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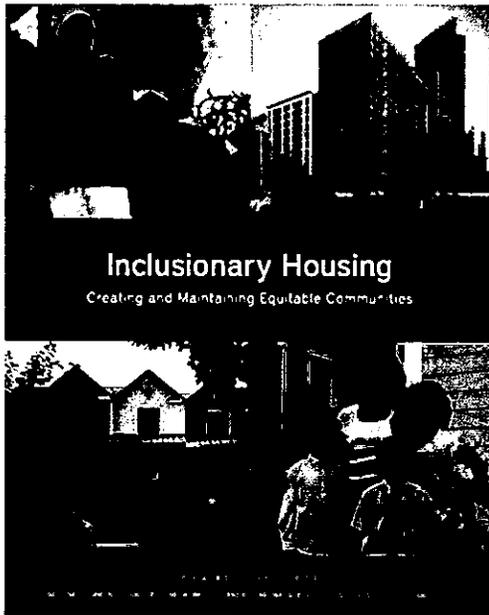
# Affordable Housing Requirements

**STREET** Rick Jacobus  
**LEVEL** Street Level Advisors

Committee on Zoning & Housing  
June 29, 2017  
Presented by Rick Jacobus  
Bill 58 (2017)



**Rick Jacobus**  
Street Level Advisors

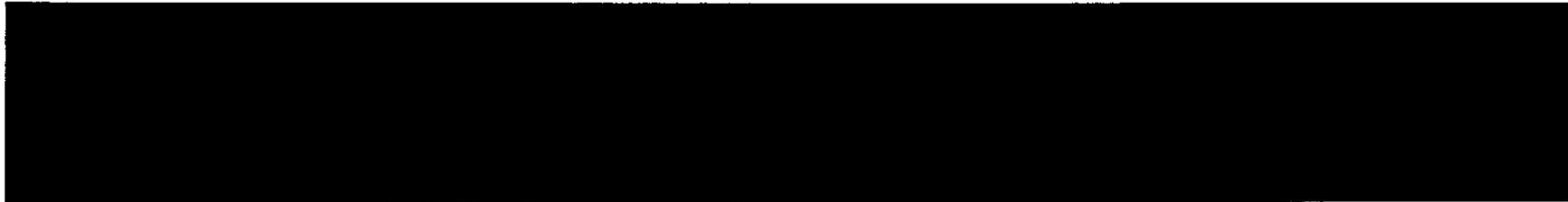


**Clients:**

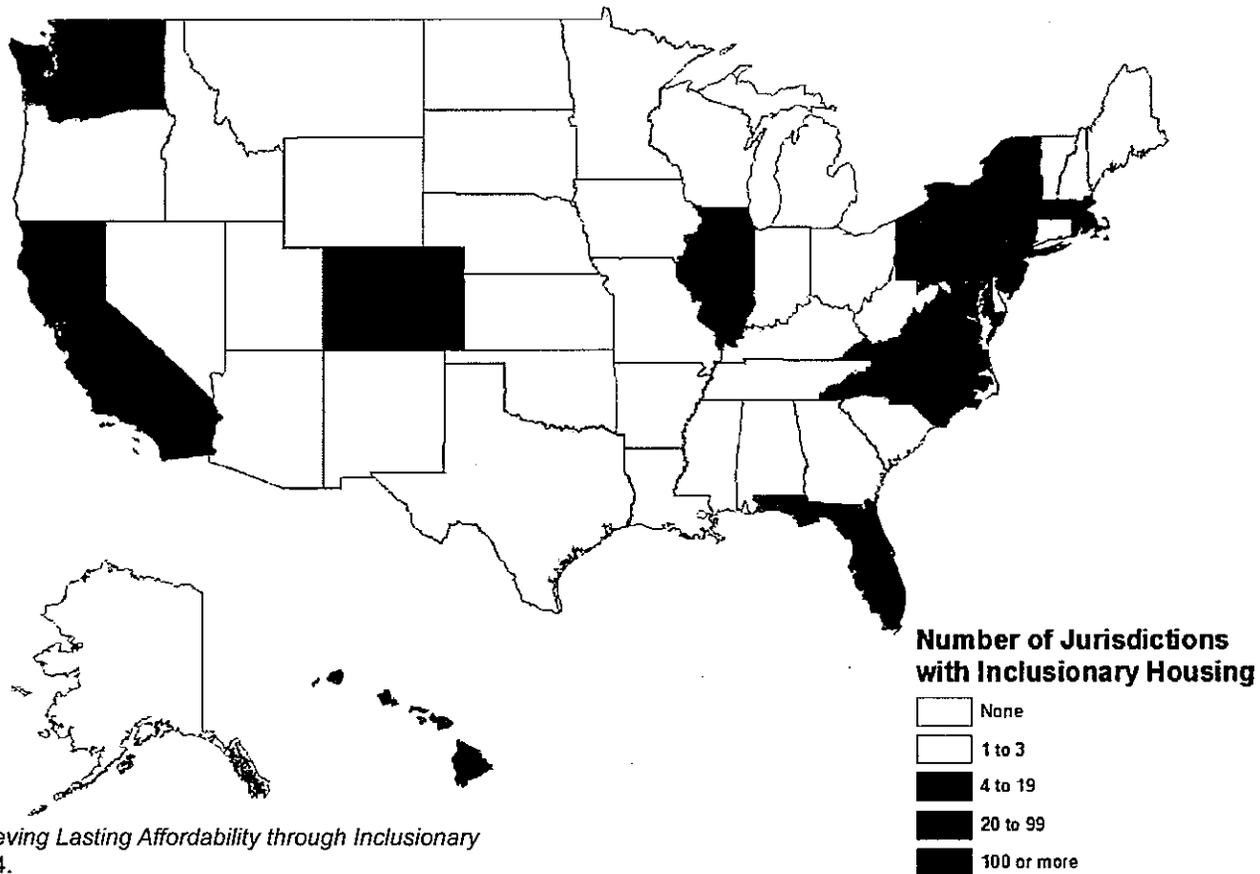
San Francisco  
Denver  
Seattle  
New York  
Atlanta  
Minneapolis

Grounded Solutions Network  
PolicyLink  
Enterprise Community Partners  
Local Initiatives Support Corporation  
The Ford Foundation  
F. B. Heron Foundation





*There are more than 500 programs nationwide - concentrated in high cost markets.*

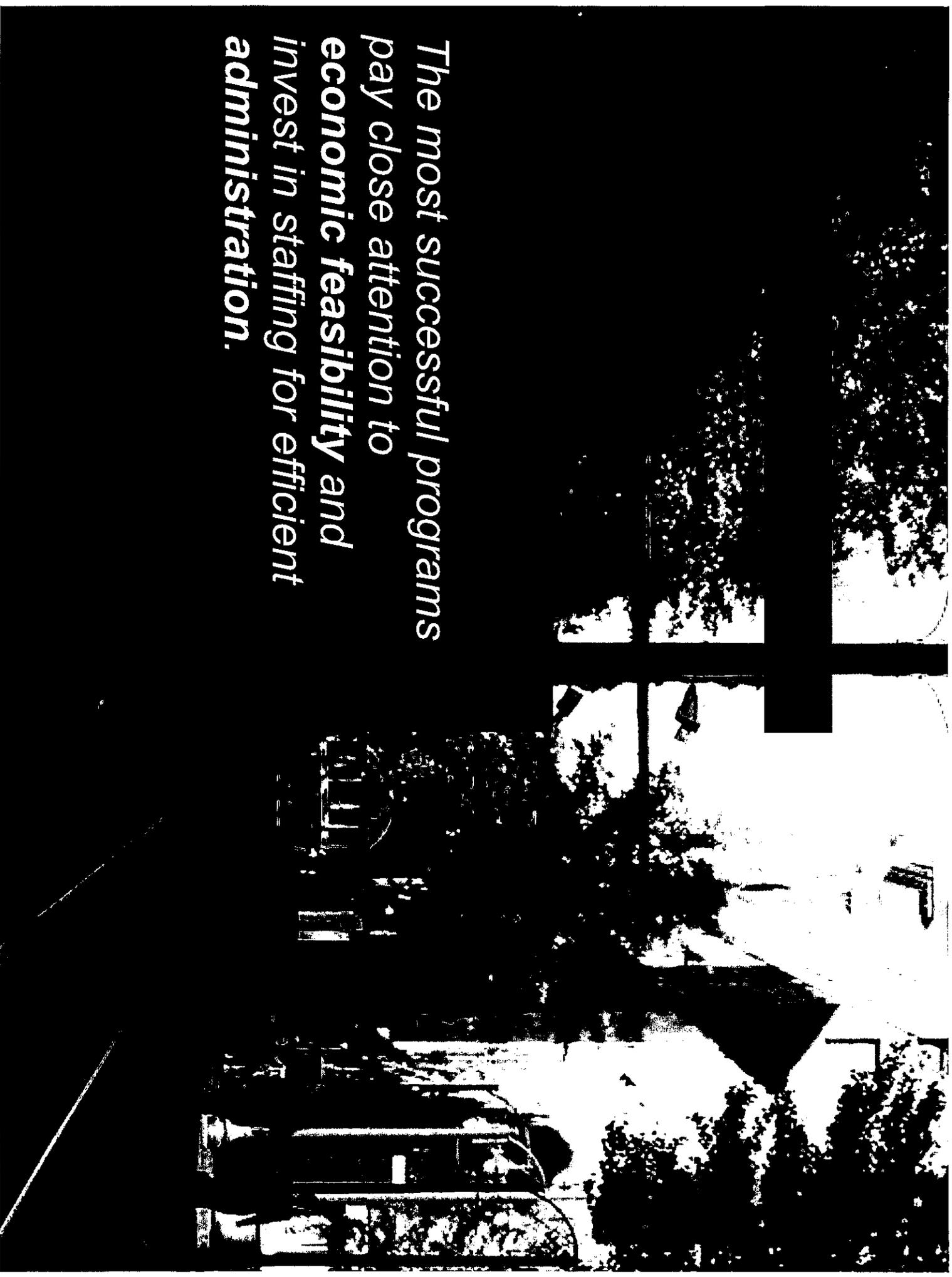


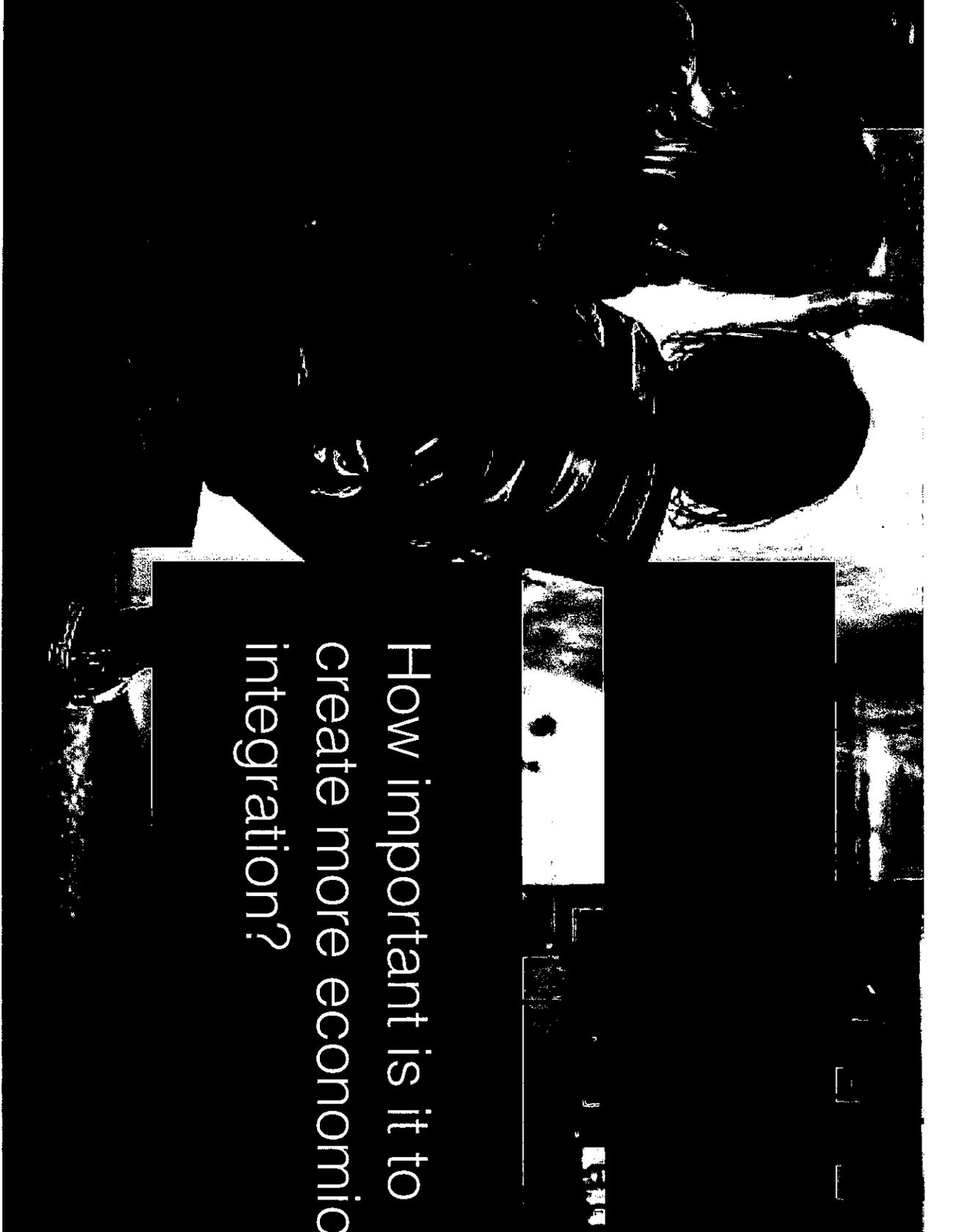
Source: Hickey, Sturtevant and Thaden, *Achieving Lasting Affordability through Inclusionary Housing*, Lincoln Institute of Land Policy, 2014.

*In Boston today,  
inclusionary is the  
single largest  
source of new  
affordable housing  
units.*



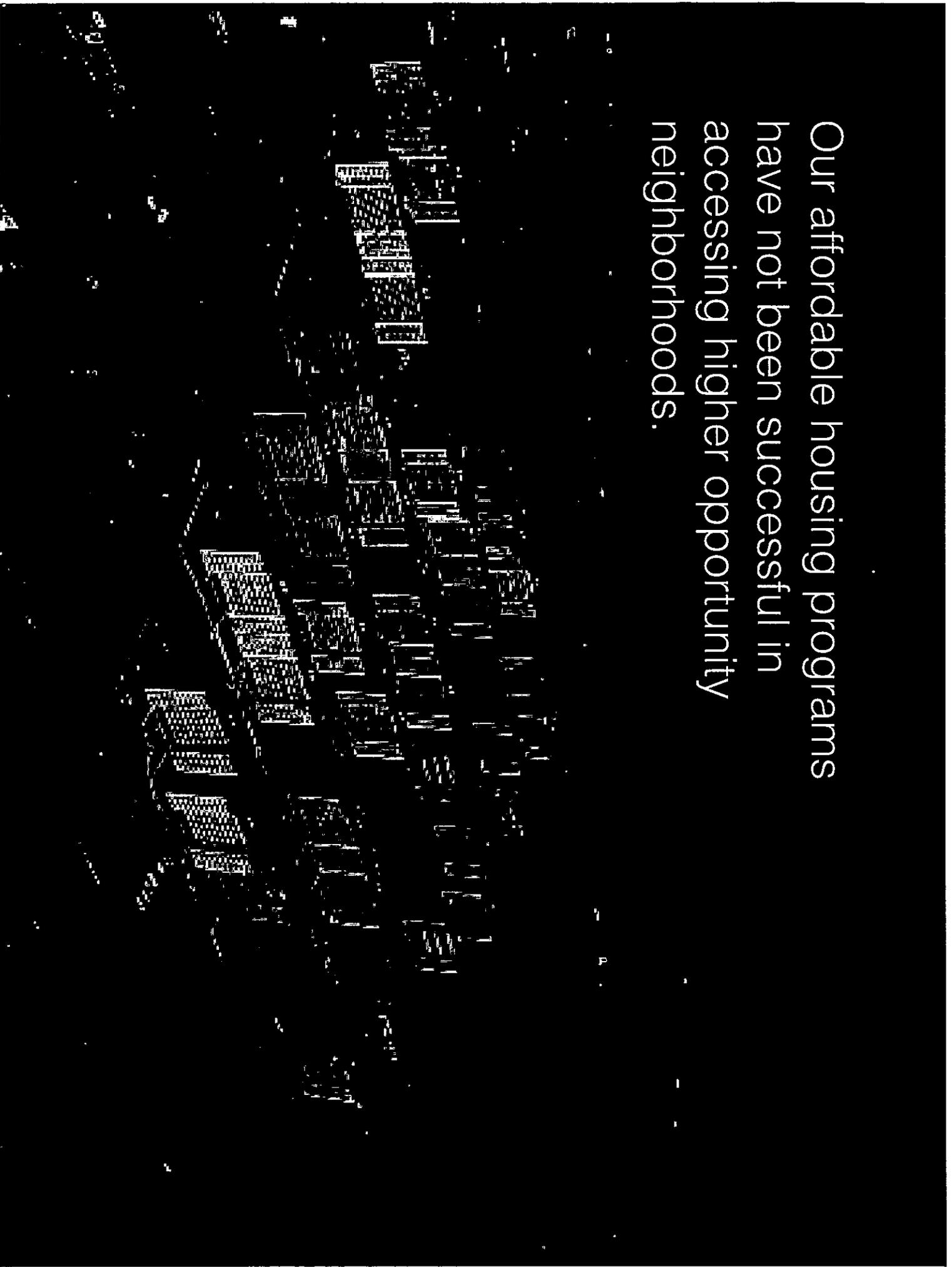
*The most successful programs  
pay close attention to  
**economic feasibility** and  
invest in staffing for efficient  
**administration.***

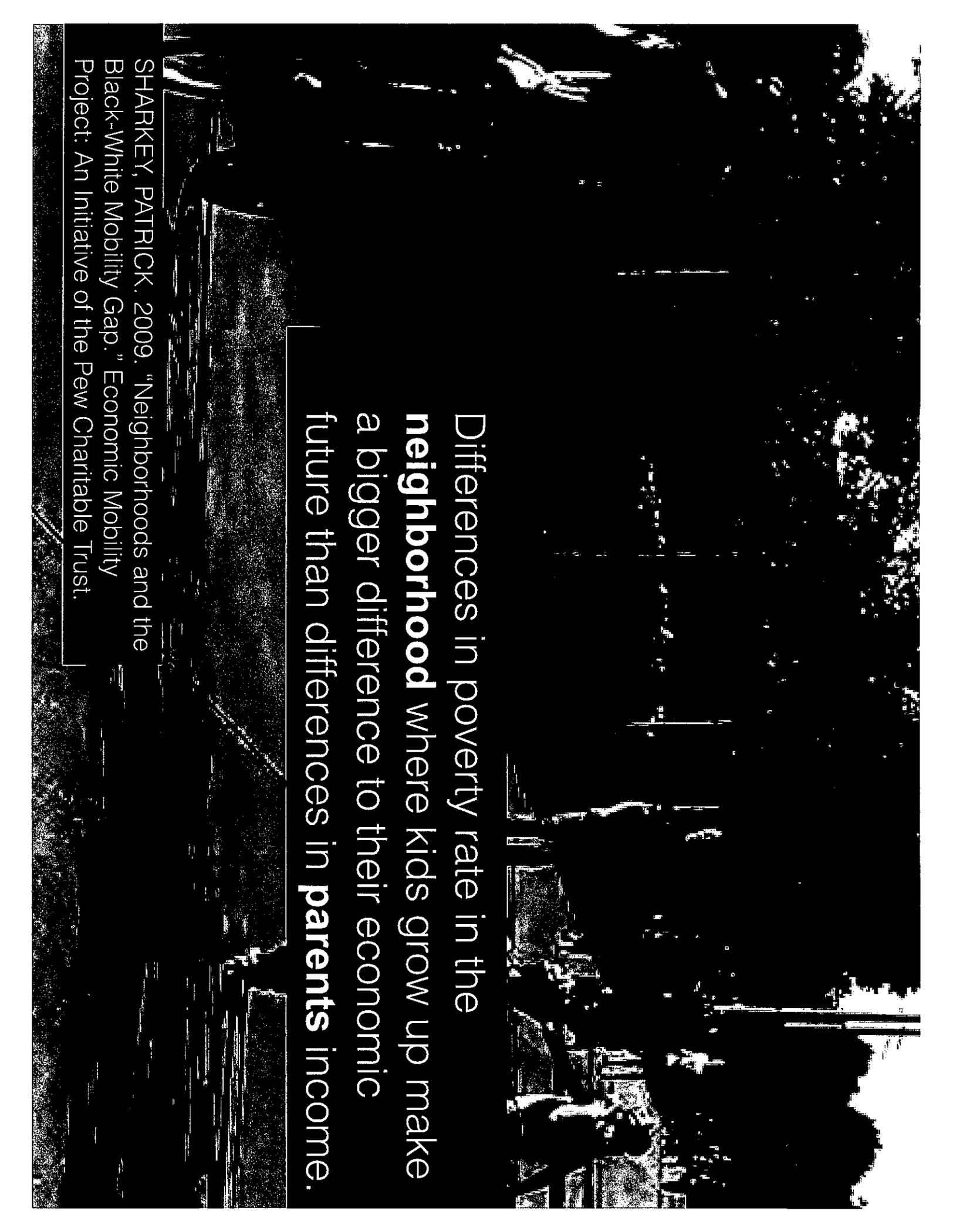




How important is it to  
create more economic  
integration?

Our affordable housing programs  
have not been successful in  
accessing higher opportunity  
neighborhoods.



A black and white photograph of a residential street. The street is lined with houses and trees. The houses have varying architectural styles, some with gabled roofs and others with more modern designs. The trees are mostly leafy, suggesting a warm climate. The street is paved and has a few utility poles with wires. The overall scene is a typical suburban or urban neighborhood.

Differences in poverty rate in the **neighborhood** where kids grow up make a bigger difference to their economic future than differences in **parents** income.

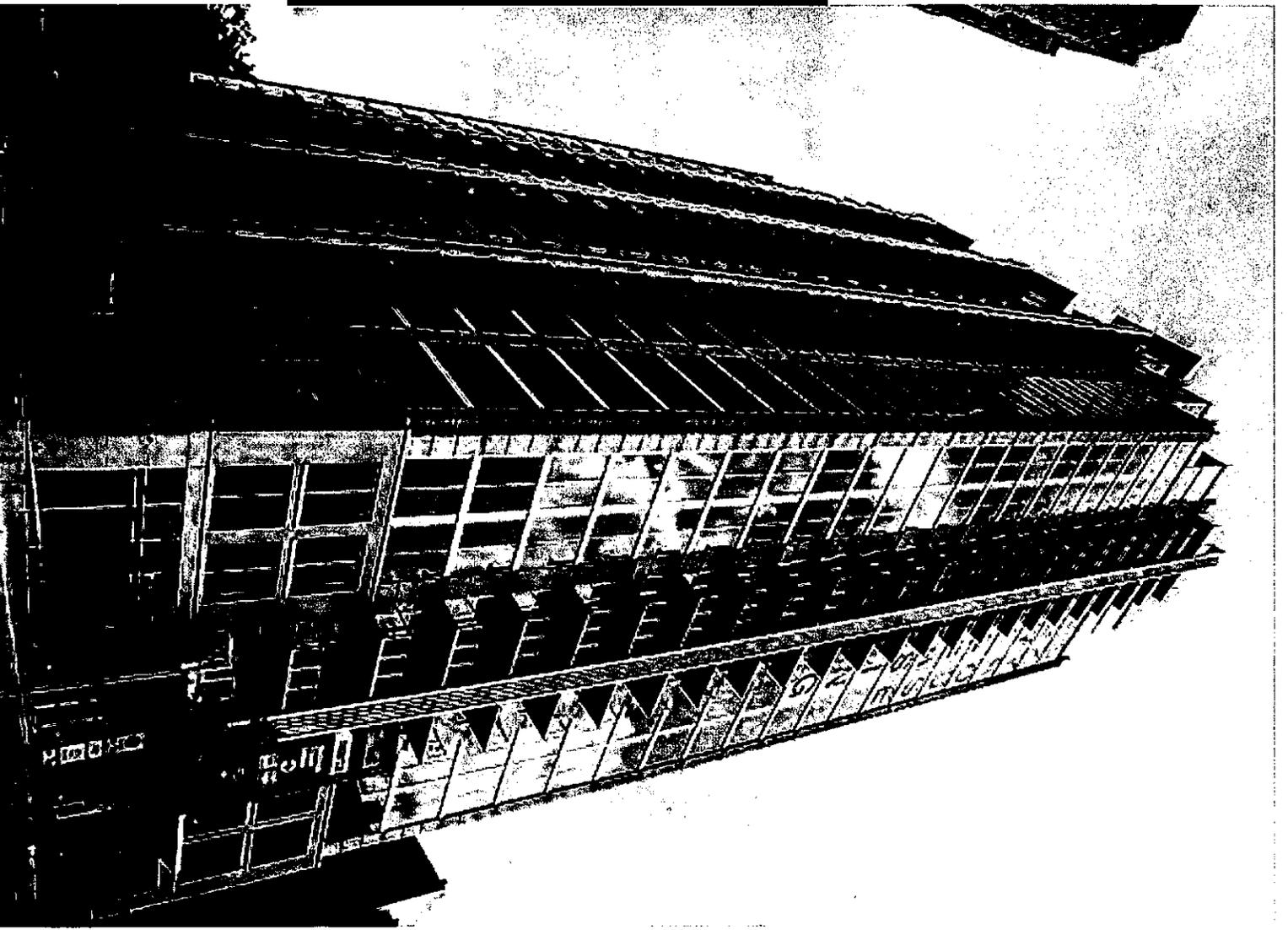
SHARKEY, PATRICK. 2009. "Neighborhoods and the Black-White Mobility Gap." Economic Mobility Project: An Initiative of the Pew Charitable Trust.

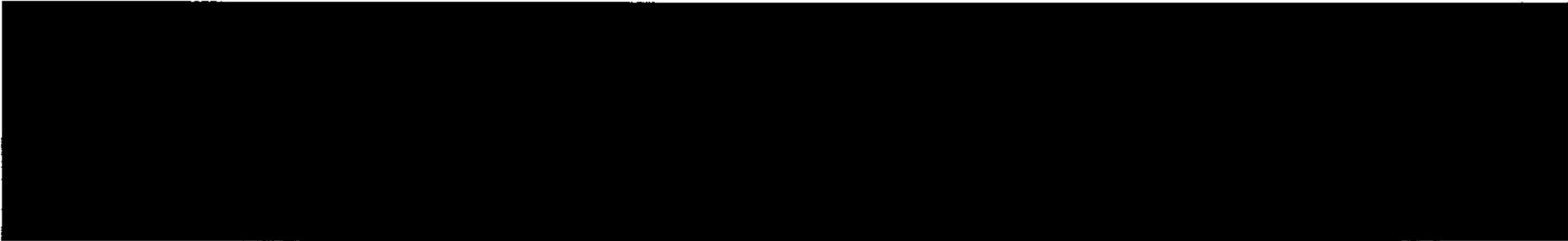
"The benefits that low income families have realized from living in mixed-income developments and income-diverse neighborhoods have been derived from **improvements in place** rather than **interactions with people.**"

Levy, Diane K., Zach McDade, and Kassie Dumlao. 2011. "Effects from Living in Mixed-Income Communities for Low-Income Families: A Review of the Literature." Metropolitan Housing and Communities Center. Washington, DC: Urban Institute.

Seattle was able to leverage 'fee in lieu' funds to produce **three times more** affordable units than would have been built onsite.

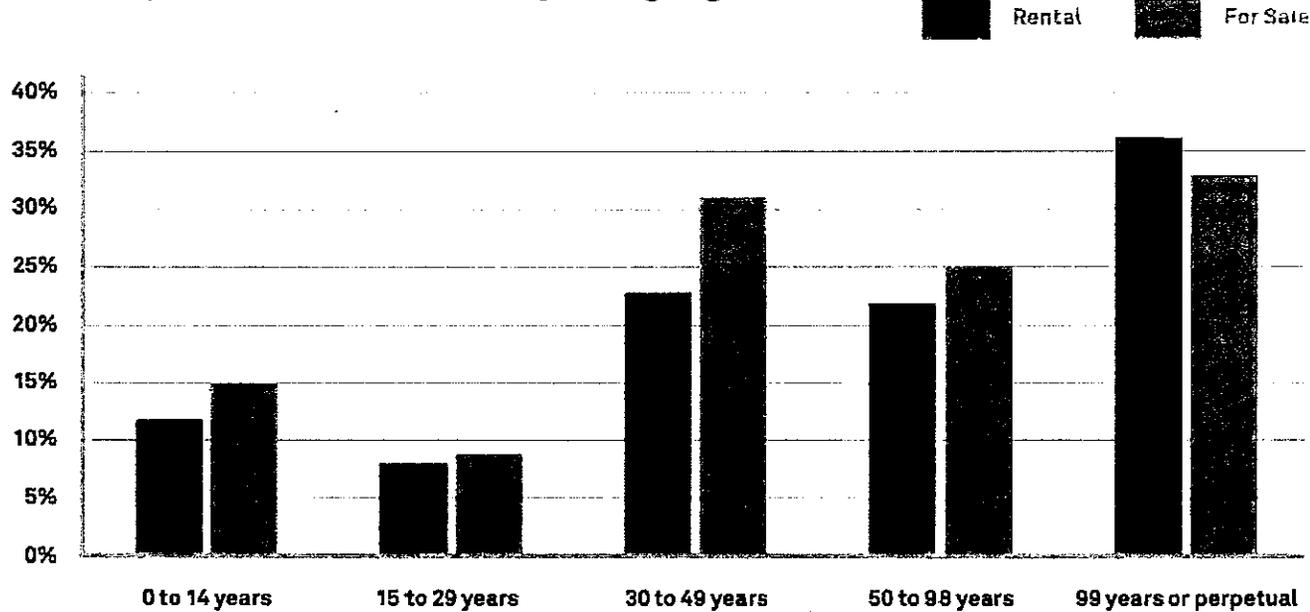
And they were built in the same neighborhoods





*Long term affordability is becoming the standard.*

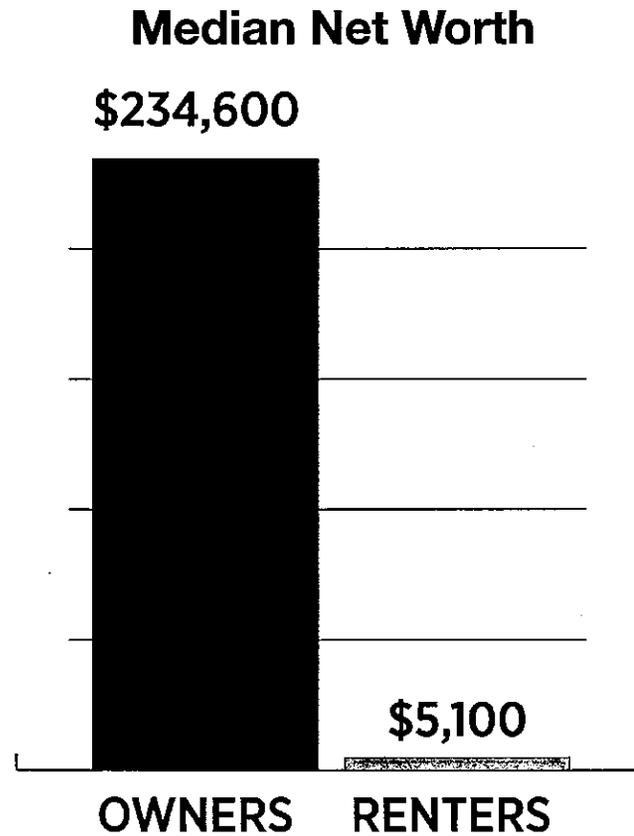
Affordability Terms for Selected Inclusionary Housing Programs



Source: Hickey, Sturtevant and Thaden, *Achieving Lasting Affordability through Inclusionary Housing*, Lincoln Institute of Land Policy, 2014.

It is available. Source: Hickey, Sturtevant, and Thaden (2014).

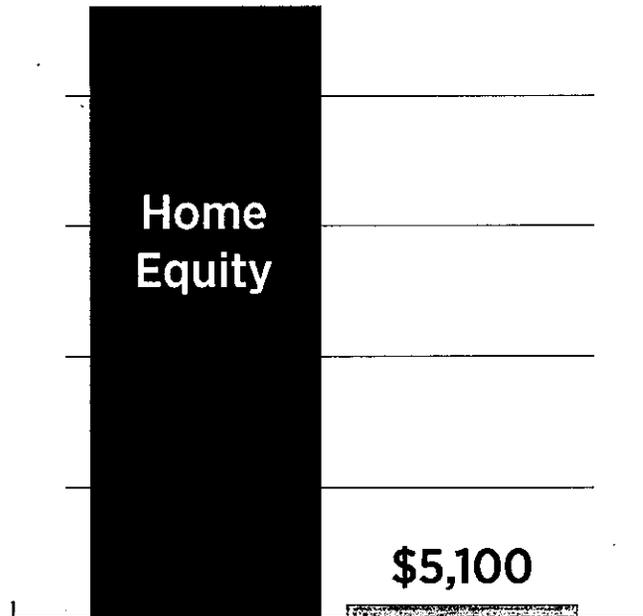
*How  
Important is  
asset  
building?*



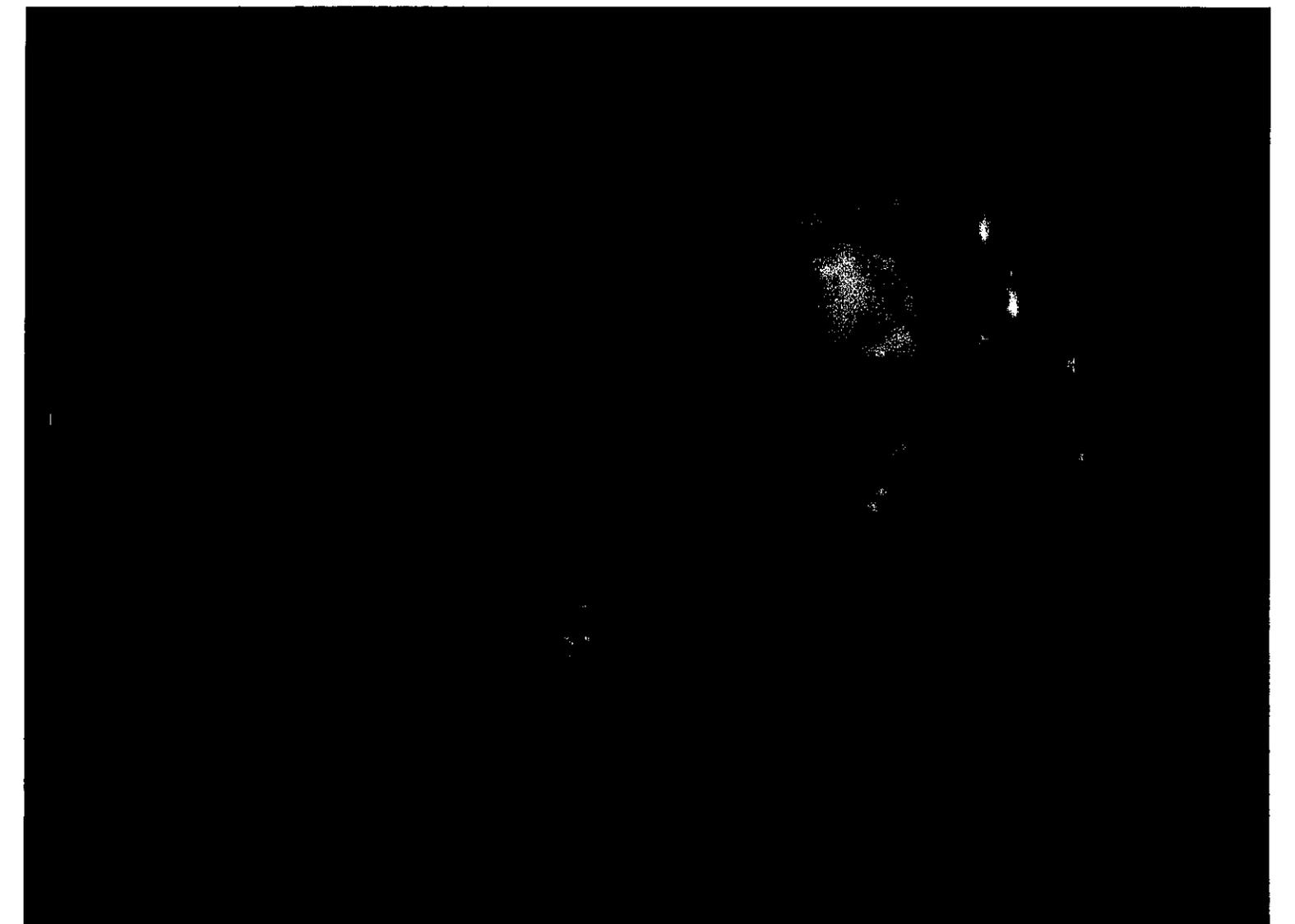
2007 Survey of Consumer Finances

## Median Net Worth

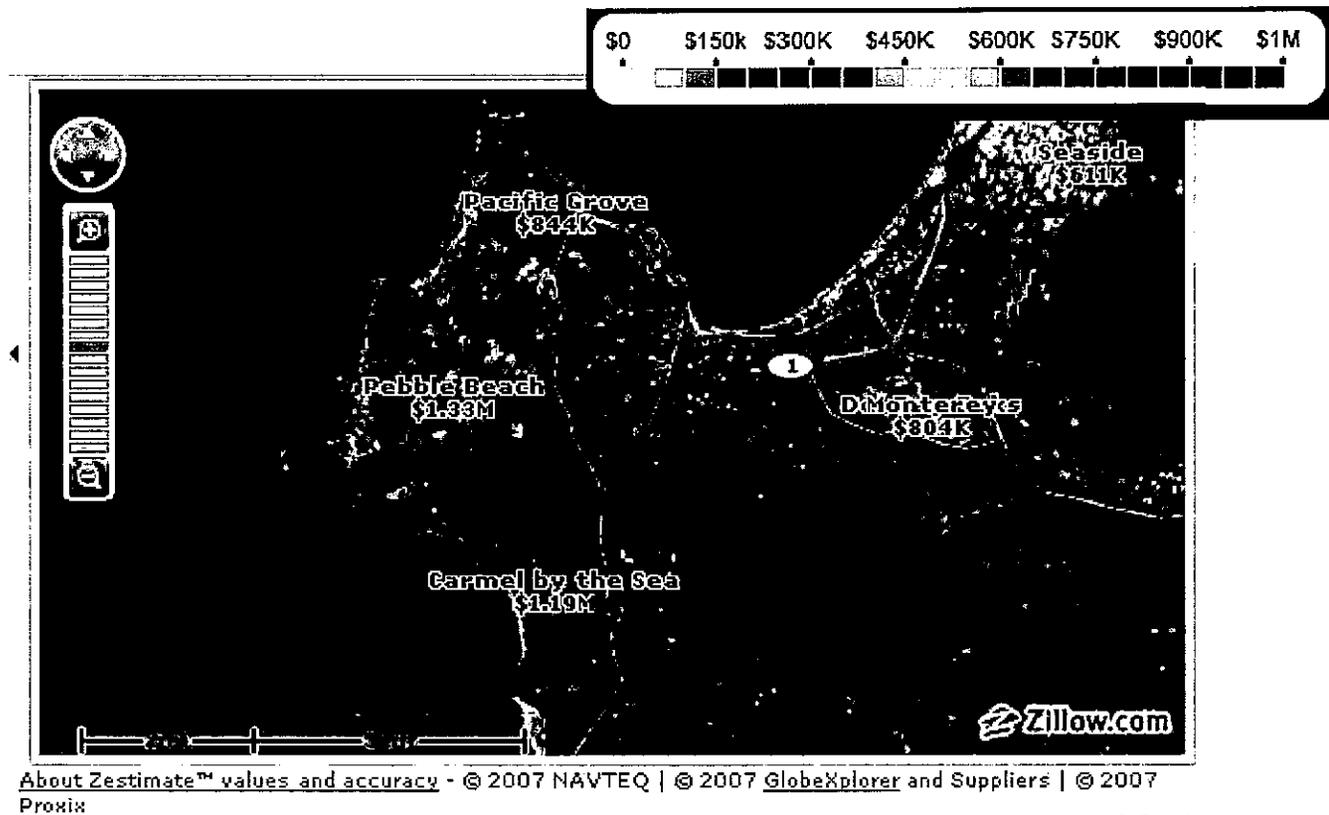
\$234,600



*How  
Important is  
asset  
building?*



Does limiting wealth  
building defeat the  
entire purpose of  
homeownership?



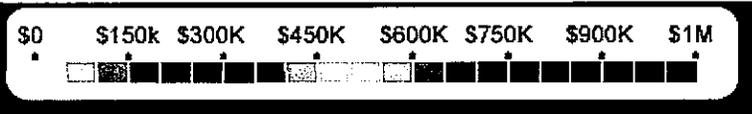
Zillow.com

*Approximate price for a 1,500 Sq Ft home at each location*

\$0 \$150k \$300k \$450k \$600k \$750k \$900k \$1M



Median



*Where are the blue houses?*

*If you can find a \$500,000 house...*

Downpayment

\$25,000

Purchase Price

\$500,000

Sale Price (5 yrs)

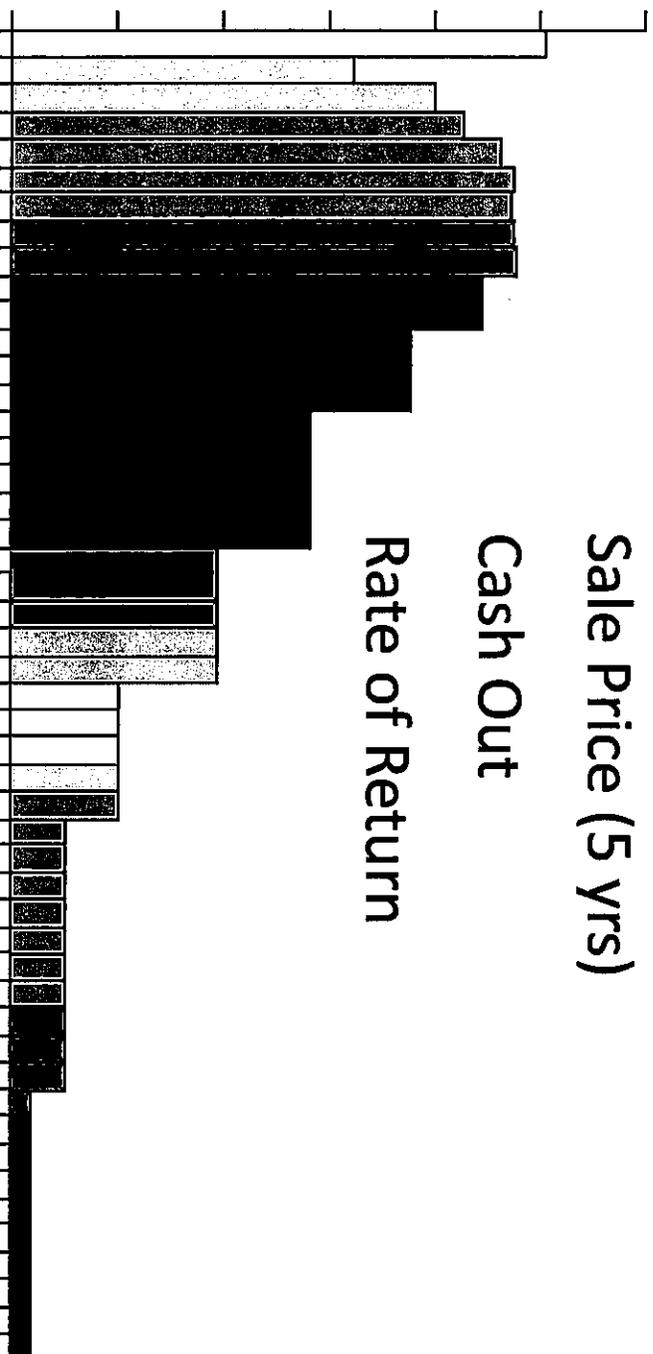
\$638,000

Cash Out

\$157,000

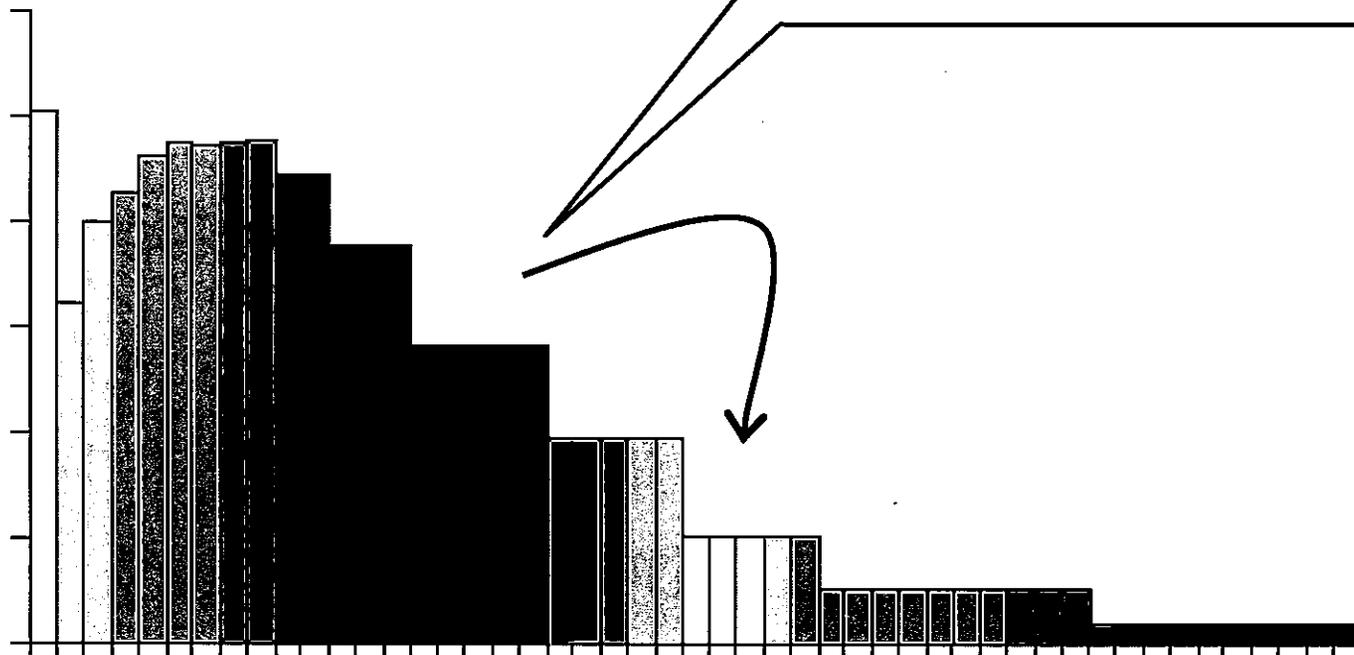
Rate of Return

35%



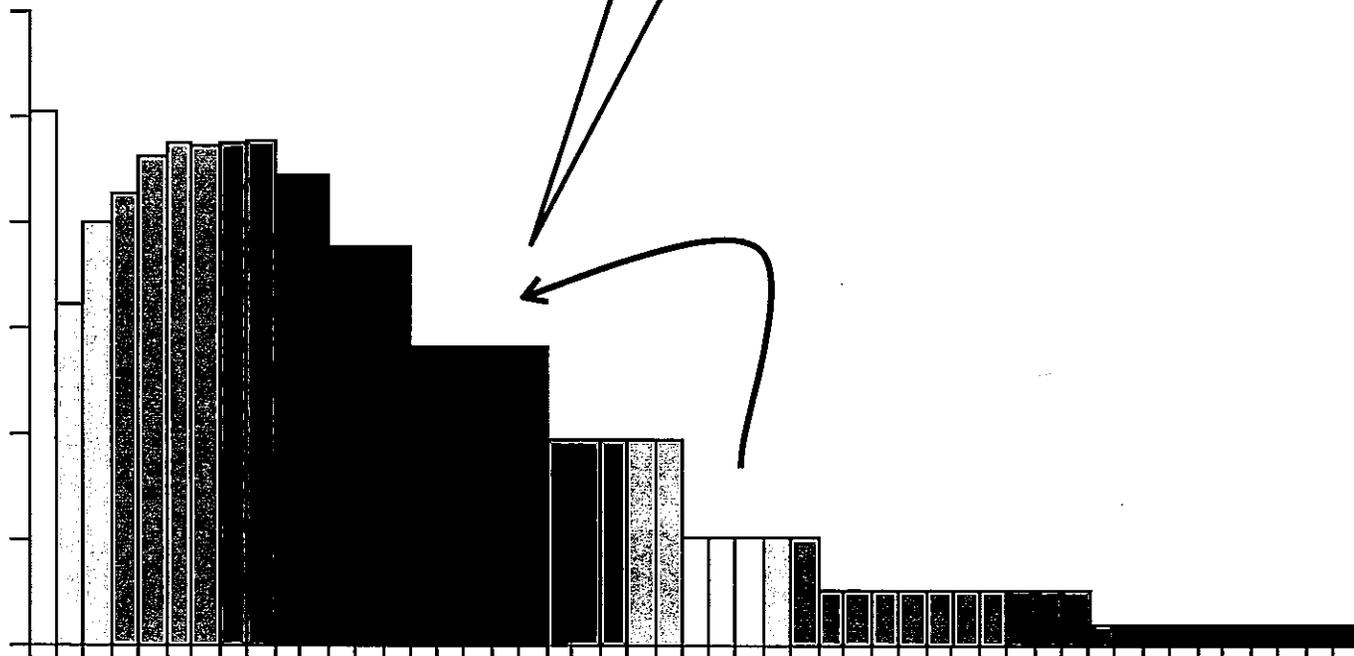
*But what if you can't find a \$500,000 house?*

Moderate Income buyers stretch to buy homes that they can't afford

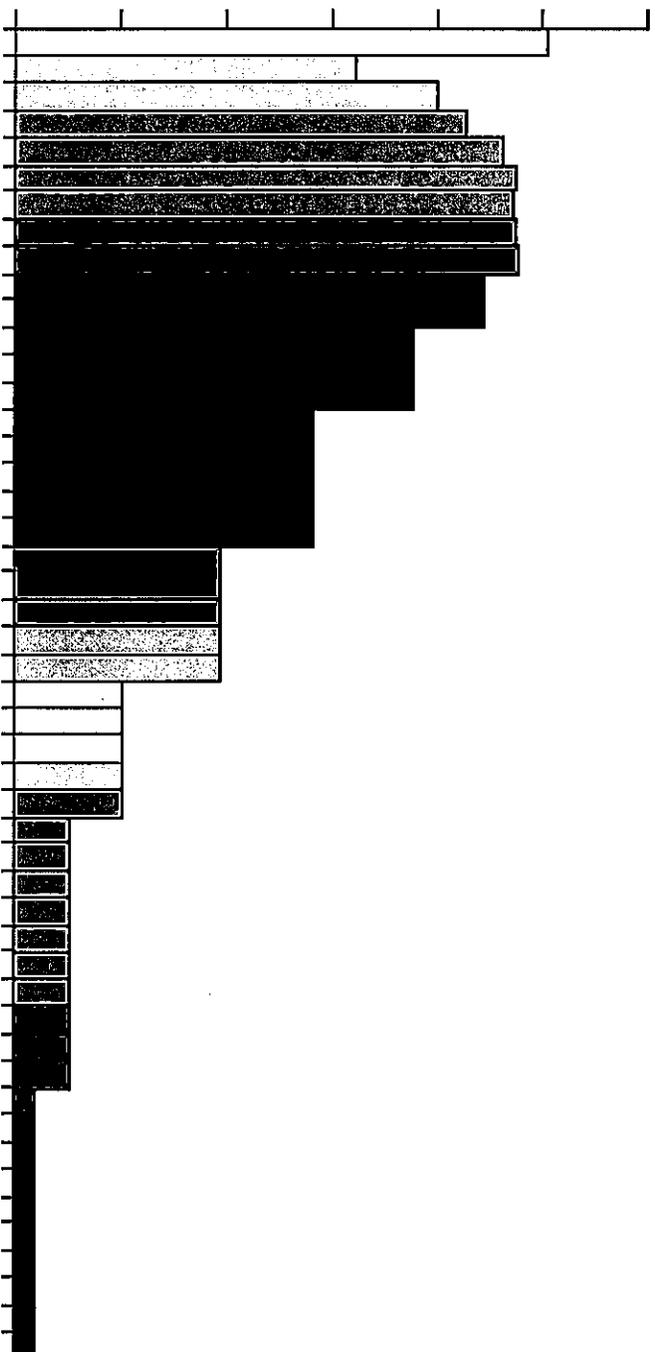


*But what if you can't find a \$500,000 house?*

Inclusionary Housing offers homes at below market prices



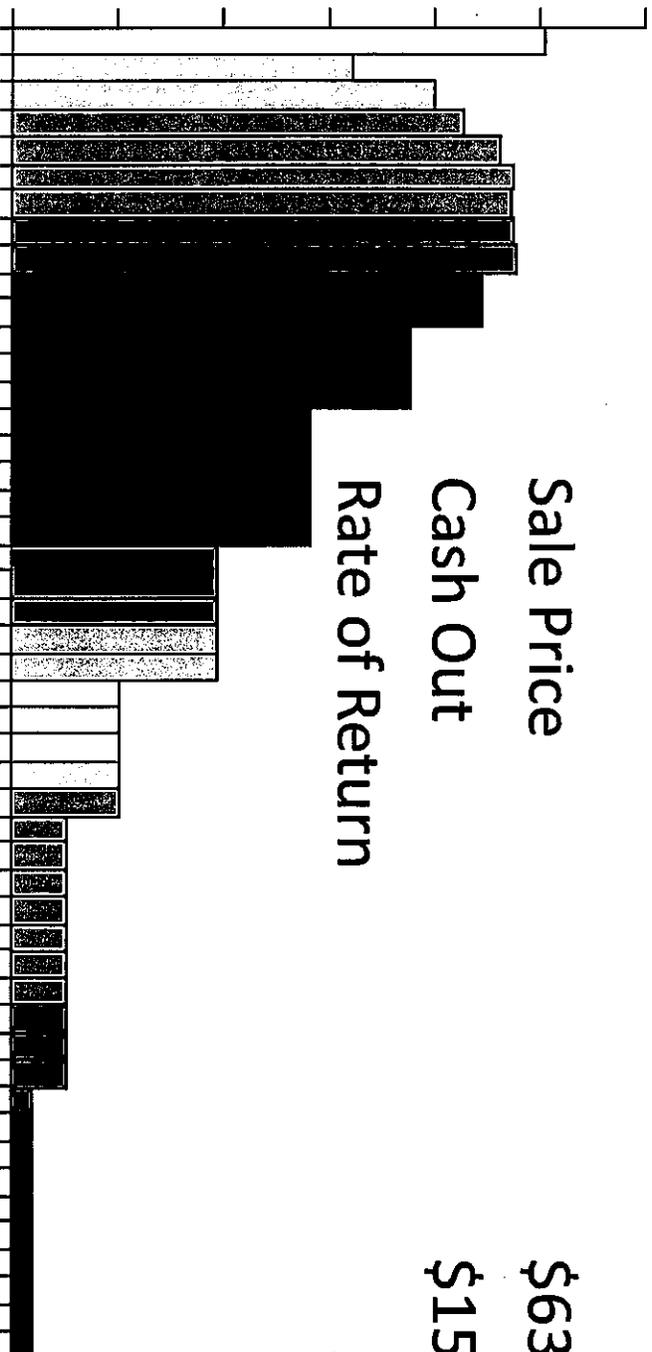
*When a family buys a \$600,000 home for only \$500,000, how much should they earn when they sell?*



*When a family buys a \$600,000 home for only \$500,000, how much should they earn when they sell?*

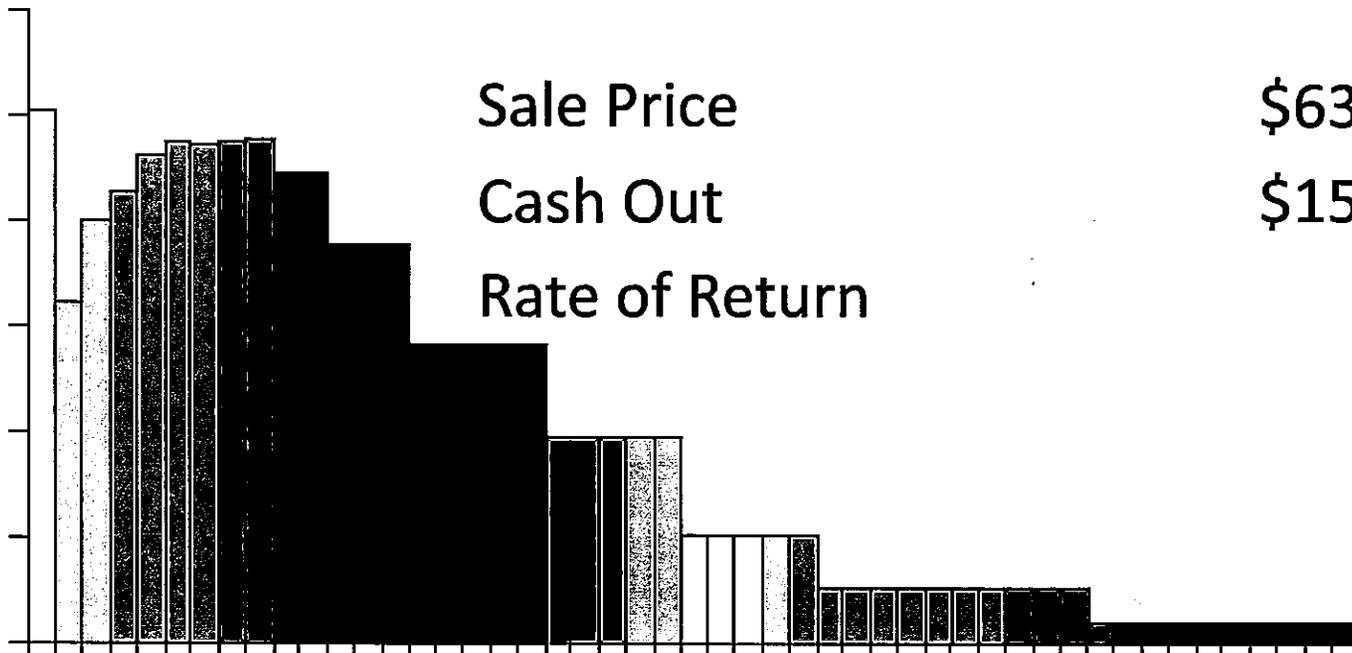
	Market	Subsidized
Downpayment	\$25,000	\$25,000
Purchase Price	\$500,000	\$500,000

Sale Price	\$638,000	\$766,000
Cash Out	\$157,000	\$276,000
Rate of Return	35%	51%

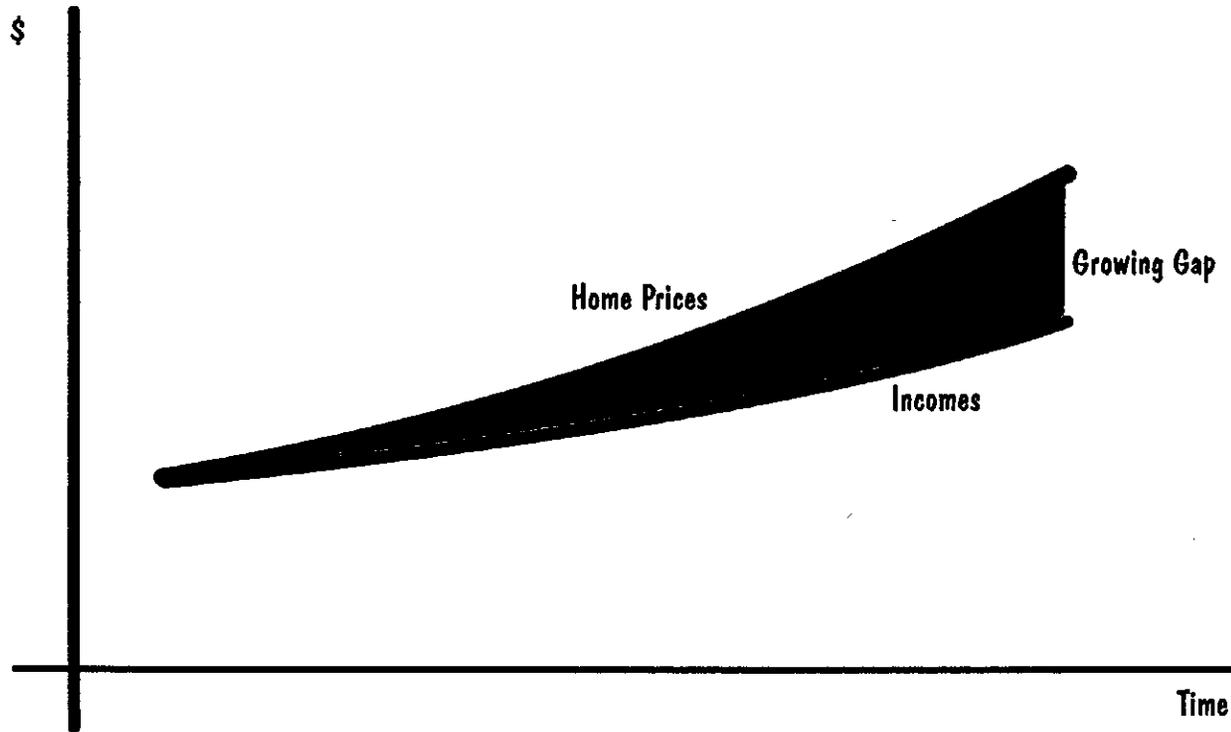


*When a family buys a \$600,000 home for only \$500,000, how much should they earn when they sell?*

	<b>Market</b>	<b>Restricted</b>
Downpayment	\$25,000	<b>\$25,000</b>
Purchase Price	\$500,000	<b>\$500,000</b>
Sale Price	\$638,000	<b>\$526,000</b>
Cash Out	\$157,000	<b>\$79,000</b>
Rate of Return	35%	<b>18%</b>



*Limiting the resale price allows some homes to remain attainable even when prices are rising faster than incomes.*



# **Rick Jacobus**

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