



## **State-Financed Public Improvement Districts in Exchange for Single Family Inclusion**

**The Problem:** The cost of infrastructure is one of the major barriers to creating more housing, especially single-family housing. When roads, sewers, electricity, and water need to be built, those costs get added to housing, either making projects infeasible or raising housing costs beyond what a working family can afford.

**The Solution:** There are two tools that can be activated together to address this challenge. First, Public Improvement Districts (PIDs) are a way to finance infrastructure improvements. But those debt service costs get passed on to homeowners. An amendment to the anti-donation clause of the State Constitution (Article IX, Section 14 H), provides an exemption that allows “expending state funds or resources for the purpose of providing essential services primarily for residential purposes.” This amendment needs implementing legislation that would allow the state to provide no or low interest use of PID financing for infrastructure in exchange for affordable homeownership.

**Legislative Proposal:** We propose passage of implementing legislation, “The Housing Infrastructure Act,” to be introduced and passed in the 2027 session. This will enable the exemption in Article IX, Section 14 H to stimulate development of all housing types through public financing and to allow PIDs to be used to support affordable homeownership.

**Potential Partners:** Developers of market rate single-family housing would be able lower sales prices and with an inclusionary requirement, non-profit developers could provide truly affordable homeownership to new home buyers.

**Potential Opposition:** None identified.

**How will we pay for it?** Public Improvement Districts use bonds to pay for infrastructure, which function like loans. It is possible the only cost for the state will be the risk of backing PID issued bonds and not collecting interest. In other cases, the state could use a fund to cover a portion of infrastructure costs.