Housing as Economic Development

Moderator: Erik Gaikowski, AARP South Dakota

Presentations

Harrison Rue, City and County of Honolulu, Hawaii
Affordable Housing in a Tourism Economy

Bob Jones, City of Cuba, Wisconsin
Housing Development Post 2008

Emily Brown, North Dakota Department of Commerce
Engaging Youth in North Dakota
Affordable Housing in a Tourism Economy
Harrison Rue

AARP Rural Livability
June 20, 2019
“Affordable” Housing in Honolulu

What we’ll talk about

• Housing & TOD strategy
• Accessory dwelling units (ADUs)
• Inclusionary AH requirement & financial incentives
• Affordable rental housing bill
• Short-term rentals (Airbnb, etc)
Honolulu Background

- Single City-County government
- Strong policies to focus development in urban area – “keep the country, country”
- Increasing cost of living + lower wages = lack of workforce & affordable housing
- Exacerbated by offshore investment & growing short-term rental industry
Affordable Housing Strategy

• Accessory Dwelling Units (ADUs) and fee waivers/incentives
• Affordable Housing Requirement – Ord. 18-10; inclusionary
• Financial Incentives – Ord. 18-1 fee waivers ($25-$70k/unit) for sewer, park dedication, building permits, property taxes
• TOD Zoning and Infrastructure Investments
• New Affordable Rental Housing (Bill 7) – density bonus, code waivers and fee waivers for workforce rental housing
• Housing First Investments and shelter initiatives
• Leverage City Lands – several properties being RFP’d to private developers and nonprofits
Accessory Dwelling Units (ADUs)

- ADUs permitted on most Residential or Country lots
- Permit fees, facility charges, and park dedication waived
- 400-800 SF (depends on lot size)
- Minimum 6-month rental, with owner/rep living onsite
- Requires parking (exc. TOD), infrastructure, and lot access
ADU Progress to Date (since 2015)

- Pre-check forms submitted: over 4,000
  Under 20% denied, mostly sewer issues
- Building permit applications: 1,007
  49 cancelled by applicant
- Building permits issued: 659
  35 approved/waiting for pickup
- ADUs completed: 280

Approved Materials and Methods (MM)
- Six unit designs by two companies

ADU data from 06/2019
Affordable Housing Requirement & TOD Zoning

- Aff. Housing required in most development islandwide
- Higher % required for TOD
- $30 - $70k/unit in incentives
- TOD zoning provides added height and density in return for benefits like aff. housing
- Considering TOD-type zoning for other areas ("small towns")
- Infrastructure investments to support TOD and aff. housing
Adding housing in existing shopping areas

Example: Liliha Street
Affordable Rental Housing (Bill 7-19)

Pilot program to incentivize rental housing production

- Allows ‘old-fashioned’ walk-up apartments in apartment and business zones
- Provides increased height (up to 6 stories) and 4X density
- Waives most fees and property taxes
- No parking required
- 80% of units must be affordable to 100% AMI households
- No elevators required; waives setback, lot coverage regulations and several building code requirements
Short-term rentals *(proposed new regs)*

Super-hot current topic; competing bills at City Council

- **Transient Vacation Units (TVUs)** rented for <30 days
- **B&B** – same, but have owner or rep living in unit
- Economics and ease of new rental platforms are expanding impacts into residential and rural neighborhoods
- **STRs** appear to be removing existing housing from local rental market supply

- Thousands of illegal units; with existing regs and taxes not effective to control them

**Proposals include**

- Increasing number of permits to legalize **some** existing
- Much stronger enforcement and high fines; ability to use ads for the units to prove violations
- Higher property taxes
- Only one unit per owner
Key Takeaways

• There are no silver bullets in affordable housing – need a whole toolkit of policies and investments
  – But ADUs are a good ‘pewter bullet’

• Use the power of plans, policies, height and density, and fee waivers as incentives when funding is limited

• A regional/metro strategy to increase density and housing options in urban areas and town centers can protect rural areas – while connecting people to jobs and services
Questions? More Information?

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Rural Livability Workshop

Housing Development Post 2008
Traditional Economic Development Components

• Biz attraction*
• Biz retention and expansion*
• Business finance*
• Entrepreneurship*
• Collaboration
• Deal making
• Communications

Our Bottom Line is Wealth and Job Creation, which is in itself very rewarding

*All four of these items are now being negatively impacted by the workforce shortage.
Recent Workforce Changes

• In the past, workforce was an HR function addressed through outreach and training

• With most areas seeing an unemployment rate at record lows, virtual zero unemployment, we now lack bodies. And we have nowhere for them to live.

• In Cuba City, we had a housing study performed which was completed in late April. It was titled “Housing and Workforce Study” by the consultant.

• Child care and transportation are also now on our radar as contributing factors on workforce.
Before the Great Recession of 2008, developers typically purchased land, installed infrastructure, built and sold homes.

Post-2008:

- Developers and lenders are more risk averse.
- Lack of construction labor.
- Rise in the price of construction materials.
- Many rural communities are landlocked due to the leasing of the property to farmers.
- Developers now desire a public/private partnership with the community controlling the land.
- Most developers now expect the community to install and pay for the infrastructure.

Cuba City, Wisconsin – Small Town Charm & Big Opportunity
Rural communities have some added challenges

- Farmers now average 58 years of age, and they tend to age in place in our rural communities
- Homes that once held 6 to 7 people are now occupied by 1 or 2 people
- It is increasingly difficult to retain our young people and rural schools are suffering from declining enrollments
- Rural housing is often very dated and in need of rehab
- New challenges facing young people on the finance of their starter home
- Much of the housing funding is targeted toward areas with low to moderate income residents (LMI.) In rural communities you do not see a concentration of this demographic in a single area as you would in an urban environment. CDBG and USDA are two examples of this funding requirement.
How do we address this problem?

• Talk with your partners, find a similar community that is successfully attacking the issue
• Meet with your elected officials and resource partners.
• Consider a housing study for your community
• Look at funding options such as TIF, depending upon your state regulations
• Gain community support
• Communicate, positive PR will be a huge help on the attraction of developers and builders
• Work with your schools
• Planning and patience. Economic development activities like housing can take 3 to 5 years to make an impact.
You must have a documented plan to obtain funding and it should include:

• Community input and the formation of committees
• Listing of issues and opportunities
• A clear course of action with deadlines, accountability and adequate resources

To qualify for most government funding opportunities, you must have a documented plan in place. There is no “free money.”

I must stress three items: Planning, positive PR and the involvement of your young people.
Thank you

Questions? More Information?

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ENGAGING YOUTH IN NORTH DAKOTA

June 20, 2019 | Emily Brown
MAIN STREET INITIATIVE

- Governor’s initiative
- Workforce shortage
- Emphasis on quality of life
- Attraction and retention
MAIN STREET INITIATIVE

HEALTHY, VIBRANT COMMUNITY

SMART, EFFICIENT INFRASTRUCTURE

21ST CENTURY WORKFORCE
MAIN STREET INITIATIVE

- Listening session
- Technical assistance
- Streamlined access to resources
- Main Street Community Leaders Network
- Main Street Summit
- Policy implications
ENGAGING YOUTH

- Leaders of today, not tomorrow
- New perspectives and new ideas
- Attract and retain young people
ENGAGING YOUTH – LISTENING SESSIONS
STUDENT ADVISORY COMMITTEE
RUGBY – COMMUNITY BUILDING CLASS
CAVALIER

- City Council meetings
- Chamber of Commerce
- Recreation Committee
- Retail Committee
• Empower, don’t assign
• Input from diverse voices give us an honest picture of what our communities need to do to attract and retain youth
• Bridging the disconnect between adults (decision-makers) and young people (inheritors of the decisions)
• Aesthetics = community pride
• Arts, recreation, environmental sustainability, community
Moderator: Erik Gaikowski, EGaikowski@aarp.org

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Time for your questions, comments, ideas, and experiences