 and larger lots, up to eight micro-units per multifamily structure. This is the same number of people permitted in a single-family home or a group living home.
- Tiny houses are very small housing units. Like micro-units, they can be efficiently designed and attractive. They are often on wheels, for classification as movable shelter. Tiny houses can be stand-alone, used as ADUs, or set up in groups as 'tiny home parks.'
- ADUs are accessory (second) dwelling units, attached or detached from the primary dwelling unit on a residential lot. They are typically small cottages, additions, or converted garages or outbuildings; they may also be created by separating part of an existing home. ADUs provide well-located, well-managed rental housing plus additional income for owners. Size limits help ensure more affordable rents.

Current zoning regulations allow ohana units – restricted to family members, with no size limits – on some residential lots. As the Hawai'i Appleseed Center for Law and Economic Justice has documented (2013), ohana housing is currently underutilized, with just 2,000 units established through the permitting process, even though more than 17,000 units on Oahu are eligible. Almost all of the ohana units in existence were permitted between 1982 and 1990, before restrictions limited occupancy to family members. When ohana dwellings were first allowed in 1982, they comprised almost 25 percent of all single-family construction. In 2011, they accounted for a mere two percent of building permits. The first draft of this housing strategy proposed allowing ADUs (rented to unrelated occupants) only on ohana-zoned lots. After additional research, DPP proposed allowing ADUs on any of the approximately 105,000 residential-zoned lots (R-3.5 to R-20). Since many newer subdivisions are under separate (voluntary) condominium property regimes that do not allow auxiliary structures or additions without permission from the property owners' association, ADUs would not be

automatically permitted in those subdivisions, unless the owners' association also permitted them. Construction on other lots might be limited due to lack of infrastructure capacity, existing accessory buildings, or lack of buildable space on the lot.

To create more affordable rental housing, new regulations permitting ADUs on any residential-zoned lots on Oahu were submitted to the Planning Commission for review in February 2015. This Bill 20 was adopted by City Council on September 2, 2015. The requirements specify unit size (max. 400 to 800 SF), address parking and infrastructure requirements, and help ensure that ADUs do not adversely impact neighborhoods. They will require six-month leases so they are not used for vacation rentals. Although ADUs on single-family lots will not be required to be affordable, they will be smaller units, may not be sold independently of the principal structure, and are likely to stay relatively affordable over time due to the smaller size. DPP is reviewing the permit process to make it simpler for homeowners to get ADU permits; revised infrastructure checklists and a 'how to apply' brochure will be provided to applicants. There will also be an option for contractors and suppliers to receive a 'materials and methods' permit for standard designs (or modular units). If building that pre-reviewed unit the contractor or homeowner would just need to provide site layout and foundation details, along with checking infrastructure availability, to receive a permit. A public-private initiative can provide example designs, link owners to contractors, conduct public outreach, and facilitate permit approvals.

Revising regulations will have the added benefit of reducing nonconformities. A zoning adjustment process will allow many existing, legally established accessory structures in residential districts to be converted to ADUs. Owners of structures built without a building permit before the effective date of the ADU ordinance will be able to apply for an after-the-fact permit to convert the structure to an ADU. This may require upgrading systems to meet health and safety regulations, as well as conforming to the ADU regulations. Assuming ADUs become as popular as the ohana units initially were, 250 or more units per year could be developed annually once the program is implemented.

c) **Incorporate Housing Strategy in the General Plan Update (2015)**

DPP is incorporating components of this housing strategy into the islandwide General Plan Update to better support TOD, sustainable communities and neighborhood revitalization.

d) **Revise Housing Construction Standards without Sacrificing Health and Safety (2015-2016)**

Although the City already allows for the construction of compact residential units, the Building Code and Land Use Ordinance are being reviewed to identify and remove barriers to allow the construction of more affordable rental options, such as accessory dwelling units, micro-units, tiny houses, row houses, townhouses, modular units, and other innovations. The city is working with the construction industry to explore building using shipping containers or other modular units. These could be used as stand-alone ADUs or tiny houses, or stacked in a larger multifamily building on its own lot. Costs associated with sprinkler systems and safe rooms, for example, elevate construction costs. Alternatives will be sought that lower construction costs without sacrificing health and safety. DPP is also reviewing the permit process to reduce processing time, including increasing the use of 'one-time-review' and e-permits.

Building codes are being reviewed to identify potential revisions to encourage more flexible renovations to existing and historic buildings, such as upper floors in Chinatown. The International Building Code has been adopted for use in Honolulu. It contains a section that allows flexibility for renovations to existing and historic structures. This section is not yet being used frequently, and this option needs to be better publicized and discussed with the design and construction community. When similar modifications were made to the New Jersey State Building Code, building permits for downtown historic building renovations increased by 60% in the first year. Codes also need to be updated to allow more sustainable green strategies, such as the installation and private management of

innovative wastewater, plumbing and storm water systems as cost effective solutions to larger scale, city-provided systems.

- e) **Improve the 201H Process to Create More Accessible Affordable Housing (2015-2016)**
Chapter 201H, Hawaii Revised Statutes provides a process whereby an affordable housing project may be granted exemptions from any statutes, ordinances and rules of any governmental agency relating to planning, zoning and construction standards that do not negatively affect the health and safety of the general public. Currently, the exemptions are only available to projects involving at least 50% of dwelling units. The City is in process of analyzing the use of 201H on projects, and determining what adjustments could be made to improve the 201H approval process. The City will work with HHFDC and the Legislature on any required changes. Broadening eligibility and streamlining application procedures will result in more developers creating affordable housing. Application of this exemption in areas near transit stations should be carefully applied so that affordable housing is not exempted from basic requirements for each project to improve walkability and accessibility.
- f) **Support Growing and Aging in Place (2015-2016)**
Supporting our young families and kupuna in their neighborhoods can take many forms. Regulations will be revised to support elders and young families with opportunities that include compact homes in affordable, well-located, age-friendly neighborhoods. We can also better leverage private, federal, state and county funds for increased infrastructure capacity to support higher density residential uses in TOD areas, and allow ohana dwellings and accessory dwelling units in rural centers to meet the needs of extended families.

5. Coordinate Implementation and Measure Progress

- a) **Establish an Office of Strategic Development (2015)**
Nearly two decades ago, the City retreated from developing low income and mixed income affordable housing when it disbanded the 100 employee Housing Development Office. Since then, the City has provided a relatively small amount of funding to support housing programs and services, primarily through federal funds including HUD HOME and CDBG. While the voters approved the Affordable Housing Fund in 2006 that sets aside ½ percent of real property tax revenue or approximately \$4 million each year, that funding has been difficult to expend on housing projects (AHF funding was appropriated for projects in the FY2015 budget). Similarly, while the voters approved the creation of the Office of Housing in the Mayor's office in 2010, that office has not been sufficiently staffed to carry out its function due to hiring freezes and budget constraints in place since the inception of the Office. The Office of Housing currently focuses on strategies to address homelessness and homeless services.

In order to accelerate housing production and economic development, the City established a new Office of Strategic Development focused on development of key City assets throughout Oahu, with primary focus on optimizing the use of City assets within the TOD areas, such as the 417 acres near the rail stations. This office will consolidate functions currently scattered among several departments in order to concentrate on stimulating affordable housing and community development in the private and non-profit sectors. The office is also charged with the acquisition and rehabilitation of appropriate housing units for homeless and low income populations. The establishment of this new office also responds to the private and non-profit sectors' call for a concierge or ombudsman that can advocate for and expedite affordable housing projects.

While the staffing for the Office of Strategic Development was not funded by Council in the FY 2016 budget, there is a continuing critical need for experienced staff to oversee project development. Some have suggested re-establishing a Housing Department to consolidate all housing and development

functions. Since this would require a Charter Amendment, this should be discussed during the Charter Commission meetings being held this year.

b) Track Production and Inventory of Affordable Housing (2015, ongoing)

Implementation of this Strategy will benefit from better-coordinated tracking of additional data that further customizes these proposed actions for the local housing market. Data will be used to establish indicators that measure performance over time. However, much of the needed data is owned and collected by the private sector and by a variety of local and state agencies. For example, access to proprietary data will allow for the analysis of how much developers can subsidize affordable housing units given that property values will increase with the construction of the rail system. More precise data will also document the differences in how single-family affordable housing is financed versus what is required for affordable housing in vertical mixed-use development scenarios. It will also better track how long affordable units actually remain affordable and help bring awareness to affordable projects that are close to expiring.

Housing programs are administered by several city and state departments, and most affordable housing is built by private and non-profit developers. There is no single database or coordinated reporting requirements that track the characteristics of the housing stock over time. There is a need to build the data capacity through a coordinated effort among the city, state and development stakeholders. A single database will help track and report progress on, for example, the number and characteristics of affordable housing rental versus sales units needed and built on an annual basis. The State and the City should jointly initiate this effort.

Next Steps

Identifying what city and state agencies are doing to accelerate affordable housing production could fill several pages; however, implementing this Strategy will rely heavily on public-private partnerships. In Hawaii, we depend on the private and non-profit sectors to build most affordable housing in accordance with public sector-defined policies, regulations, and funding. For example, updating regulations to allow more flexible improvements to nonconforming structures will encourage the rehabilitation of existing housing, which is typically more affordable than new construction. Allowing for the construction of accessory dwelling units will create a new inventory of affordable rental units. Making surplus public land available for development will catalyze affordable housing production.

This Affordable Housing Strategy responds to the needs of people on Oahu who struggle with housing the most. The recommended actions also recognize that where and how people live impacts neighborhoods. In Hawaii, where you grew up, and where you went to school, speaks volumes about who you are. Our homes, and the neighborhoods we live in, are fundamentally connected to our sense of self and our connections to ohana and community. Whether just building one home at a time, or through larger, catalytic projects, we can strengthen our neighborhoods – with the right policies, plans, regulations and targeted investments.

This Strategy is intended to create an environment that supports our development community and provides them with the tools necessary to provide housing choices that build community, strengthen neighborhoods, and fit family budgets. Acting together on this Strategy will help us emerge from our housing crisis and build a more diverse and affordable housing stock over time. The Mayor's TOD Sub-cabinet has been instrumental in overcoming institutional barriers within City government. Its members also recognize that housing for all of Oahu's residents will only be achieved if we rely on the resources and wisdom of our local experts from other agencies, non-profits, and the private sector. The State's emerging TOD Task Force is applying similar inter-agency coordination toward housing development on state lands.

Adoption of this Strategy and its key principles as a policy will affirm the City's commitment to the production, preservation and maintenance of well-located affordable and workforce housing. Adoption of the Affordable Housing Requirement and the Accessory Dwelling Unit ordinances will have significant impact on increasing the supply of affordable housing. Some of the recommended actions will require additional analysis and refinement, while others can be adopted by the Council fairly quickly or implemented administratively by the City and the private sector. Other actions may require new or revised ordinances or rules, and will be implemented in accord with adopted budgets and public-private partnerships.