
SENATE RESOLUTION

REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND
TOURISM TO SUBMIT A REPORT TO THE LEGISLATURE ON THE
BARRIERS TO CREATING AFFORDABLE HOUSING IN THE STATE.

1 WHEREAS, there is a severe shortage of affordable housing
2 in the State, which hampers the ability of residents to afford
3 such housing on prevailing wages; and
4

5 WHEREAS, according to the National Low Income Housing
6 Coalition's Out of Reach 2021 report, a minimum wage employee
7 must work one hundred fourteen hours per week to afford a modest
8 one-bedroom rental home at fair market rent in the State; and
9

10 WHEREAS, the United States Department of Housing and Urban
11 Development considers "affordable housing" to be housing for
12 which the occupant is paying not more than thirty percent of
13 gross income for housing costs, including utilities; and
14

15 WHEREAS, the gross income in relation to housing
16 affordability is generally expressed as a percentage of the area
17 median income; and
18

19 WHEREAS, the area median income is defined as the midpoint
20 of a region's income distribution, where half of the families
21 earn more than the median and half earn less than the median;
22 and
23

24 WHEREAS, the housing affordability in the State is most
25 often expressed as the housing price-to-income ratio where the
26 price of an "affordable" home is expressed on a scale where one
27 hundred forty percent of the area median income or lower is
28 considered a "below market" rate; and
29

30 WHEREAS, the existing formula used to set the sales price
31 of "affordable" for-sale homes are outdated and do not take into
32 consideration other factors such as the high cost of living and
33 high market prices of housing in the State; and



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41

WHEREAS, the housing price guidelines set by the United States Department of Housing and Urban Development are not applicable to developments that do not use federal subsidies; and

WHEREAS, the outdated "affordable" sales price formulas are based heavily on mortgage interest rates and, given the current low-interest rate environment, may not be affordable to local area residents or may exceed market prices; and

WHEREAS, for example, a two-bedroom home in the City and County of Honolulu with a sale price of over \$1,000,000 could potentially qualify as "affordable" under existing guidelines; and

WHEREAS, if the State and counties want to provide housing that residents can afford on typical wages earned in the State, the definition of "affordable" sales prices must more accurately reflect what households in Hawaii can realistically afford, taking into consideration homeowners association fees, insurance, utilities, transportation, cost of living, access to low interest rates, and other factors; and

WHEREAS, the coronavirus disease 2019 pandemic jeopardized the financial security of thousands of working families who required rental and housing relief to sustain their access to shelter; and

WHEREAS, according to the Hawai'i Budget & Policy Center, the provision of affordable homes and rental units requires the State to treat housing as a basic necessity and human right, rather than primarily as a means for investment and wealth-building; now, therefore,

BE IT RESOLVED by the Senate of the Thirty-first Legislature of the State of Hawaii, Regular Session of 2022, that the Department of Business, Economic Development, and Tourism is requested to submit a report to the Legislature on the barriers to creating affordable housing in the State; and



1 BE IT FURTHER RESOLVED that in the preparation of the
2 report, the Department of Business, Economic Development, and
3 Tourism is requested to consult with other government agencies
4 and advocacy organizations, including the Hawaii Housing Finance
5 and Development Corporation, Hawai'i Appleseed Center for Law &
6 Economic Justice, and Hawai'i Alliance for Community-Based
7 Economic Development; and
8

9 BE IT FURTHER RESOLVED that the report is requested to
10 include information about methodologies for determining what
11 qualifies as "affordable" in Hawaii in comparison to other
12 states and municipalities with similar high costs of living; and
13

14 BE IT FURTHER RESOLVED that the Department of Business,
15 Economic Development, and Tourism is requested to submit a
16 report of its findings and recommendations, including any
17 proposed legislation, to the Legislature no later than twenty
18 days prior to the convening of the Regular Session of 2023; and
19

20 BE IT FURTHER RESOLVED that certified copies of this
21 Resolution be transmitted to the Director of Business, Economic
22 Development, and Tourism; Executive Director of the Hawaii
23 Housing Finance and Development Corporation; Executive Director
24 of Hawai'i Appleseed Center for Law & Economic Justice; and
25 Executive Director of the Hawai'i Alliance for Community-Based
26 Economic Development.

