

MAR - 6 2020

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# SENATE CONCURRENT RESOLUTION

REQUESTING THAT THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION REVIEW HOW IT CALCULATES ITS AFFORDABLE SALES PRICE GUIDELINES AND SUBMIT A REPORT COMPARING THE BEST PRACTICES AND POLICIES OF THE AFFORDABLE SALES PRICE GUIDELINES OF OTHER HIGH COST AREAS.

1 WHEREAS, Hawaii is a federally designated high cost area to  
2 live; and

3  
4 WHEREAS, the Hawaii Housing Finance and Development  
5 Corporation is the state agency that provides safe and sanitary  
6 housing for low-income residents of Hawaii by developing and  
7 financing low- and moderate-income housing projects and  
8 administering homeownership programs; and

9  
10 WHEREAS, most of the housing projects that the Hawaii  
11 Housing Finance and Development Corporation has financed have  
12 been low-income housing tax credit rental projects, but the  
13 Legislature is exploring ways to increase affordable housing  
14 within the State by encouraging the leasehold sale of subsidized  
15 housing; and

16  
17 WHEREAS, every year, the United States Department of  
18 Housing and Urban Development (HUD) calculates area median  
19 income (AMI) and other associated or adjusted AMI levels using  
20 data from the latest census. These figures help determine  
21 eligibility for affordable housing and housing assistance  
22 programs at federal and local levels; and

23  
24 WHEREAS, the use of AMI to determine the affordability, and  
25 thereby the maximum limit, of an affordable unit can be rented  
26 is federally mandated, but the maximum limit at which an  
27 affordable unit can be sold is left to the local government's  
28 discretion to calculate; in this case, the Hawaii Housing  
29 Finance and Development Corporation; and

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1           WHEREAS, the City and County of San Francisco is a  
2 comparable high cost area; and  
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4           WHEREAS, HUD calculated the AMI of a four-person family in  
5 San Francisco last year to be \$136,800, while the AMI of a four-  
6 person family in Honolulu was \$99,000; and  
7

8           WHEREAS, the maximum sales price of an affordable housing  
9 unit, at 4.15 percent interest, for a four-person family at one  
10 hundred percent AMI in San Francisco last year was calculated to  
11 be \$478,589; while the maximum sales price of an affordable  
12 housing unit, at four percent interest, for a four-person family  
13 at one hundred percent AMI in Honolulu was \$619,900; and  
14

15           WHEREAS, an affordable housing unit for a four-person  
16 family in San Francisco is calculated to have three bedrooms;  
17 while an affordable housing unit for a four-person family in  
18 Honolulu has two bedrooms; and therefore, a three-bedroom  
19 affordable housing unit at 4.15 percent interest in San  
20 Francisco costs less to purchase than a two-bedroom affordable  
21 housing unit at four percent interest in Honolulu; and  
22

23           WHEREAS, the maximum sales price of an affordable housing  
24 unit, at 4.15 percent interest, for a four-person family in San  
25 Francisco is around 3.5 times their yearly income; while the  
26 maximum sales price of an affordable housing unit, at four  
27 percent interest, for a four-person family in Honolulu is over  
28 6.2 times their yearly income; and  
29

30           WHEREAS, to increase affordable housing for its residents,  
31 the maximum price for affordable housing units in Hawaii should  
32 not be higher than that of another high cost area, when its area  
33 median family income is already lower than that of another high  
34 cost area; now, therefore,  
35

36           BE IT RESOLVED by the Senate of the Thirtieth Legislature  
37 of the State of Hawaii, Regular Session of 2020, the House of  
38 Representatives concurring, that the Hawaii Housing Finance and  
39 Development Corporation review how it calculates its affordable  
40 sales guidelines; and  
41



# S.C.R. NO. 220

1 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and  
 2 Development Corporation generate a report compiling and  
 3 comparing the best practices and policies that other high cost  
 4 areas use to determine their affordable sales guidelines; and

5  
 6 BE IT FURTHER RESOLVED that the study shall look at:

- 7  
 8 (1) How maximum sales prices are determined;  
 9  
 10 (2) Any restrictions of re-sale;  
 11  
 12 (3) Any equity sharing provisions; and  
 13  
 14 (4) Any other guidelines or rules that maximize the  
 15 affordable housing for a high cost area; and  
 16

17 BE IT FURTHER RESOLVED that the Hawaii Housing Finance and  
 18 Development Corporation report its findings and recommendations  
 19 to the Legislature no later than twenty days prior to the  
 20 convening of the Regular Session of 2021; and  
 21

22 BE IT FURTHER RESOLVED that certified copies of this  
 23 Concurrent Resolution be transmitted to the Executive Director  
 24 of the Hawaii Housing Finance and Development Corporation and  
 25 Director of Business, Economic Development, and Tourism.  
 26  
 27  
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OFFERED BY:

*[Handwritten signature]*  
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*Kurt Ferrelle*  


