

AN ADVISORY SERVICES PANEL REPORT

# County of Maui Hawaii



Urban Land  
Institute

# County of Maui Hawaii

## **An Affordable Housing Strategy**

July 17–21, 2006  
An Advisory Services Program Report

ULI—the Urban Land Institute  
1025 Thomas Jefferson Street, N.W.  
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Washington, D.C. 20007-5201

# About ULI—the Urban Land Institute

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**U**LI—the Urban Land Institute is a non-profit research and education organization that promotes responsible leadership in the use of land in order to enhance the total environment.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educational programs and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 34,000 members and associates from 90 countries, representing the entire spectrum of the land use and development disciplines. Professionals

represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

This Advisory Services panel report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

Richard M. Rosan  
*President*

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# About ULI Advisory Services

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**T**he goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a panel assignment is intensive. It includes an in-depth briefing composed of a tour of the site and meetings with sponsor representatives; interviews of key people within the community; and a day of formulating recommendations. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. At the request of the sponsor, a written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI's panel assignments are able to make accurate assessments of a sponsor's issues and to

provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services program report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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# Acknowledgments

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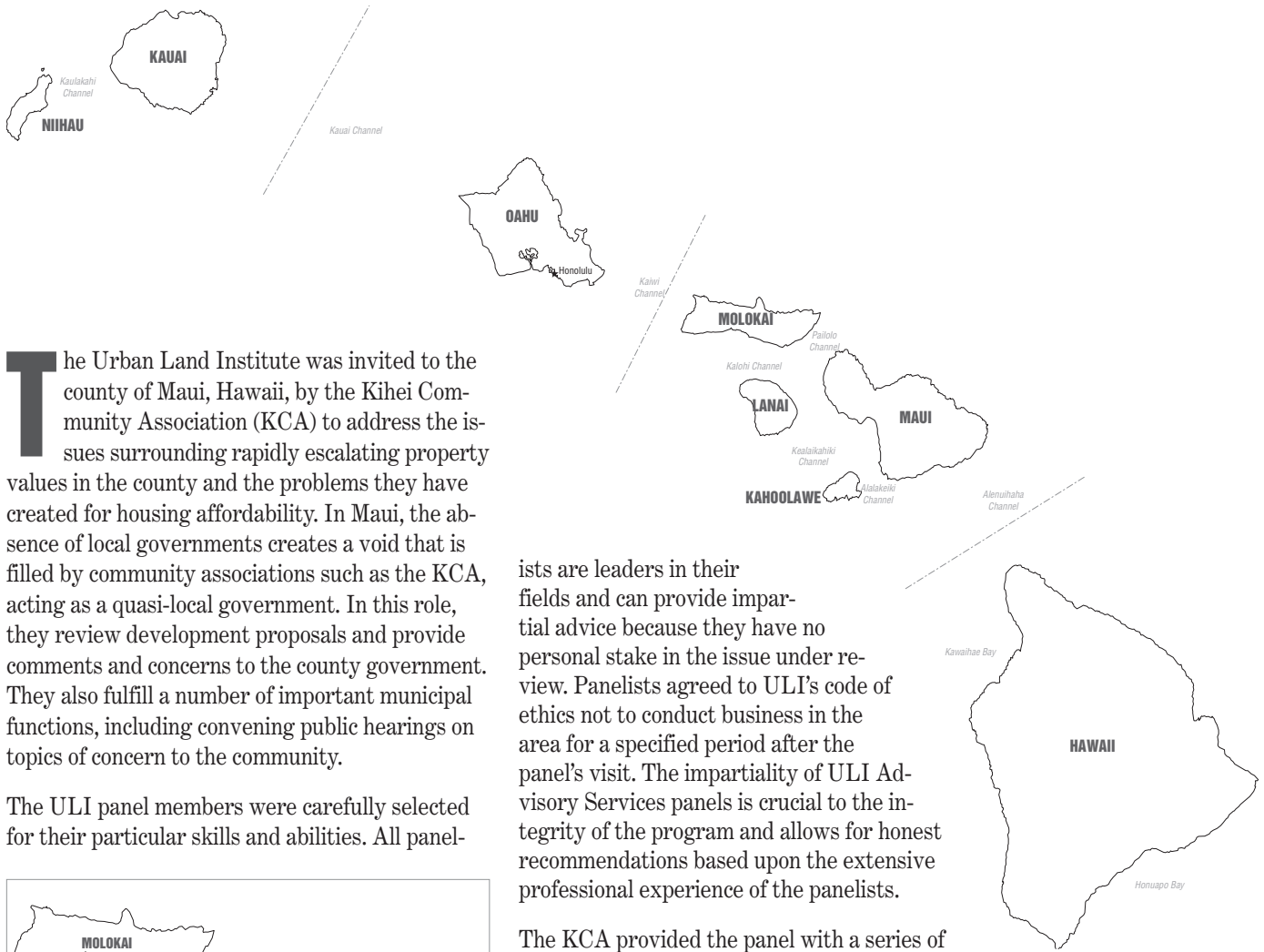
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# Foreword: The Panel's Assignment

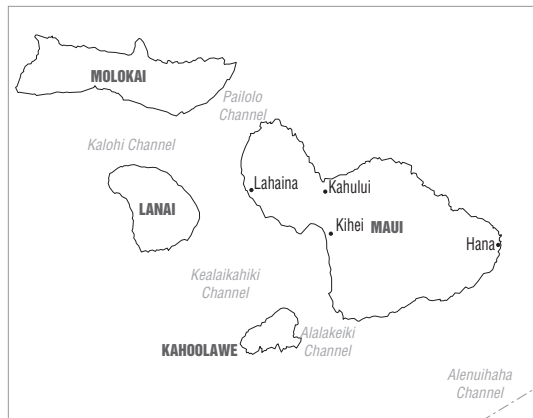


**T**he Urban Land Institute was invited to the county of Maui, Hawaii, by the Kihei Community Association (KCA) to address the issues surrounding rapidly escalating property values in the county and the problems they have created for housing affordability. In Maui, the absence of local governments creates a void that is filled by community associations such as the KCA, acting as a quasi-local government. In this role, they review development proposals and provide comments and concerns to the county government. They also fulfill a number of important municipal functions, including convening public hearings on topics of concern to the community.

The ULI panel members were carefully selected for their particular skills and abilities. All panel-

ists are leaders in their fields and can provide impartial advice because they have no personal stake in the issue under review. Panelists agreed to ULI's code of ethics not to conduct business in the area for a specified period after the panel's visit. The impartiality of ULI Advisory Services panels is crucial to the integrity of the program and allows for honest recommendations based upon the extensive professional experience of the panelists.

The KCA provided the panel with a series of questions, outlined below, relating to affordable housing. Two important issues currently being debated in the county—inclusionary zoning and community land trusts—were the impetus for inviting the expert panel to Maui. Last year, the County Council of Maui introduced legislation to create an inclusionary zoning ordinance, and this proposal had been under review and the subject of public hearings for several months. In addition, a community land trust had also been created recently.



While addressing the questions posed to them, the panel also provided recommendations on other issues they considered relevant to the current affordable/workforce housing problem in Maui.

The questions posed to the panel were:

- What unintended consequences and social ramifications could be created by an improperly designed affordable/workforce housing program?
- How can a community synthesize affordable housing initiatives with free market forces?
- How does a community best identify where and for whom affordable workforce housing units should be created? What quantifiable data must be measured in a study of the market?
- What are the implications of inclusionary zoning requirements for the price and availability of new homes?
- How can Maui County benefit from a community land trust?

The county of Maui includes four islands: Maui, Moloka'i, Lana'i, and Kaho'olawe. The island of Maui, the largest of the four in terms of land area, population, and development, is the focus of most discussions of land use issues. The county's population is estimated at roughly 140,000 residents, with over 90 percent of the population living on the island of Maui. The community of Kihei is located in South Maui; its population is estimated at roughly 20,000 residents.

As in many areas of the United States, Maui saw significant home price appreciation in the early 2000s. The median price of a single-family home in Maui skyrocketed from slightly more than \$275,000 at the start of 2000 to \$750,000 in June 2006. While this trend was seen nationally, even globally, the increases in Maui were some of the sharpest reported. The subsequent national slowdown in home sales and price appreciation, brought on by rising interest rates, is also occurring in Maui. And while Maui's real estate market has always been cyclical, its distinctive world-

class resort environment, combined with severe constraints in the supply of housing and demographic changes, suggests continued long-term price appreciation for land and homes.

While the real estate boom has created a financial windfall for existing landowners and homeowners, it has also created real housing difficulties for workers and may ultimately have negative consequences for Maui's economy. Simply put, workers in the county of Maui have extremely limited housing options. While the problem poses a severe hardship for the workers, it is also a major concern for the continuing economic health of the island. Employers are reporting difficulties in recruiting and retaining the necessary workforce, including vital municipal employees. If these trends continue, more workers will make the difficult decision that the natural beauty and relaxed lifestyle of Maui are not worth the financial costs. Few rental housing opportunities currently exist for workers, and the dream of homeownership remains just a dream for many. This reality will lead some to leave Maui for communities with more affordable housing, such as Las Vegas or several cities in Arizona, and they may leave a labor shortage in their wake.

Fortunately, during its stay on the island of Maui, the panel found a community that is committed to facing this problem directly. The panel sensed a strong desire to seek ways of providing rental and for-sale housing opportunities for the island's workforce. Parents are concerned about the future their children may face in the county. Employers, whose current workers are forced to crowd into existing housing, commute long distances, and work several jobs just to afford housing, are concerned about the impact these difficulties have on morale and productivity. Indeed, the panel witnessed an across-the-board commitment among the citizens of Maui to solve this complex problem. The panel is optimistic that they will rise to the challenge.

# Summary of Findings and Recommendations

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**D**uring their short stay on the island of Maui, the panel members followed an intensive schedule that included a helicopter ride, a bus tour of affordable housing, and a valuable and extensive series of roundtable interviews. The interviews gave the panelists the opportunity to listen to the concerns of elected officials, developers, affordable housing advocates, community leaders, and residents. They heard from residents about how the affordable housing problem has affected their lives. They learned of past and present efforts to address the problem, the factors that have created it, and possible solutions.

The panel process, however, actually began before the panelists arrived on the island. They were given a voluminous briefing book including all the pertinent data for the county, along with all recent studies, policies, programs, and proposed legislation.

Through this intensive process and extensive late-night discussion, debate, and deliberation, the panel came to the following findings and recommendations. The panelists have attempted to answer the specific questions addressed to them but have also provided their opinions on related issues that they believe are contributing toward Maui's affordable/workforce housing problem. On issues where a clear consensus could not be reached but where there was majority agreement, the term "clear majority" is used. One panelist believed that further research was needed before the panel could make recommendations for or against the ordinance or several of the provisions included in the ordinance.

The panel's report is divided into four sections: Economic Analysis; Affordable Housing Solutions; Inclusionary Zoning Ordinance; and Implementation. The findings for each section are summarized in the following section. The findings are succeeded by a summary of panel recommendations that fall in four categories: General Policies and

Programs; Inclusionary Zoning Ordinance; Market, Needs, and Policy Assessments; and Development Review Process and Planning.

## Findings: Economic Analysis

- If Maui were a metropolitan statistical area (MSA), it would have the fourth-highest median home value in the United States.
- When compared with the MSAs with the three highest median home values, Maui's median income is relatively low.
- Maui's land constraints preclude "exurban" development, which often provides affordable housing in exchange for a long commute.
- Maui's real estate market is cyclical, and the current up-cycle has seen a dramatic increase in housing values and a decline in affordability.
- Three factors have contributed to the upswing in housing values in Maui:
  - Low interest rates triggering worldwide price escalation;
  - Maui's high-amenity location and high demand; and
  - Constraints on the supply of housing.
- Roughly 80 percent of Maui's population makes less than 140 percent of the area median income (AMI).
- Affordable housing problems are related to housing supply and demand; an increased supply, however, must reflect genuine demand from within the county.
- In the past, the county has not been effective in planning for growth through the adequate financing and provision of necessary infrastructure.

## Findings: Affordable Housing Solutions

The inclusionary zoning ordinance alone will not fully alleviate the current shortage of affordable housing, nor will community land trusts. A full range of design and financing tools is needed.

## Findings: Inclusionary Zoning Ordinance

Following a detailed review of the proposed inclusionary zoning ordinance, the clear majority of the panel found that some aspects of the ordinance were well constructed and appropriate, while other aspects were in need of further assessment and review.

## Findings: Implementation

The current development process in Maui hinders the production of market-rate and affordable housing. Problems with the current process include:

- A lengthy initial review process;
- Uncertainty regarding the capacity and availability of infrastructure, especially water;
- No existing process to prioritize development; in other words, small and large projects are not reviewed separately; and
- Further delays created by required state reviews.

## Recommendations: General Policies and Programs

The inclusionary zoning ordinance alone will not solve the affordable housing problem on the island of Maui, nor will community land trusts. A multifaceted approach with a variety of design and finance tools is needed. All the following tools that are viable should be used.

### Design Tools

- Use of ohanas—accessory dwelling units (ADUs);
- Housing placed over commercial uses;
- Increased density to promote affordability; and
- Conversion of older resort properties into alternative housing uses.

### Financing Tools

- Encouraging employers' efforts to build affordable housing;
- Developer/resort impact fees;
- Dedicated taxation;
- Real estate transfer tax;
- LIHTC, HOME, and other federal and state support;
- Hawaiian Home Lands awards;
- Community land trusts;
- Cooperatives and cohousing; and
- Rent-to-own options.

Policies and programs must be designed to avoid unintended consequences. Affordable housing requirements raise development costs, which can have the unintended consequence of raising housing costs for the group just above the affordable level. County officials should monitor and adjust their policies and programs to ensure that this trend does not occur. One alternative is to widen the range of incomes covered by the regulations.

Designing policies and programs based upon current market conditions can also have unintended consequences when the market changes. Because the Maui real estate market is cyclical and volatile, policy makers should build in flexibility for adjustments as market conditions change.

Housing production must be matched to housing demand, which covers a broad spectrum of incomes. Do not overlook opportunities to provide incentives for the production of much-needed rental properties.

To produce housing that is affordable to the full spectrum of households in Maui, all sectors must work together. One group cannot solve this problem; it is too large, diverse, and complicated. Providing housing for those at the lowest end of the income spectrum will require the most partnership and public assistance.

## **Recommendations: Inclusionary Zoning Ordinance**

The clear majority of the panel believed that several aspects of the proposed inclusionary zoning ordinance were well constructed and appropriate, including:

- Concurrence;
- Long-term affordability requirements;
- Income stratification;
- Applicability to five units and up;
- Appeals process; and
- Provision of units in the same district.

The clear majority of the panel believed that several other aspects of the proposed inclusionary zoning ordinance might benefit from further assessment and review, including:

- Feasibility of the 10 percent downpayment requirement;
- Sale/rental ratio;
- System for reflecting changing market demand;
- Residency preferences advocated by residents;
- Housing provision and job location nexus;
- In-lieu fees and their impact on economic segregation;
- Sufficiency of current staffing to administer; and
- Sufficiency of 30 percent requirement to address extent of affordable housing problem.

County officials should strive to fairly balance all of the interests and to provide a rational nexus between upper-end housing and the necessary workforce housing to meet demand. Methods to help achieve this result are:

- Increasing mitigation requirements for larger homes;
- Expanding the range of incomes in the affordability requirements to 200 percent of AMI; and

- Using deed restrictions only if a subsidy is being applied.

## **Recommendations: Market, Needs, and Policy Assessments**

County officials should conduct a yearly housing needs assessment to determine the extent of the affordability problem and whether efforts to mitigate the problem are working. A market study will also provide a sense of how market forces have changed and how policies and programs may be affecting the market.

Following these housing needs and market assessments, county planners should reassess the existing policies and programs and adjust them as necessary to ensure fairness, avoid unintended market consequences, and adjust for new market realities.

## **Recommendations: Development Review Process and Planning**

County officials should revamp the development approval process as follows:

- Review all county departments involved in the process and demand process improvements.
- Hire three additional planning department staff:
  - One planner to review subdivision and building permit applications, and
  - Two planners to review current planning applications.
- Eliminate the existing backlog of development proposals by temporarily hiring contractors to conduct plan review.
- Implement this contract support in several departments until the backlog is successfully removed.
- Ensure that all contractors are professionally qualified and independent.
- Provide management training to county staff and empower county employees to make decisions.

- Create a comprehensive and consistent enforcement program:
  - Hire supervisory personnel;
  - Hire an enforcement officer;
  - Assign a code violation attorney;
  - Use administrative liens; and
  - Prioritize development projects that meet specified criteria.

The panel recommends hiring at least one full-time experienced affordable housing specialist (“czar”) to initiate and supervise all affordable housing programs and policies.

Through an update of the general plan, county officials should provide clarity on the capacity of existing infrastructure and plan for the adequate provision and financing of further infrastructure to support new development. Sustainable growth is an essential element of solving the county’s affordable housing problem.

Finally, the county should give priority to locating workforce housing close to existing jobs.

# Economic Analysis

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This section describes the economics and background of Maui's affordable housing problem. Four aspects of the problem are covered:

- The background and context of the affordable housing shortage on Maui;
- The economics of housing markets in general, and hence of affordable housing;
- Market data on the demand for affordable housing on Maui; and
- Infrastructure to support growth.

## Housing on Maui: The High Price of Paradise

It will surprise no Maui resident and few casual observers that housing prices on Maui are high. Figure 1 compares median home sales prices in Maui with median home prices in the ten most expensive U.S. metropolitan statistical areas, as of the first quarter of 2006. If Maui were its own MSA, it would have the fourth-highest median home price in the nation, coming in behind only the high-priced California regions of Silicon Valley (San Jose), San Francisco, and Orange County.

Maui is not its own MSA, of course; the markets being compared are areas of several million persons (for MSAs) with a county of approximately 140,000 persons. The point is that home prices on Maui, and in much of Hawaii generally, are comparable to the traditionally high-priced markets of urban centers in California and New York. Unlike California and New York, however, Maui is an island, heavily dependent upon low-paying service jobs and with no ability for residents to choose to live further away in the hope of finding an affordable home. The affordable housing shortage thus presents particularly thorny difficulties on Maui.

Yet while affordability has long been an issue on Maui, there is a recent urgency to the problem. Figure 2 shows a comparison over time of median home prices on Maui and the home price that a household with median income could afford. The two have moved largely in step with each other until the real estate boom that began in 2002. The current gap between median prices and what a family earning the median income can afford is no doubt even larger now, as median home prices have increased by almost \$300,000 since 2004.

Medians do not tell the full story. Even in the years when a median income-earning resident could buy a median-priced home, lower-income residents might not have been able to afford homes. In short, a complete picture would need to factor in the full distribution of incomes, not just medians. But the message from Figure 2 is twofold:

- The Maui housing market is cyclical, characterized by booms and busts. Affordable housing policy should be cognizant of this pattern, and in particular policy makers should build in flexibility for adjusting policies as market conditions change.
- The most recent housing boom has been especially dramatic. This had led to circumstances in which affordability is a larger issue on Maui than it has ever been. The word "crisis" might not be inappropriate. The gap in affordability is large and recent, creating both a serious challenge that requires policy response and substantial political controversy amid a deserved sense of urgency.

In short, the affordability problem is real and severe, but Maui's housing market is volatile. Policy makers should remain cognizant of both points.

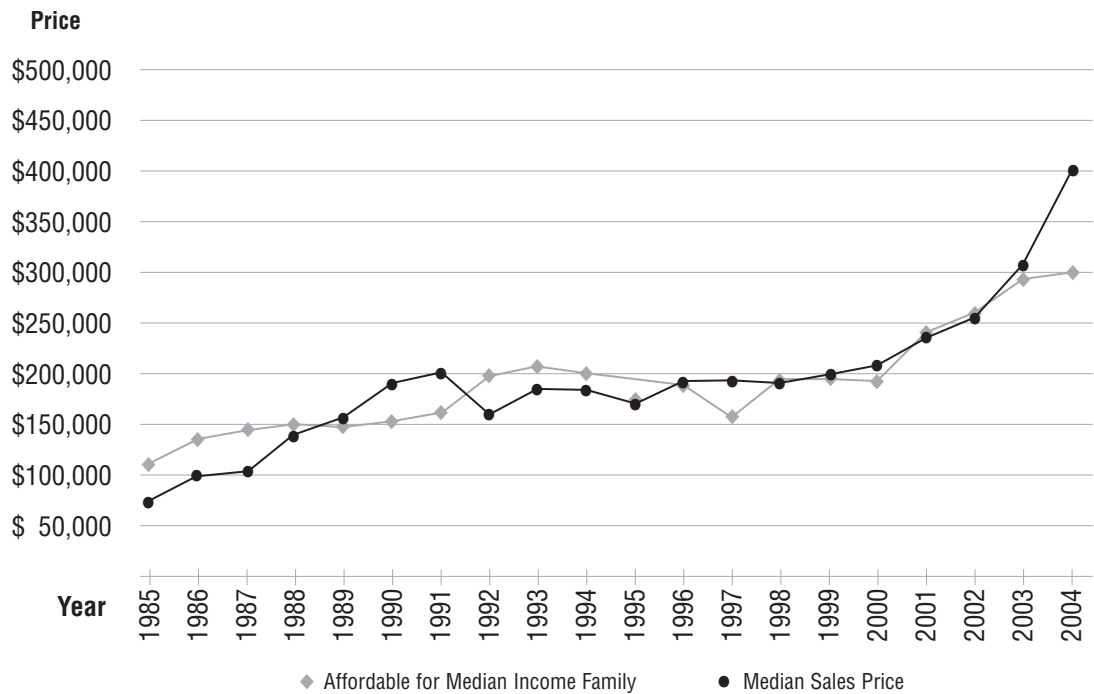
Why is housing so expensive on Maui? Three explanations stand out:

**Figure 1  
Median Home Values in Selected MSAs and Maui**

State	Metropolitan Area	2006 1st Quarter
CA	San Jose/Sunnyvale/Santa Clara	\$746,800
CA	San Francisco/Oakland/Fremont	\$720,400
CA	Anaheim/Santa Ana	\$712,600
HI	Maui	\$690,000
HI	Honolulu	\$625,000
CA	San Diego/Carlsbad/San Marcos	\$607,300
CA	Los Angeles/Long Beach/Santa Ana	\$563,900
NY, NJ	New York City/Wayne/White Plains	\$528,700
NY	Nassau/Suffolk	\$475,300
CT	Bridgeport/Stamford/Norwalk	\$471,200
NY, NJ	New York City/Northern New Jersey/Long Island	\$458,500

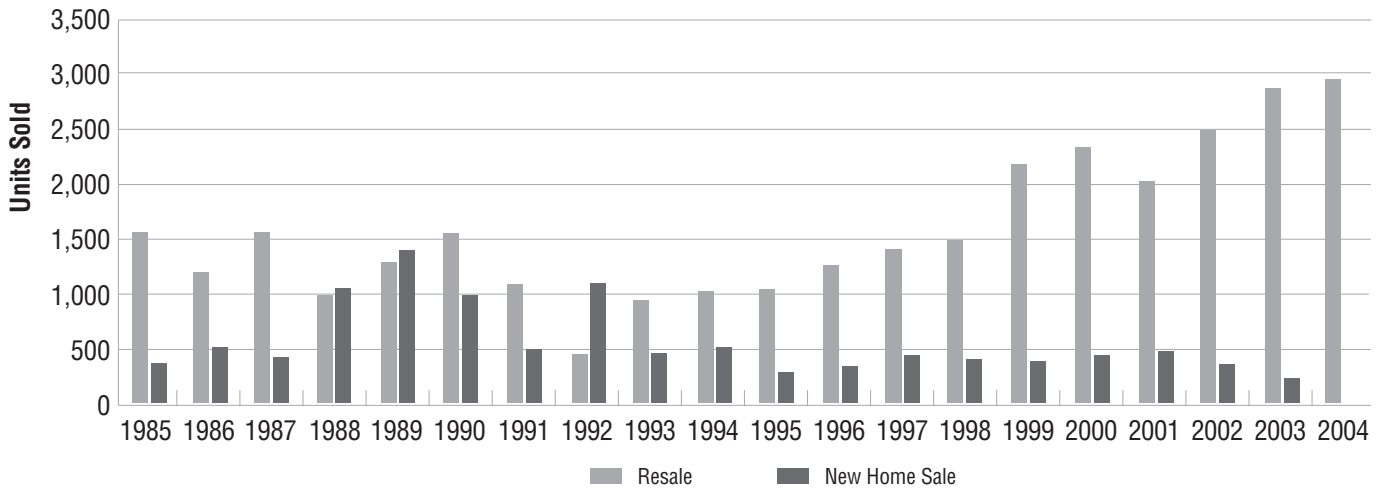
Source: National Association of Realtors and Hawaii ULI.

**Figure 2  
Maui Median Home Sales Prices and Affordable Home Sales Prices, 1985–2004**



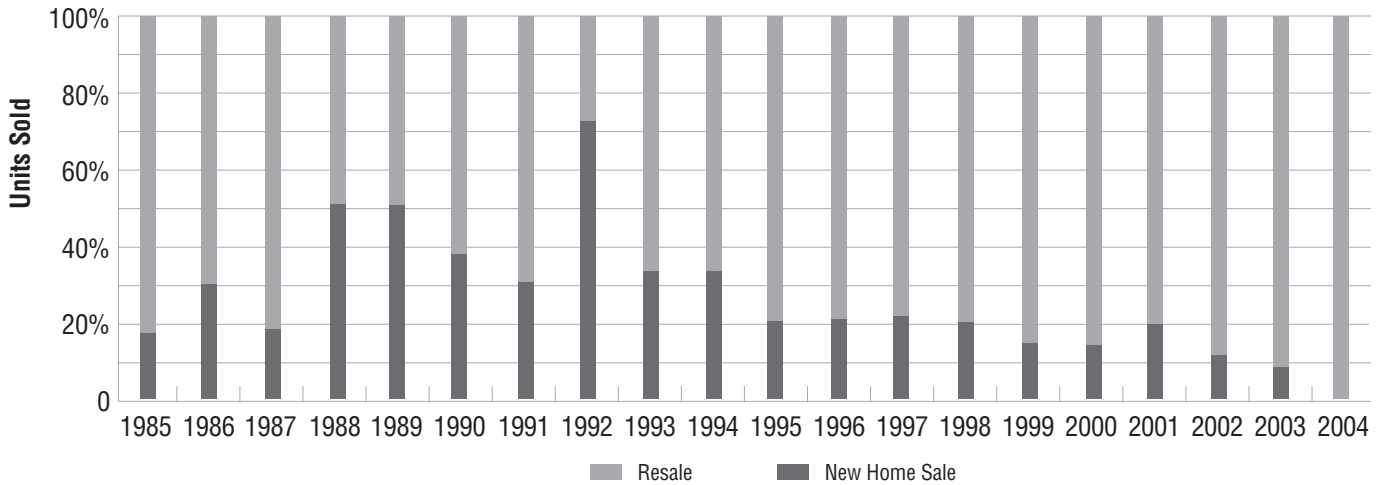
Source: John M. Knox and Associates, Inc., Maui Affordable Residential Housing Study, 2006.

**Figure 3**  
**New and Resale Home Sales, 1985–2004**



Source: John M. Knox and Associates, Inc., Maui Affordable Residential Housing Study, 2006.

**Figure 4**  
**New Home Sales as a Percentage of Total Home Sales, 1985–2004**



Source: John M. Knox and Associates, Inc., Maui Affordable Residential Housing Study, 2006.

- Maui’s experience since 2002 has mirrored the U.S. and global housing price booms. Historically low interest rates have created a worldwide house price expansion, which has been reflected on Maui.
- Maui is a high-amenity location. Economic theory suggests that high-amenity locations will experience high housing demand and that high demand will, in the absence of perfectly elastic supply response, drive up prices.
- There is evidence that the supply of housing on Maui is constrained, in part, by regulatory bottlenecks.

Of these three factors—worldwide housing price increases driven by low interest rates, high demand owing to high amenities, and regulatory constraints on supply—the only point that is a policy lever is the last one: regulatory constraints. Hence, some focus on the supply and demand is needed.

## The Supply of Affordable Housing on Maui

Two points are key in analyzing Maui's housing supply:

- Affordable housing, generally, is related to supply and demand. To provide affordable housing, the Maui housing market must be able to supply more housing generally.
- The supply of affordable housing should match the demand for affordable housing.

The first point emphasizes the need for a supply response, while the second point cautions that the issue does not simply involve building affordable homes, but building homes across the full range of income ranges on Maui.

Figures 3 and 4 show new home sales on Maui from 1985 through 2004, broken down by resales and new sales. New sales are a proxy for new home construction. Figure 3 shows the number of new home sales and resales, and Figure 4 shows resales as a percentage of total sales on Maui.

The cycles in Maui's housing market are evident from Figures 3 and 4. The late 1980s and early 1990s were boom years, and at that time over 1,000 new homes per year were being produced, at times accounting for over half of all home sales. The housing bust of the mid-1990s is also evident, as housing production (measured by sales of new homes) dropped to fewer than 500 homes per year. In the next boom—starting around 2002—one would expect to see the production of new homes rebound, but it does not. Why, in an overheated housing market, has the supply response not followed, and why have sales of new homes instead been more typical of the “bust” years of the mid- and late 1990s?

Figures 3 and 4 suggest a regulatory constraint on housing supply. This is consistent with much anecdotal evidence gathered by the panel during its interviews with stakeholders on Maui. The permitting process is fraught with uncertainty and delay. While it is not possible for the panel to conclude, in the limited time spent on the island, exactly why the permitting bottleneck exists, loosening the bottleneck is our clear recommendation. At

the most basic level, producing affordable housing requires that *more* housing be produced.

There were some cautions regarding these statistics. Some stakeholders on Maui expressed skepticism about whether all new home production was reflected in the new home sales, and the panel did not have time to verify whether the numbers included condominiums. The bulk of the evidence gathered from stakeholder meetings suggests, however, that regulatory constraints are indeed a significant factor.

While freeing the housing supply response is a necessary step, it is not sufficient. Maui County needs to provide developers with a level of predictability and timeliness that currently does not exist in the permitting process. Yet a successful affordable housing strategy requires attention not just to supply but also to providing affordable units at all levels of the income distribution. This point is discussed in the next section.

## The Demand for Housing on Maui by Income Group

Figure 5 shows estimates of the number of Maui County households and housing and rental price points for various income ranges. These estimates were based on 2005 estimates of household income from the Maui County Planning Department (*Socioeconomic Forecast: Report*, County of Maui Planning Department, Long-Range Division). The leftmost column lists seven income groupings based on the U.S. Department of Housing and Urban Development (HUD) median income for Maui County. The next column demonstrates the number of households in five of these groupings.

The Maui County Planning Department estimates that in 2005 there were 49,140 households in the county. Of those, 38,182, or 78 percent of the total households, earn less than 140 percent of HUD median income. A key message therefore is that the affordable housing question applies to a large proportion of the county's population—more than three-quarters of the households on Maui. Second, approximately one-quarter of the county's households earn below 50 percent of HUD median income—less than \$27,902 per year—and this population raises special concerns. Workforce housing

**Figure 5  
For-Sale and Rental Affordability by Income**

HUD Median Income	Number of Households	Income Range High End	Mortgage*	Home Value**	Monthly Rent
30%	n/a	\$ 16,741	\$ 69,806	\$ 77,562	\$ 488
50%	12,187	\$ 27,902	\$116,343	\$129,270	\$ 814
50–80%	11,744	\$ 44,642	\$186,149	\$206,833	\$1,302
80–100%	5,160	\$ 55,803	\$232,687	\$258,541	\$1,628
100–120%	4,374	\$ 66,964	\$279,224	\$310,249	\$1,953
120–140%	4,717	\$ 78,124	\$325,762	\$361,957	\$2,279
200%	n/a	\$111,606	\$465,374	\$517,082	\$3,255

\*Monthly payment equals 35% of income.

\*\*Value at 10% downpayment.

Sources: Maui County Planning; Census and HUD data; ULI panel calculations.

applies to a broad range of income groups, and the issues on Maui will span from a substantial need for rental housing into higher-income ranges that, in other housing markets, would not be part of affordable housing discussions.

The third column from the left shows the corresponding household incomes for the high end of each grouping. The fourth column shows the mortgages affordable to households at the high end of each income range. These affordable mortgages were calculated assuming a 6 percent interest rate for 30-year mortgages, with a total monthly payment (principal and interest) equaling 35 percent of gross household monthly income. Private mortgage insurance and taxes were excluded. The final two columns show the corresponding home value price points based upon a 10 percent downpayment and the corresponding rental price points for each income grouping.

Some quick conclusions can be drawn from this information. First, Maui County should focus its attention on providing affordable housing for a broad range of income levels. In particular, there are approximately 12,000 households in the county earning median household incomes of \$27,000 per year or less. For those households, rental housing is an important alternative. There has been much

discussion on Maui of affordable homeownership opportunities, but opportunities for affordable rental properties should not be overlooked.

Second, any affordable housing policy needs to devote attention to the income levels above where the affordability definition applies. Many affordable housing programs provide some form of subsidy to homeownership in part by raising the costs of development, and hence the prices of homes, at other price points. The question of the use and fairness of such a strategy is for local communities to decide, but a general caution is important: the cost of providing subsidies for affordable housing can fall on those persons who are earning incomes just above the affordable level. For example, a policy designed to provide below-market-rate housing for persons earning incomes under \$30,000 per year may result in higher home prices for persons earning from \$30,000 to \$50,000 per year. In the worst-case scenario, those near housing distress would pay the cost for solving the affordability problem for those in housing distress. There are no easy answers to this issue, and our advice to Maui is to carefully analyze, monitor, and adjust its policies to avoid or identify and redress such occurrences.

A final general point is that to increase the supply of affordable housing, one must fully enable the production of housing. Maui officials should design an affordable housing program that does not overly constrain the market or, worse, restrict growth. Instead, where possible, they should prioritize speeding the permitting process, providing certainty in the regulatory process and lowering development costs by improving what is now a highly complicated, lengthy, and unpredictable development process that does not benefit any group in the county.

### **Infrastructure**

In discussing affordable housing on Maui, the question of infrastructure came up in various stakeholder discussions. The panel's interviews suggest that, in the past, Maui County has not carefully planned and provided for growth. The county is currently undergoing a general plan update, and the community and county government are to be commended for tackling the planning problems now. Still, a legacy remains of infrastructure questions.

In some cases, infrastructure has been a bottleneck that stalled affordable housing. The panel heard discussion of cases where affordable units were built but water meters could not be ob-

tained, and the units remained vacant. More generally, infrastructure development in some cases has followed patterns of impact fees and agreements that, while sensible and beneficial in particular instances, do not fit together into a comprehensive pattern of coordinated planning and financing.

Particular infrastructure systems were mentioned as impediments to growth. The panel's assessment is that water supply on Maui is not an issue, but the distribution of water resources is. Transportation bottlenecks exist, and in particular West Maui is landlocked, with access only through a two-lane road. For West Maui, providing workforce housing in the same community areas as higher-end development should be given prioritized attention. Beyond that, the citizens of Maui should be advised that planning and providing the infrastructure to support sustainable growth is an essential long-term element of solving the county's affordable housing problem.

# Affordable Housing Solutions

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**M**aui is a world-class resort, and it is experiencing world-class affordable housing challenges. The proposed inclusionary zoning ordinance (IZO) is one of a number of community and governmental tools that can contribute to addressing the critical shortage of housing for the lower-income residents and employees necessary to sustain the economy.

Hawaii and Maui have long experienced the pressures of resort development and have incorporated both formal and informal inclusionary agreements into their markets. In this section the panel would like to consider inclusionary zoning policy within the context of all the possible tools available to a

community addressing affordable and attainable housing needs. More specifically, the clear majority of the panel believes that the IZO will address the ongoing impact of future development but that it cannot be expected to alleviate the current shortfall of affordable homes; the IZO will need to be combined with other tools.

Maui is already availing itself of many of these options to a greater or lesser extent. Owing to the rapid escalation in housing production difficulties (or the escalation in the subsidies needed to produce affordable housing), however, we wish to suggest some strategies that may provide additional support to the IZO.

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## Figure 6 Affordable Housing Design Toolbox

Design Toolbox	Enhancement Possibilities in Maui
Ohanas (accessory dwelling units)	<p>Preapprove housing plans/permits for additions at time of construction of main houses.</p> <p>Consider “compound” housing designs (e.g., a modified quadraplex) as a potential ethnically appropriate family housing option.</p>
Housing over or adjacent to commercial uses	<p>Encourage commercial designs/plans where appropriate to include housing units, some of which can offset impact and contribute to satisfying wait-list demand.</p> <p>Full master-planned communities are increasingly encouraging mixed-use solutions. These can judiciously be included in redevelopment and infill zones as well.</p>
Increased density	<p>Increased land prices almost immediately translate into the need to increase density in order to preserve affordability, since land is usually the largest fixed cost in a development project. Tradition and culture often limit the use of density, but Maui already has excellent examples of projects that are 20+ units per acre, many of which appear to be more responsive to community aesthetics and planning needs than traditional single-family housing.</p> <p>Density tradeoffs (i.e., transferable development rights) with improved open space, transit, and community infrastructure should be encouraged in order to preserve Maui’s agricultural, scenic, and tourist amenities.</p>
Conversion of older resort properties into alternate housing uses	<p>Seek out opportunities/incentives to encourage the redevelopment of older properties into affordable housing (e.g., converting hotels into single-room occupancy or elderly studio/one-bedroom supportive housing). Perhaps provide tax credits for the creation of affordable units.</p>

**Figure 7  
Affordable Housing Financing Toolbox**

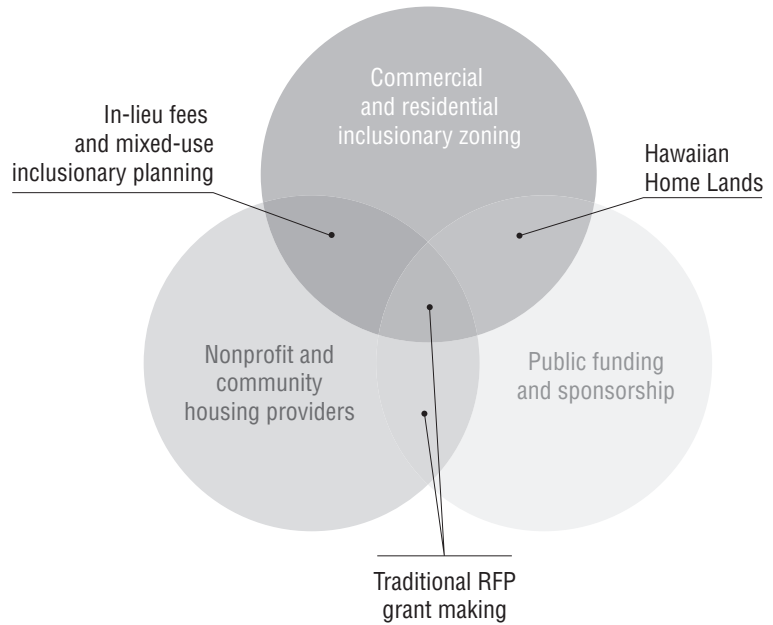
<b>Financing Toolbox</b>	<b>Enhancement Possibilities in Maui</b>
Employer	Encourage employers to build housing beyond required impacts by appealing to enlightened self-interest.
Developer/resort impact fees/housing	The proposed inclusionary zoning would encompass this strategy. Some communities assess similar impact fees for commercial development.
Dedicated taxation	The dedication of 2% of real estate taxes under the charter amendment for affordable housing will provide the public sector with greater discretion for assisting harder-to-serve populations, particularly special needs residents. Given that Maui appears to have lower real estate taxes than most counties in Hawaii, there may be an opportunity to increase taxation (perhaps together with increasing resident homeowner exemptions or senior exemptions) in order to lessen the impact on new development.
Real estate transfer tax (RETT)	A real estate transfer tax (RETT) is a state, county, or municipal sales tax that can be devoted to specific uses such as affordable housing. This tax can be a powerful tool because it is a dedicated funding source tied to land and property sales prices, which traditionally will appreciate over time. Aspen, Colorado, used such a tax to fund its Housing Authority. Lower-priced housing may be exempted as another method to fund affordable housing through the construction of luxury housing.
Low-income housing tax credit (LIHTC), HOME, and other federal or state support	Few low-income housing tax credits have been awarded for developments on the island of Maui. These competitive federal tax credits are administered by local state housing finance agencies. HOME, the largest federal block grant to state and local governments, is designed exclusively to create affordable housing for low-income households. Maui officials should consider developing greater expertise to successfully compete for grants (particularly for special needs housing) by forming a coalition among housing providers (for-profit, nonprofit, government). Help nonprofits partner where appropriate with larger developments.
Hawaiian Home Lands	As one of the largest providers of affordable housing, Hawaiian Home Lands should be able to expand its opportunities to partner with other housing providers—particularly in order to broaden the cultural sensitivity in housing design throughout Maui.
Community land trust	Community land trusts are private nonprofit corporations established to obtain and acquire property for affordable housing or other community needs. Ownership of the land is separate from ownership of the structures, allowing for land leases to increase affordability. Seek a dedicated source of revenue to build the capacity of the land trust. Consider developing shared equity models, in which the land trust and the owners share the appreciation, in order to provide more flexibility in ownership models.
Cooperatives or cohousing	<p>Either in conjunction with or independent from the land trust, consider using cooperatives as a method for bridging rental and ownership.</p> <p>Cooperatives may also provide outlets for financing ownership/mortgages collectively for hard-to-finance populations.</p>
Rent to own	Create alternative avenues to ownership that will help households begin to step into equity-building opportunities.

## Affordable Housing Alternatives

While the single-family home on a minimum-square-foot lot often is the traditional zoning paradigm, alternatives are increasingly producing design solutions that can enhance the provision of housing and create further choices for community members. These approaches and their possibilities for use in Maui are summarized in Figures 6 and 7.

The county of Maui has most of these tools within its reach. Organizing the government, nonprofit, and for-profit housing producers to maximize the use of all these tools offers a challenge and an opportunity. Figure 8 illustrates how all the players can work together and where their interests may overlap. Most IZO ordinances are designed to “task” or enforce impact fees on upper-end housing developments. The IZO will help to develop the ownership (and maybe some of the rental) homes necessary, but an IZO cannot be expected to generate sufficient housing supply by itself. The developers, employers, and nonprofit and governmental sectors need to work together to deliver housing—particularly to those sectors that are least able to obtain it: the homeless, elderly, handicapped, and others requiring supportive services. While there is no reason that an IZO cannot include housing for these difficult-to-finance households, the government/nonprofit support network will be the most able, viable, and ultimately successful generator of this housing type.

**Figure 8**  
**Interrelationship of All Affordable Housing Tools**



# Inclusionary Zoning Ordinance

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**H**awaii and particularly Maui have long experienced the pressures that resort development can bring on the housing market. The increased demand for affordable housing brought on by a large and growing service workforce, coupled with the housing value increases typical of a resort economy, pose a monumental challenge. Fortunately, it is a challenge that often brings employers and government together as their interests coincide. For some time now, Maui has employed both formal and informal inclusionary agreements to enhance the numbers of affordable units built.

Advancing that effort and demonstrating a great deal of courage and forethought, Maui is in the final stages of adopting an inclusionary zoning ordinance. Inclusionary zoning is a powerful tool increasingly used as part of an overall housing plan in communities where the market is not producing sufficient housing for all income levels.

This tool can be particularly effective in growth markets. The specifics of its deployment merit careful deliberation. In engaging the growth engine in the community (in Maui's case, often the resort developers), it is critical to maintain a mutual respect and recognition of the economic and risk drivers that affect the growth engine.

With these considerations in mind, the panel reviewed the proposed inclusionary zoning ordinance as it stood upon their visit, and the clear majority of the panel found that many aspects of the proposed legislation were well constructed and appropriate. These aspects include the following:

- **Concurrency.** Requiring the completion of the affordable component with the market component will assure timely delivery of units that meet the affordable housing needs.
- **Long-term affordability restrictions (25-year minimum).** Longer-term deed restrictions are becoming more prevalent in order to avoid spec-

ulative “bubbles” and to preserve the stock and investment made in the affordable housing.

- **A stratification of units to match income clusters from very low to above moderate.** The adverse impacts of a growing resort economy and need for affordability run well above median income levels.
- **Application of the ordinance to the smallest of developments.** Current draft legislation calls for application of the ordinance to developments of five units and up (Aspen, Colorado, now applies its ordinance to single units).
- **Regulatory appeal process.** Some flexibility in the application of the regulations has been built in to allow for adaptation to a broad variety of development opportunities.
- **Requirement to build within the same district.** One of the most powerful outcomes of well-executed inclusionary zoning is the development of mixed-income communities. The ordinance calls for the development of the affordable housing component within the same district or parcel as the less affordable housing. The clear majority of the panel believed that development within the same district will be sufficient to create mixed-income communities.
- **Three-year review.** The ordinance will be subject to review three years from passage and implementation. This provision presents an excellent opportunity for reevaluation and modification.

The panel found that some aspects of the ordinance may bear further assessment and review to avoid unintended consequences. These aspects include the following:

- **10 percent downpayment.** This requirement may be difficult for buyers to reach, particularly if they have been living with housing payments that have already stretched their budgets, precluding any significant savings.

- Designation of the for-sale and rental components may need to be more heavily rental-based. While homeownership is often the dream of families across the world, rental housing can also be a lifelong choice for some. Rental housing also offers important transitional shelter for virtually all households at some point in their evolution. Caution must be taken in developing the regulations, to avoid a mismatch between actual demand and pursuit of the homeownership dream.
- Percentages of allocation of units by income strata may need to be initially (and regularly) updated to reflect actual market demand by strata.
- Although the county has expressed concern about the legality of residency preferences, they are desired by many community advocates and are preferred by the panel. The severity of the affordable housing problem on Maui will likely lead to lengthy waiting lists to assure that recipients of the housing are in fact residents by the time the units become available. It may be desirable to allocate a reasonable amount of each project to create preferences for critical local services (such as teachers, police, and so on) and nearby employment.
- Job proximity may be an important preference point in order to lower effective all-in costs to the residents or to lower impacts on the limited transportation infrastructure.
- In-lieu fees and off-site mitigation are both common escapes to inclusionary zoning policies, but usually municipalities prefer to limit in-lieu fee options to projects that are too small to effectively create an appropriate plan on site. Wholesale acceptance of in-lieu fees can lead to counterproductive economic segregation.
- Staff to monitor. The execution of the legislative intent of the ordinance calls for the assignment of appropriate planning staff.

One of the chief points of debate among constituents of the new ordinance has been what level of inclusion should be mandated. The ordinance has coverage of up to 140 percent of area median income (AMI), meaning it will cover almost 80 percent of the island's households. A clear majority of the panel believed that the currently proposed requirement

that 30 percent of new units be affordable in this range may not be sufficient to meet demand and may propagate a shortfall in the production of affordable units. Again, the challenge will be to combine a number of regulatory tools toward reaching a solution.

Earlier affordability proposals for 51 percent (state "fast-track"—201-G), 60 percent, and the initial suggestion of 80 percent all attempted to grapple with the "right" IZO level that would result in a fair balance of interests *and* a rational nexus between the production of upper-end resort housing with the necessary workforce housing. Sophisticated and ongoing analyses of demographics followed by regular adjustments to the guidelines can serve to maintain that fair balance, with all tools deployed. Several further considerations may help the development community and the county reach a productive approach, as follows:

- Consider increasing the mitigation/inclusion for houses that are larger. Studies have shown that houses of 10,000 square feet require much more support than homes of 2,000 square feet. Larger luxury homes generate the need for significant services, including landscape maintenance, home repair and maintenance, pool and spa maintenance, daycare, and other services. While the creation of new jobs is a positive factor for the local economy, such development doubly impacts the workforce housing problem by requiring a larger workforce (increasing demand for affordable housing) and raising the median and average home price.
- There is a valid concern that IZOs (and even other subsidies) can decrease the willingness of the private sector to use market-rate methods for producing more housing at prices near the area that subsidies are used. By broadening the IZO range to include higher price points (maybe up to 200 percent of AMI), the likelihood of this occurring can be lessened.
- Deed restrictions should only be used when a subsidy is used. Otherwise the restricted equity upside will be withheld when no "value" or subsidy is extended.

# Implementation

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**B**eyond resolution of the particulars of the proposed Maui workforce housing policy, improvement of the development process and ongoing administration of the affordable housing policy will be critical to the actual development and long-term retention of the workforce housing units. Furthermore, in a truly world-class environment like Maui, an equally world-class development process and workforce housing program are deserved by its residents, employers, and visitors.

A brief discussion of the impact of uncertainty in the development process is warranted. For all developers, the development process is undertaken with an expectation of a return on their investment, and, as with all financial transactions, returns are directly related to risks. At the two ends of the development spectrum, for-profit developers are focused on receiving their return in monetary terms (profit), while affordable housing developers are focused on the production of affordable housing units. As the risks involved in receiving their return increase for both, the rewards to compensate for the risks must increase: the for-profit developer requires a larger monetary profit, and the affordable housing developer requires more units. Likewise, as the level of risk declines, the level of required profit or affordable units also decreases. One of the key elements to decreasing risk is creating certainty in the development approval process.

The development approval process in Maui was cited by numerous stakeholders interviewed by the panel as a serious hindrance to the development of both market-rate and affordable housing. While negative comments about the burden and timeliness of the development process are common in communities across the United States, the number of negative comments and their specificity led the panel to identify this as a potentially significant issue that required further investiga-

tion during the stakeholder interviews. Subsequently, the panel learned that in 2005 the Maui County Council had engaged a specialist planning/management consulting firm (Zucker Systems) to conduct a review and assessment of the Maui County Department of Planning. The following summary of comments and findings is not intended as an attack on the county's planning staff but rather as a recognition of some of the constraints to the development of affordable workforce housing and the need for solutions.

A number of comments made to the ULI panel during the stakeholder interviews focused on the following aspects that create a high level of uncertainty for developers and hinder the development of both market-rate and affordable housing.

- The time between submission of an application and the initiation of its review is often quite long (months), with an equally long time for the receipt of comments on the application, often stretching the approvals process into multiple years.
- There is an extremely high level of uncertainty regarding the capacity of infrastructure, particularly the water system, and a lack of clarity regarding how infrastructure capacity is determined, including where and when it will be available.
- No prioritization process exists; the initiation of review of a relatively simple single-building improvement application (such as reroofing) holds the same priority as a new multiple residential unit development application.
- The Maui review process is dependent in many respects upon the completion of state-level reviews that often also contribute to delays.

These comments in many respects echo the Zucker Systems audit of the planning department's performance during FY 2004, 2005, and

2006. While specific to the planning department, many of the Zucker Systems observations also appear to be applicable to other Maui County departments involved in the development approvals process. Major study findings specific to the development approval process included the following.

## **Personnel Issues**

While the county now allows recruiting from the mainland and appointment at upper salary steps, leading to the filling of most of the previously vacant planning positions, retention of new staff remains problematic because of heavy workloads and poor supervision/management. Proposed solutions include the addition of three planners, management training, and employee empowerment.

## **Processing Timelines**

The department experiences major delays in processing applications and does not meet its own performance standards. These problems could be resolved via a short-term program to remove the backlog and through numerous procedural changes, as well as adding the three positions noted above (a new planner to review subdivisions and building permits, and two to review current planning applications).

## **Enforcement Program**

A major department shortcoming is the lack of a comprehensive and consistent enforcement program, which is due to the lack of a clear strategy as well as to personnel shortfalls and management issues. Proposed solutions include creating a strategy, hiring supervisory personnel, assigning a code violation attorney, using administrative liens, and employing an enforcement officer.

Other problems cited in the Zucker Systems audit included the failure to find a Moloka'i planner and lack of funding for a Maui Redevelopment Agency executive director.

Additional solutions that the panel identified for resolving some of the existing development approvals process problems include the following suggestions. These should immediately increase new housing supply and reduce staff workloads.

## **Contracting**

To remove the existing backlog efficiently, the planning department should temporarily hire professionally qualified, independent planning staff or contract for review of selected applications by qualified, independent firms. Other county departments (such as the Board of Water Supply) should do the same (for example, work with contract engineers). This approach has been successfully implemented on Oahu and is regularly used on the mainland by communities experiencing strong growth pressures and personnel capacity issues.

## **Prioritization**

A process should be created to prioritize development applications, with preference given to those that meet appropriate criteria. Articulation of the criteria should be done by the community, perhaps starting with the community values expressed in the Focus Maui Nui, followed by the prioritization and weighting of more specific, measurable criteria. Such criteria could be similar in format to those used in other affordable housing evaluation processes, such as the federal low-income housing tax credit (LIHTC) process.

## **Staffing**

The addition of new affordable workforce housing staff, beyond those recently hired and those proposed above, will be critical to the success of a comprehensive policy. The panel recommends initially hiring at least one full-time experienced affordable housing specialist responsible for initiating the policy; more staff will be needed as the program matures. The critical roles of the new affordable housing staff will include the day-to-day administration of the affordable workforce housing policy; reviewing plans and analyzing development proposals for compliance with the affordable workforce housing policy; maintenance of the qualified household list (including prioritization, if applicable, of qualified households); notification of matched households with developments; interfacing with the community land trust; and possibly managing the affordable housing in-lieu fees.

## **Infrastructure Capacity and Development**

A comprehensive analysis of the capacity of existing and potential infrastructure (water, sewer, storm sewer, roads, and so on) on Maui is necessary to ensure that existing constraints are relieved and future development is not unnecessarily hindered. These data would also provide much higher certainty to developers and enable county residents, staff, and leaders to evaluate development proposals more clearly, based on existing/future capacity. In addition, such information could be used to prioritize and focus proposed development within specified areas. Infrastructure capacity studies are often undertaken by communities prior to the preparation or update of a comprehensive plan and then updated based on the comprehensive plan.

## **Market Knowledge and Adjustment**

To ensure that the workforce housing policy, associated development policies, and staff remain effective and efficient, a formalized process should be implemented to assess demand and to review and adjust the policies, approval processes, and staff numbers and knowledge based on need. The current workforce housing proposal recommends

a three-year review timeline. To support this review, a housing needs assessment should be conducted on an annual or biennial basis. This assessment is warranted to ensure that the policy is based on actual needs and that it remains effective. Both aspects are sure to change in a highly cyclical market like Maui's.

The importance of significantly improving the development approval process cannot be overstated in terms of its impact on the supply and price of all housing, including workforce housing. If the approval process hinders the production of housing (and thus constrains supply), the cost of housing at all levels will rise and will have a magnified impact at the lower end of the cost range—which is the situation currently on Maui. Furthermore, the success of a workforce housing policy depends upon the approval of proposed developments that will generate the required workforce units. If proposed development is significantly delayed or even stopped, those workforce units will not be produced, and the policy will not have its intended beneficial impact on affordable housing supply.

# Conclusion

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**W**hile the panelists have provided their best expert opinions in this report, they realize that the hard work of implementation remains with the community.

The solutions are multifaceted, long-term, and require constant monitoring and vigilance to determine what is working and what is not. Changes in the real estate market will likely require changes to policy. The most successful affordable housing programs are multifaceted and constantly evolve to address demographic and market changes. For example, Montgomery County, Maryland, a community that is widely viewed as having one of the nation's best affordable housing programs, has revised its moderately priced dwelling unit (MPDU) ordinance over twenty times since its enactment in the 1970s.

While Maui County has numerous policies and programs in place, the panel's ultimate recommendation is to keep hammering away at the problem

with the knowledge that no single policy or program will solve it. The affordable housing problem in Maui is complicated and severe, and it did not evolve overnight. Hence there is no silver bullet to solve it quickly. While the solutions may be difficult to enact, the financial, social, and economic price of inaction is higher.

The panelists wished they could have stayed forever on the beautiful island of Maui, and the memory of the aloha spirit of its people will remain with them. In return, they sincerely hope that they have contributed toward improving the lives of the residents of Maui and wish them the best in their quest for affordable housing solutions. Mahalo.

# About the Panel

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## J. Michael Pitchford

*Panel Chair*  
*Washington, D.C.*

J. Michael Pitchford serves as the president and CEO of Community Preservation and Development Corporation (CPDC). In this role, he is responsible for the overall strategic direction and management of the real estate development and resident-serving programs in CPDC's affordable housing communities.

Having spent a decade serving on the board of the National Housing Conference, including a three-year stint as its chairman, Pitchford has developed a strong understanding of how national and local policy affect housing affordability. This experience, along with his leadership skills in generating a shared vision with employees, has helped CPDC achieve stable and rapid growth.

Pitchford has participated in or led associations, workshops, conferences, and forums on housing policy, networking, and the sharing of best practices. He has served in leadership roles with the National Equity Fund, the Urban Land Institute, the Washington Area Housing Partnership, the Old Dominion University Board of Visitors, and the District of Columbia, Northern Virginia, and Maryland building industry associations.

Previously, Pitchford led the Community Development Equity Group at Bank of America Corporation in Charlotte, North Carolina. The equity group developed or rehabilitated 23,000 units of affordable housing and increased equity commitments 3,000 percent during his ten years with the organization. The development of these affordable housing communities included Make A Difference Centers, community life programs tailored to the needs of the resident population. These programs included computer training for residents of all

ages, career and academic mentoring, and on-site health clinics.

Pitchford is a member of the Urban Land Institute and serves on the boards of the National Equity Fund, the National Housing Conference, and the Center for Housing Policy. He is the immediate past chairman of the Affordable Housing Council of ULI and is a past chairman of the National Housing Conference. He earned his bachelor's and master's degrees from Old Dominion University in Norfolk, Virginia.

CPDC, founded in 1989, is a 501(c)(3) organization dedicated to expanding the supply of affordable housing in the mid-Atlantic region. Wherever possible, CPDC works to invest in communities with a technological infrastructure and on-site educational and economic empowerment programs. CPDC has completed over 3,500 units of housing and has over 1,300 units in its pipeline at present.

## Marlon Boarnet

*Irvine, California*

Marlon Boarnet is a nationally recognized authority on issues at the intersection of economics and urban planning. His data-driven approach to land use—travel behavior interactions, urban growth patterns, infrastructure investment, and economic development—has helped shape research and policy on those topics. He chairs the Department of Planning, Policy, and Design at the University of California, Irvine, where he is professor of planning, policy, and design and economics.

Boarnet is ranked among the top ten most published planning scholars in North America for the years 1998 through 2002. He edits the *Journal of Regional Science*, a leading journal in the fields of urban economics and quantitative geography. He also serves as an associate editor of the *Journal of the American Planning Association* and partici-

pates on the editorial boards of the *Journal of Planning Literature* and the *Papers in Regional Science*. Boarnet's coauthored book *Travel by Design: The Influence of Urban Form on Travel* (Oxford University Press, 2001) is a comprehensive assessment of the modeling and policy challenges inherent in linking urban design to transportation planning.

Boarnet won the Fannie Mae Foundation Prize for best paper on housing and community development at the 2000 meeting of the Association of Collegiate Schools of Planning and the Best of ACSP Award for one of three outstanding papers at the association's 1997 meeting.

## **Brian Sands**

*Washington, D.C.*

Brian Sands, AICP, is a senior associate at Economics Research Associates. He has developed a broad range of proven management and analytical skills in planning economics and policy, real estate market research and feasibility analysis, economic development, and comprehensive planning. During the last 14 years, he has established a successful track record managing projects ranging in scale from the local to the international, with numerous assignments completed across the United States and Europe and selected assignments in the Middle East, South America, Asia, and the Pacific.

Sands is currently working on a range of affordable housing projects in communities experiencing the combined effects of escalating housing costs, increasing housing affordability issues, and high population growth. His current assignments include creating a new affordable/workforce housing policy for high-rise/high-density areas in Fairfax County, Virginia; preparing affordable housing policies for downtown Sarasota, Florida; and negotiating with a developer to retain affordable units in a Washington, D.C., area jurisdiction.

He holds a master's degree in city planning from the University of California at Berkeley and a bachelor's degree in geography, cum laude, from Arizona State University. He is a member of the

American Institute of Certified Planners and the Royal Town Planning Institute.

## **Katherine Updike**

*El Paso, Texas*

Katherine Updike is the managing partner of Building Solutions, LLC, a real estate development and advisory company that focuses on the execution of real estate services for clients with strong public and social missions. Housing is the focus for over half of the firm's projects, including rental and ownership, new and rehabilitated, and housing for singles, families, and the elderly. Much of the firm's work is in the Chicago area. In Colorado, Building Solutions has worked with two municipalities and area employers to create housing that enables area employees to live closer to work. Public subsidies have been minimized, and the work is serving as a model for future public/private cooperation.

Updike also has provided advisory services on affordable housing mitigation plans to both municipalities and developers, helping to find solutions that will promote balanced and equitable growth.

## **Richard Haughey**

*ULI Project Staff  
Washington, D.C.*

Richard Haughey is the director of multifamily development for ULI, supervising research on the topics of multifamily, infill, and workforce housing. In addition to the annual publication of *Dollars and Cents of Multifamily Housing*, he has managed or is currently managing the production of numerous ULI publications, including *Developing Housing for the Workforce*, *Developing Successful Infill Housing*, *The Case for Multifamily Housing*, *Urban Infill Housing: Myth and Fact*, *Higher-Density Development: Myth and Fact*, and *Solving America's Affordable Housing Crisis*. He has been the primary author of all or part of several publications and has been published in *Urban Land* magazine. He serves as a contributing editor for the quarterly publication of *Multifamily Trends* magazine, for which he helps establish yearly content and reviews contributed articles.

He regularly responds to media inquiries regarding land development issues.

Haughey also has served as program planner for numerous ULI conferences, symposiums, workshops, and forums, most notably the Developing Successful Intown Housing conference and the Best Practices in the Production of Affordable Housing forum. He has staffed five ULI Advisory Services panels in Pittsburgh, Philadelphia, Port Charlotte, Lowell, and Broward County. He works with ULI's District Councils, providing staff support as needed, and speaks on his topics of specialty across the country. He has worked, along with other ULI staff, to elevate the issue of workforce housing nationally and to make ULI a

national leader on the issue. He has formed and maintains strategic partnerships with other associations that support the ULI mission, including the Fannie Mae Foundation, the National Multi Housing Council, and others.

Haughey previously worked as a market and feasibility analyst and in local planning as the chief of redevelopment and land use for a suburban Maryland county. He holds a master's degree in real estate from Johns Hopkins University in Baltimore and a bachelor's degree in urban planning from the University of Maryland in College Park.