



Smart Growth America

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Affordable Housing in Hawai'i: Inventory and Strategies

February 2024

Michael Rodriguez, AICP

Director of Research

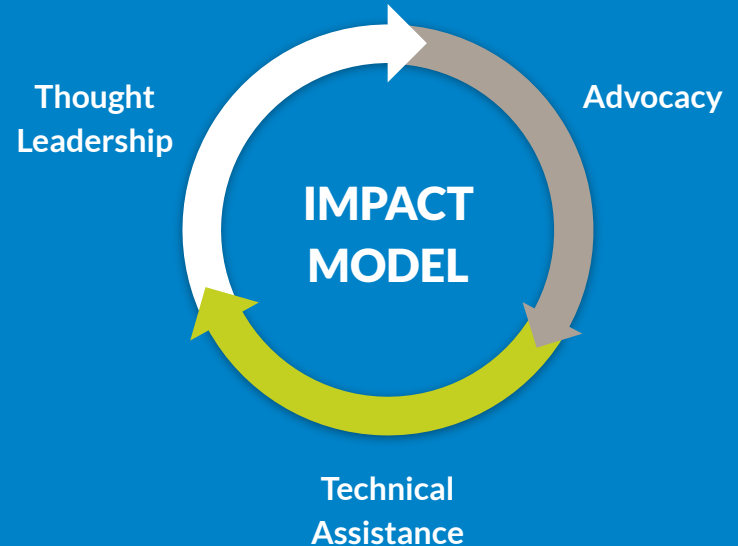
ABOUT SGA

OUR NORTH STAR

Smart Growth America envisions a country where no matter where you live, or who you are, you can enjoy living in a place that is healthy, prosperous, and resilient.

OUR MISSION

Smart Growth America empowers communities through technical assistance, advocacy, and thought leadership to realize our vision of livable places, healthy people, and shared prosperity.





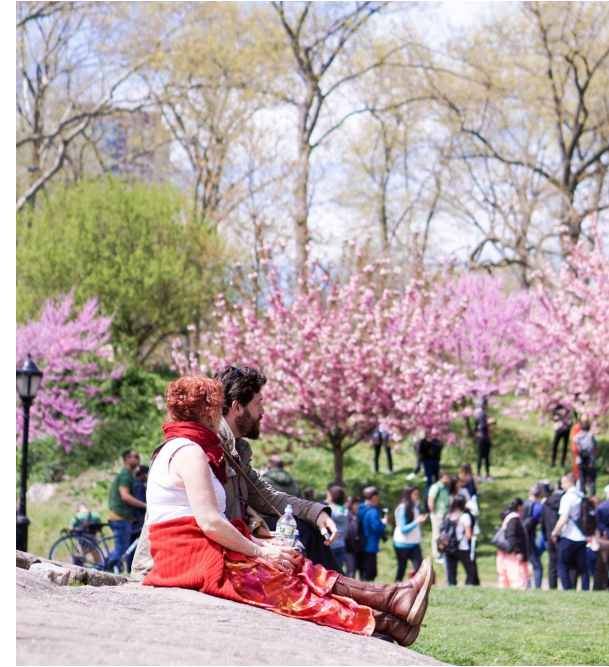
Programmatic Priorities



CLIMATE CHANGE
AND RESILIENCE



ADVANCING RACIAL
EQUITY



HEALTHY
COMMUNITIES



Our housing team



Michael A. Rodriguez, AICP
Director of Research



Katharine Burgess
Vice President,
Land Use and Development



Jeri Mintzer
Asst. Vice President,
Land Use and Development



Agenda

- **Hawai'i Housing Facts**
- **Affordable Housing Inventory**
- **Ownership of Affordable Housing**
- **Mapping Affordable Housing in Hawai'i**
- **Policy Toolkit**
- **Case Studies**


Hawai'i Housing Facts

A housing
affordability crisis



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Hawai'i Housing facts



For-sale
housing
2.4x
national
price

The infographic features a circular graphic with a stylized building facade in shades of blue, green, and grey. A white circle is overlaid on the left side of the graphic, containing the text.

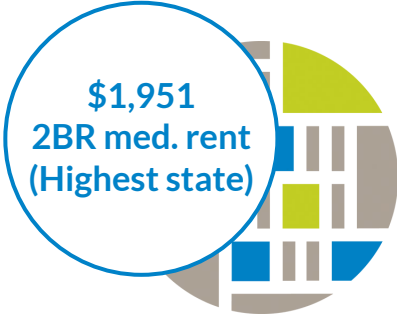
Source: Zillow, Q3-2023



\$750k
Med. home
price
(Highest
state)

The infographic features a circular graphic with a stylized building facade in shades of blue, green, and grey. A white circle is overlaid on the left side of the graphic, containing the text.

Source: Redfin Sept. 2023



\$1,951
2BR med. rent
(Highest state)

The infographic features a circular graphic with a stylized building facade in shades of blue, green, and grey. A white circle is overlaid on the left side of the graphic, containing the text.

Source: HUD Fair Market Rents,
Sep. 2023



41 in 10k
Homeless
rate
(4th
highest)

The infographic features a circular graphic with a stylized building facade in shades of blue, green, and grey. A white circle is overlaid on the left side of the graphic, containing the text.

Source: National Alliance to End
Homelessness, 2023. Homeless
rate in a given year.



61%
Home
ownership
rate

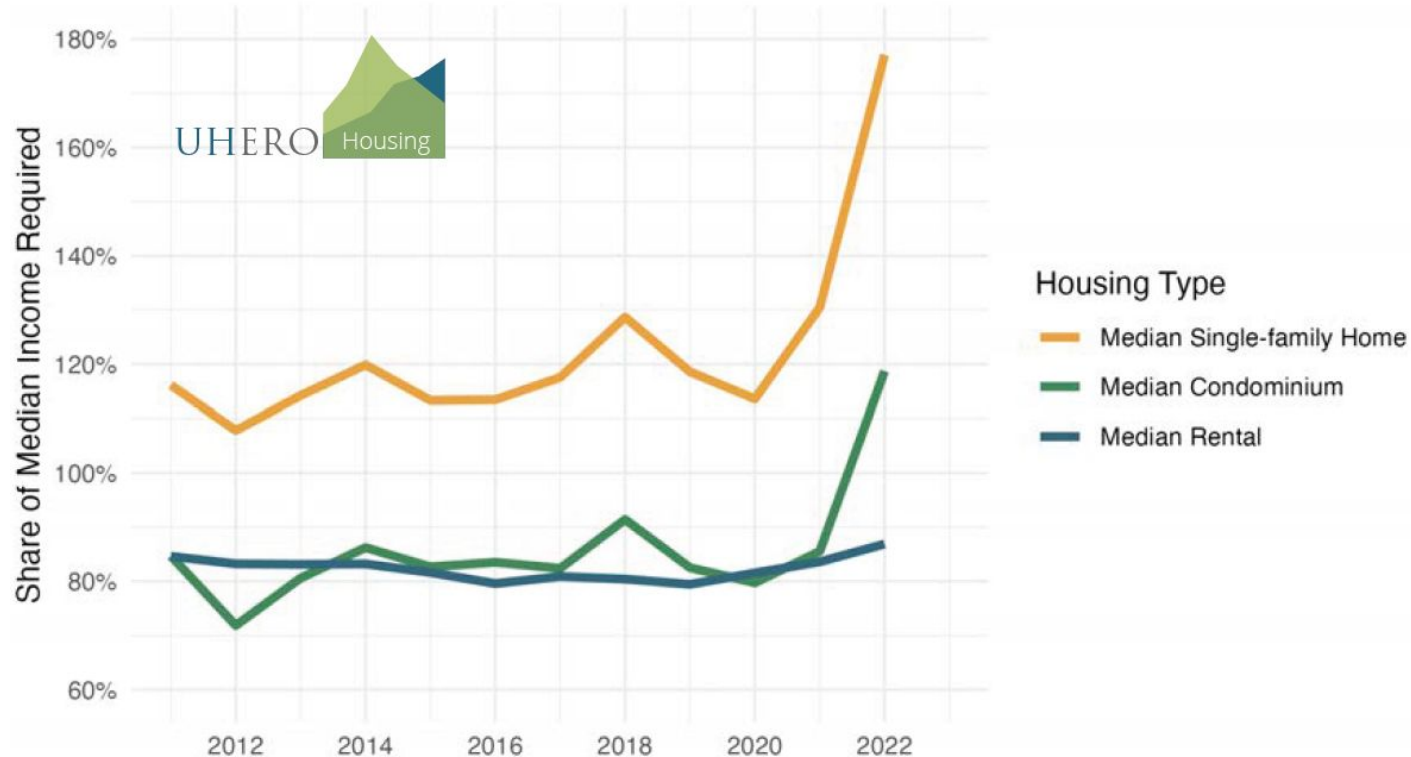
The infographic features a circular graphic with a stylized building facade in shades of blue, green, and grey. A white circle is overlaid on the left side of the graphic, containing the text.

Source: US Census, ACS 2023



Affordability Trends

Share of State Median Income Required to Afford the Median State Home



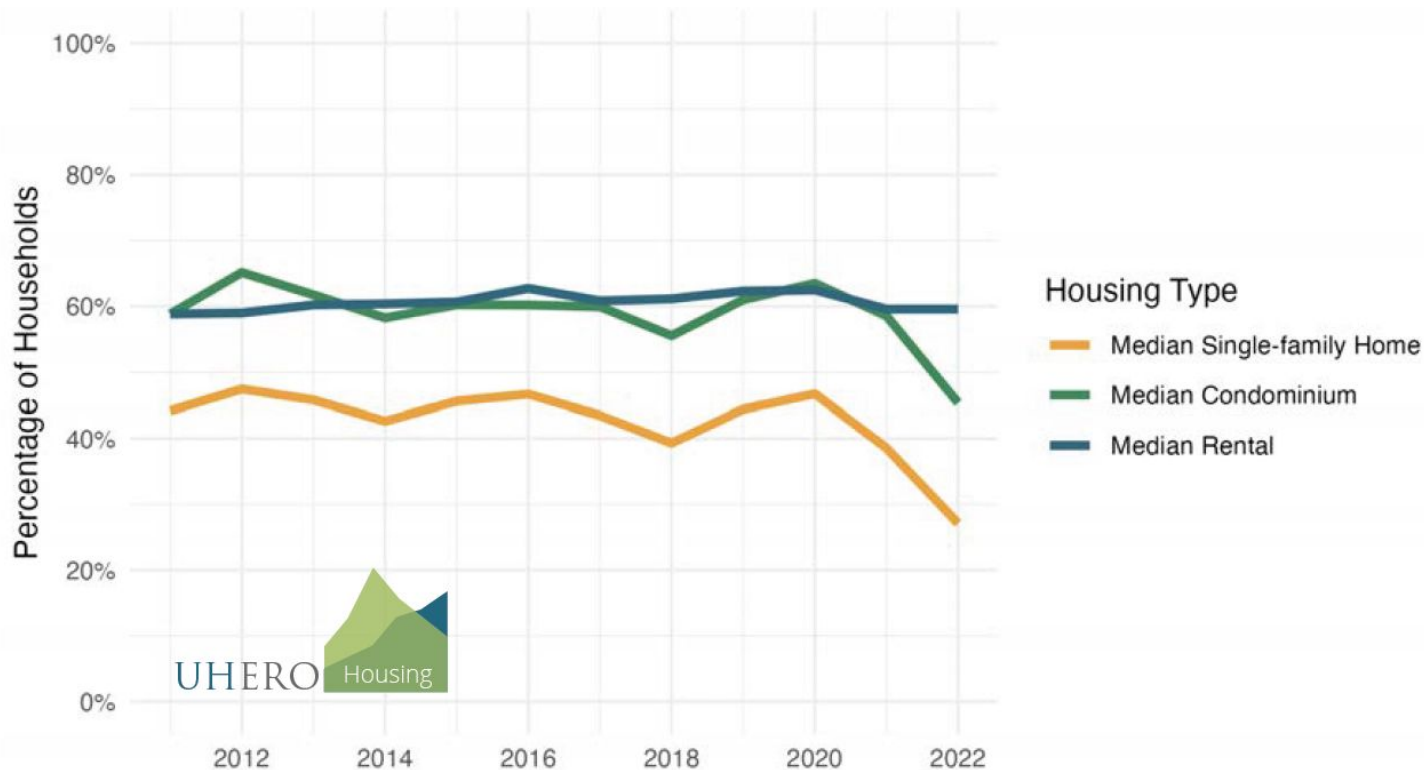
“A local household needs to earn 180% of state median income to afford the median single-family home, so no more than 30% of their income goes to mortgage payments”

Source: UHERO Housing



Affordability Trends

Percentage of Local Households who Can Afford the Median Priced Home



“Only 33% of local households can afford a mortgage on the median priced single-family home”

Source: UHERO Housing



Hawai'i Housing Programs Overview

Program Details & Definitions



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Program Details w Descriptions (Active in Hawai'i)

Top Level Program	Sub Program
Section 8	Sec. 202 / 8 New Construction (Elderly Supportive)
Section 8	Sec. 202 / 8 Substantial Rehab. (Elderly Supportive)
Section 8	515 / New Construction (Rural Housing)
Section 8	Housing Fin. & Dev. Agencies (HFDA) / 8 New Construction
Section 8	Loan Management Set Aside (LMSA)
Section 8	Project Rental Assistance Contract (PRAC) / Sec. 202 (Elderly Supportive)
Section 8	Project Rental Assistance Contract (PRAC) / Sec. 811 (Persons w Disabilities)
Section 8	Preservation
Section 8	Section 8 New Construction



Program Details w Descriptions (Active in Hawai'i)

Top Level Program	Sub Program
Section 202	Sec. 202 / 8 Direct Loan - (Elderly / Handicapped)
FHA	Sec. 207 / 233 (F) Purchase / Refinancing Ins.
FHA	Sec. 221 (D)(4) Construct. / Rehab. Mkt Rate Mod. Income
FHA	223(A)(7) Refi. of 223(F) Apts.
FHA	223(A)(7) / 221(D)(3) Market Refi. / Mod. Income
FHA	241(A) / 236 / Improve. + Addition / Lower Inc. Family Asst.
FHA	542(B) Qualified Participating Entity (QPE) Risk Sharing, Recent Completion
FHA	221(D)(3) Market Rate Mod. Inc. / Disp F
LIHTC	Acquisition and Rehab.
LIHTC	New Construction



Program Details w Descriptions (Active in Hawai'i)

Top Level Program	Sub Program
LIHTC	4% Tax Credit
LIHTC	9% Tax Credit
Rural Housing 515	515 Rural Housing
Rural Housing 515	514 On-Farm
Rural Housing 515	514 - Off-Farm
HOME	HOME Investment Partnerships Program
Public Housing	Housing Act of 1937 Public Housing



Program Details w Descriptions (Active in Hawai'i)

Top Level Program	Sub Program
State of Hawai'i	HI Rental Housing Revolving Fund
State of Hawai'i	HI Rental Housing Trust Fund
State of Hawai'i	HI State Public Housing
State of Hawai'i	HI State Tax Credit
State of Hawai'i	HI Hula-Mae Multi-Family
Project Based Vouchers	HUD Project Based Vouchers
Mod Rehab	Moderate Rehabilitation Program

Affordable Housing Inventory

Counts of Units and Subsidies



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Hawai'i Affordable Housing Status

Num. of Affordable Units (2022)

Kauai

4.9%

Maui

11.0%

Hawaii

11.9%

Honolulu

72.2%

14,747
Total
Units
(2022)

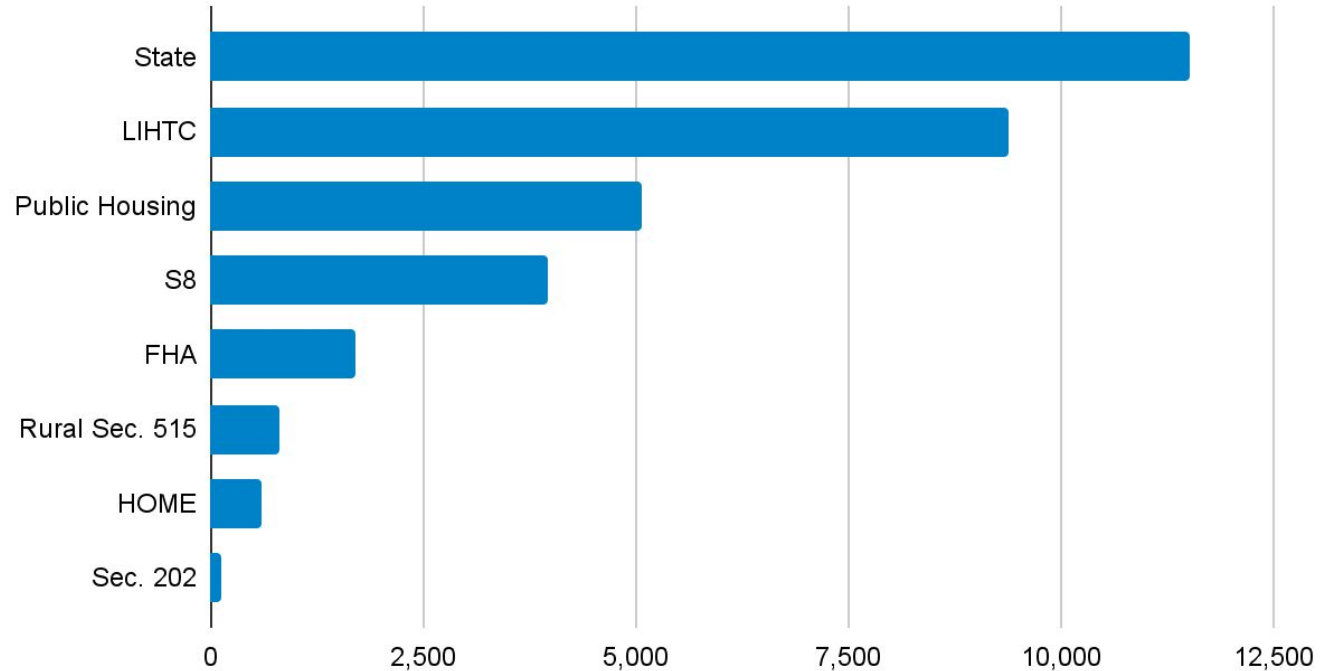
72%
Are in
Honolulu

Source: Smart Growth America; National Housing Preservation Database



Hawai'i Affordable Housing Status

Number of Subsidies (2022)



33,200
Active
subsidies

Note: A unit may have more than one subsidy. Subsidy totals do not add to units.

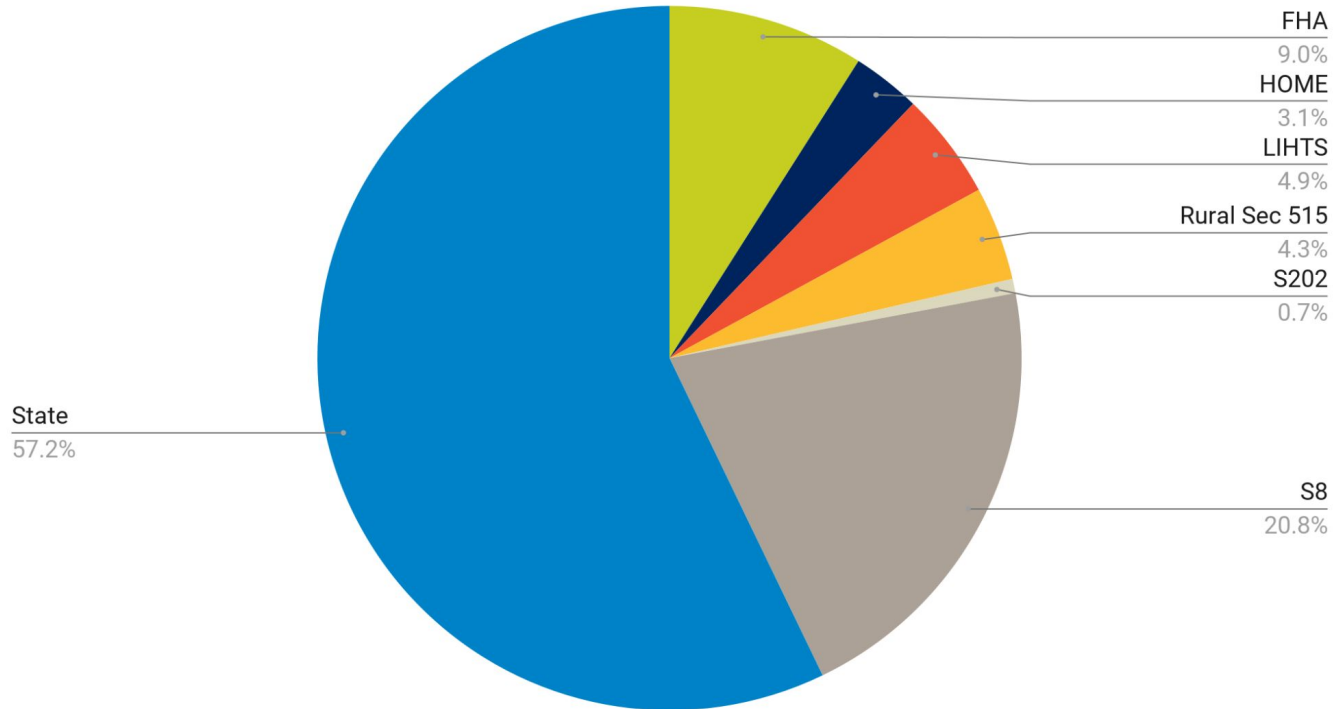
The oldest Hawai'i “public housing” building was built in 1952.

The newest was in 1971.



Hawai'i Affordable Housing Status

Share of Housing Units Including Subsidies



Source: Smart Growth America; National Housing Preservation Database

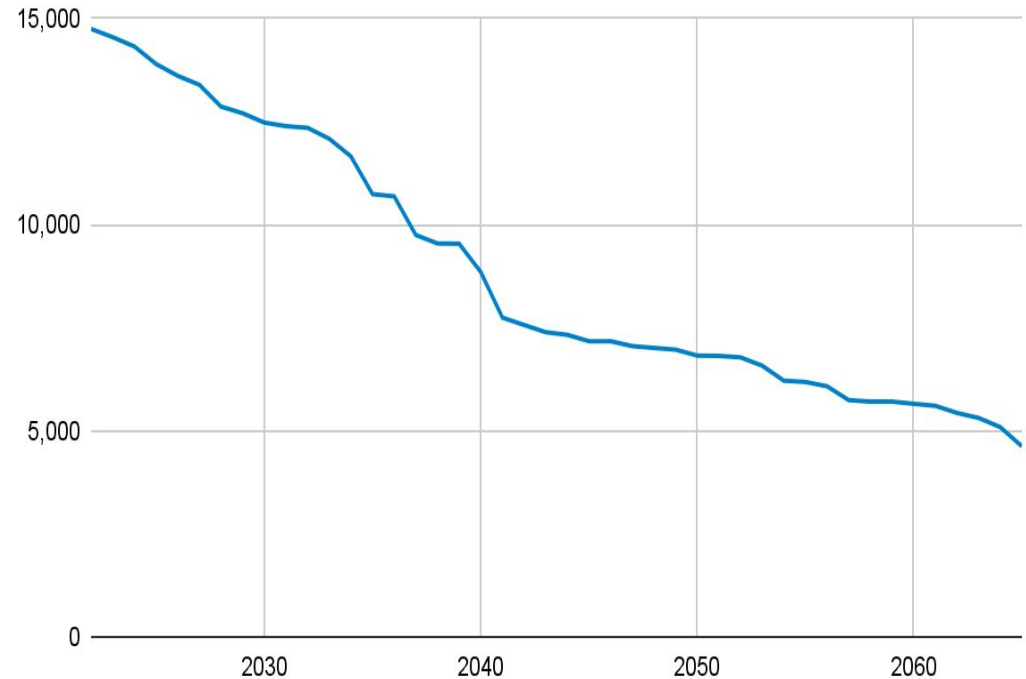


Hawai'i Affordable Housing Timeline

Affordable Units in Hawai'i

- Without new units delivering...
 - 14,747 units in 2022
 - 4,624 units by 2065
- 68% loss by 2065 unless replaced

Number of Units Considering Expiration



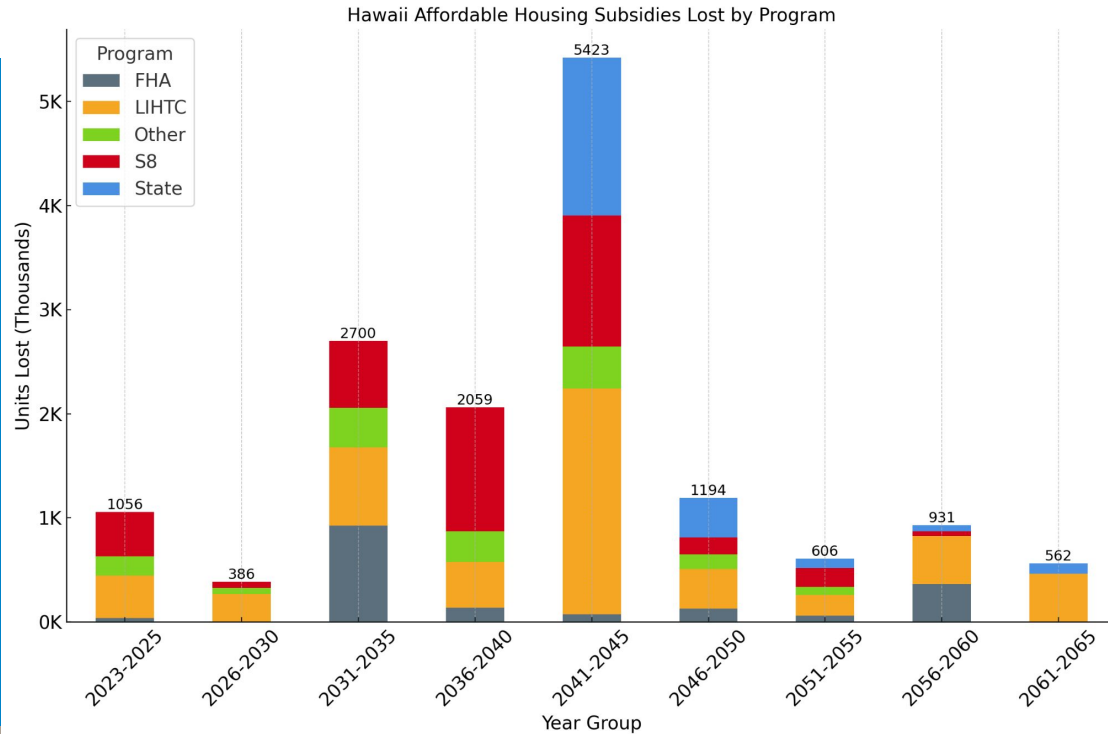
Source: Smart Growth America; National Housing Preservation Database



Hawaii Affordable Housing Timeline

Subsidies Lost by 5-Year Interval

- Big losses occur soon in 2031-2035 interval (lots of FHA)
- Large LIHTC losses in 2023-2030
- This is a major near-term problem
- Largest drop of is 2041-2045 due to cliff in State subsidies

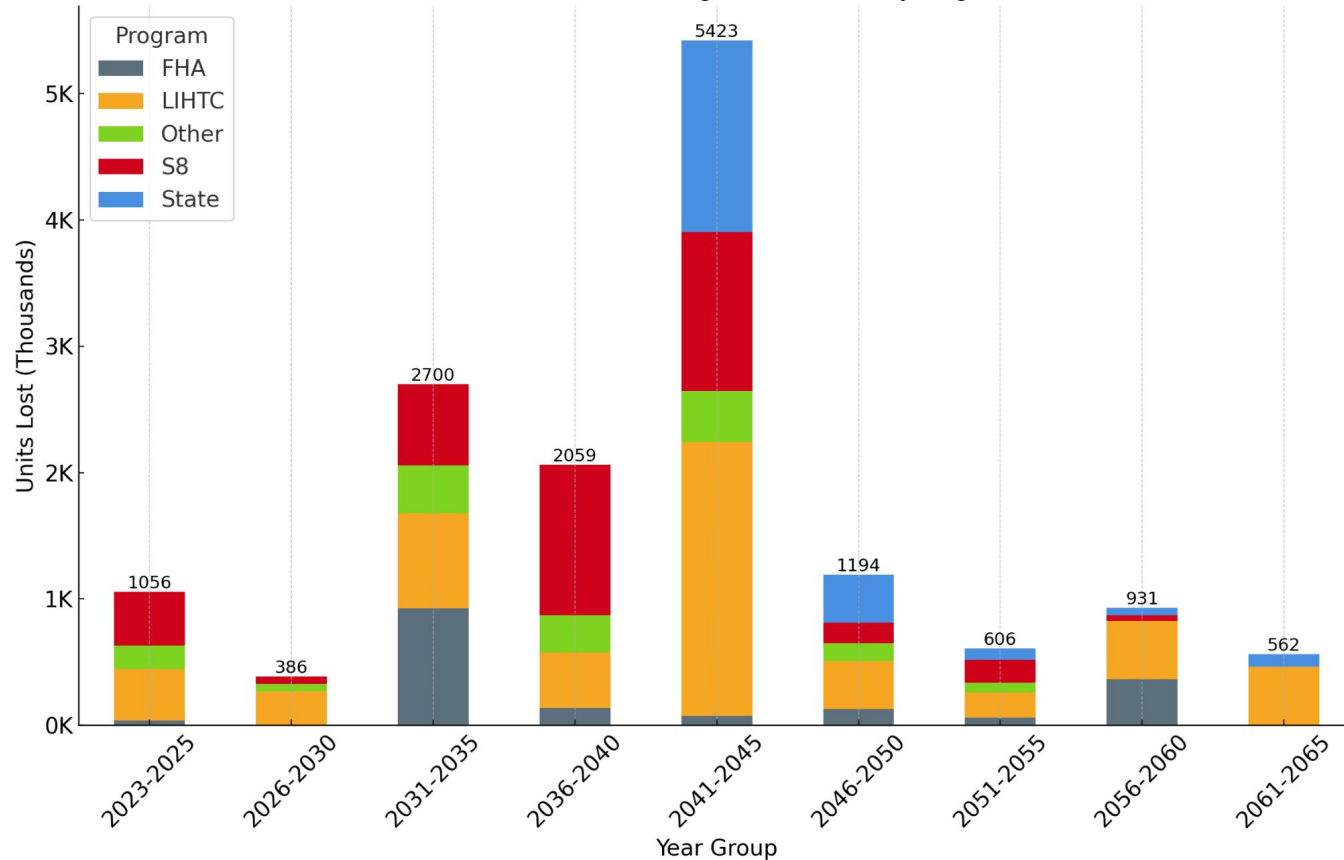


Source: Smart Growth America; National Housing Preservation Database



Hawai'i Affordable Housing Timeline

Hawaii Affordable Housing Subsidies Lost by Program



Source: Smart Growth America; National Housing Preservation Database



**Major
Owners**

Ownership Counts



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Affordable Housing Owners in Hawai'i

Ownership

- About 173 unique owners of affordable housing in Hawai'i
- 20 owners own 42% of units
- 26 owners own 50% of units

Owner	Units	%
Hawaii Housing Dev. Corp	836	5.6%
Federal Home Loan Mortgage Corp	640	4.3%
Kukui Eah	389	2.6%
Kukui Tower II LP	380	2.6%
Manuakea Palms Limited Partnership	380	2.6%
Arbor Agency Lending LLC	369	2.5%
Pacific Housing Asst. Corp.	317	2.1%
Hoolehua Housing LP	306	2.1%
Mutual Housing Assoc. Of Hawaii	306	2.1%
The Michaels Org.	285	1.9%



Affordable Housing Owners in Hawai'i

Ownership

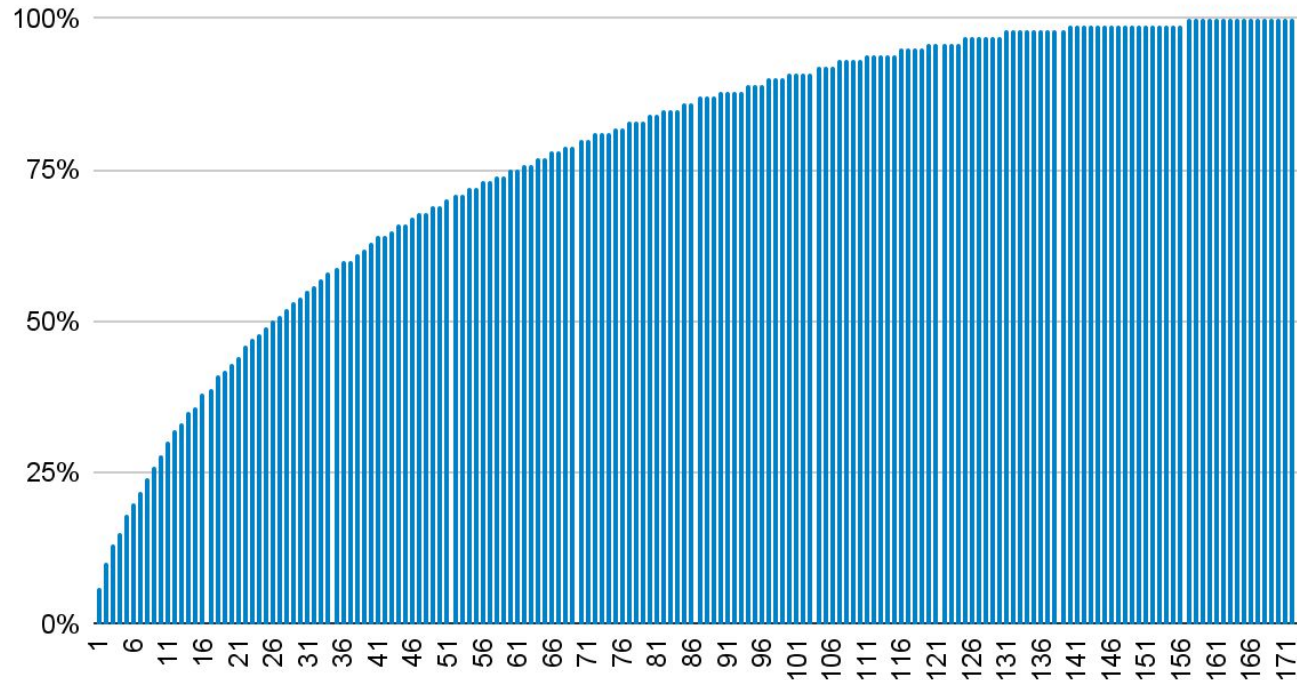
- About 173 unique owners of affordable housing in Hawai'i
- 20 owners own 42% of units
- 26 owners own 50% of units

Owner	Units	%
City & Co. of Honolulu	256	1.7%
(Unknown in dataset)	250	1.7%
School Street RFH Partners Phase One	250	1.7%
Hale Mahaolu	240	1.6%
Hawaii Island Community Dev.	224	1.5%
Coalition for Specialized Housing	210	1.4%
PNC Bank National Assoc.	204	1.4%
MK Alter Street Partners LLP	201	1.3%
Ka Hale A Ke Ola Homeless Resource	200	1.3%
Kooloa Ula II Ltd.	188	1.3%



Affordable Housing Owners in Hawai'i

Cumulative % of Units by # of Owners

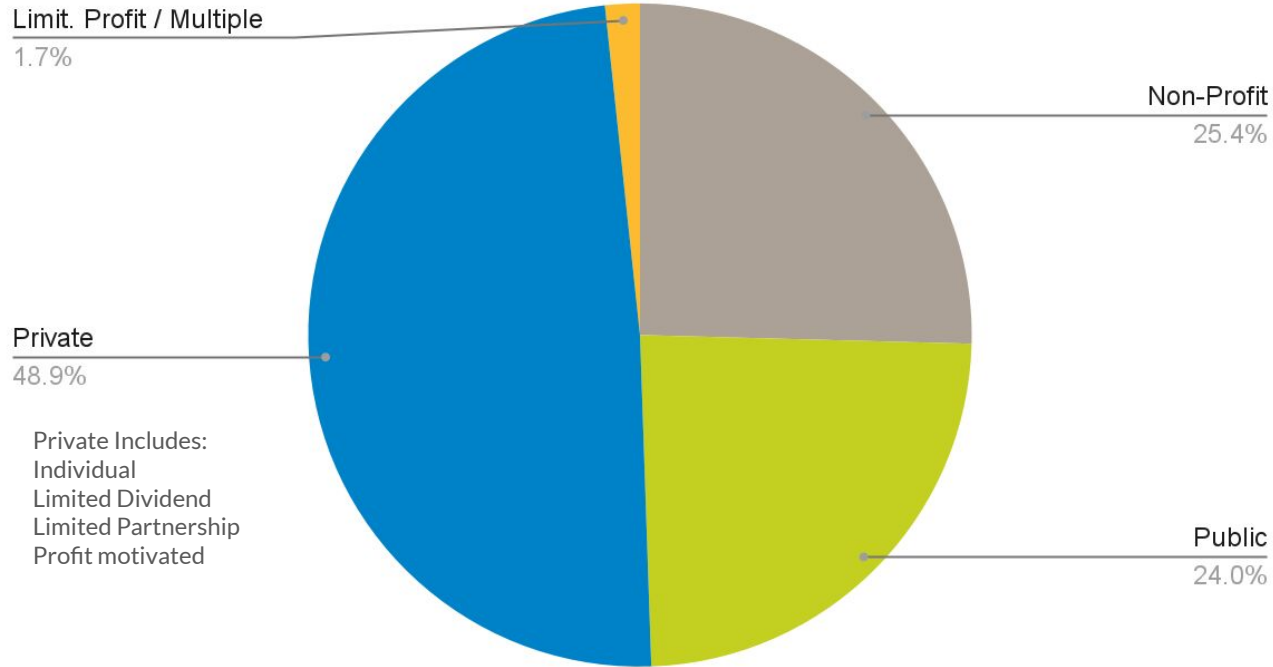


Source: Smart Growth America; National Housing Preservation Database



Affordable Housing Units in Hawai'i by Owner Type

Hawai'i Affordable Housing Ownership by Type



Source: Smart Growth America; National Housing Preservation Database

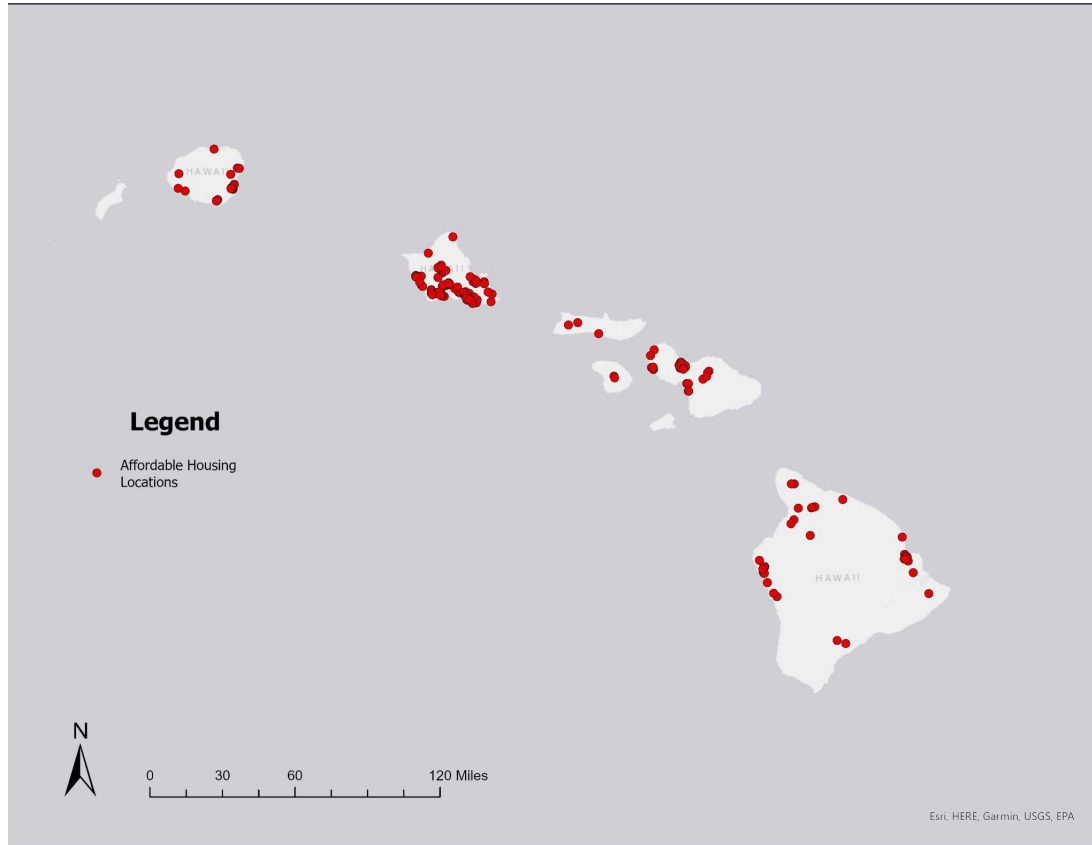
Distribution Of Affordable Housing



Mapping Affordable Units



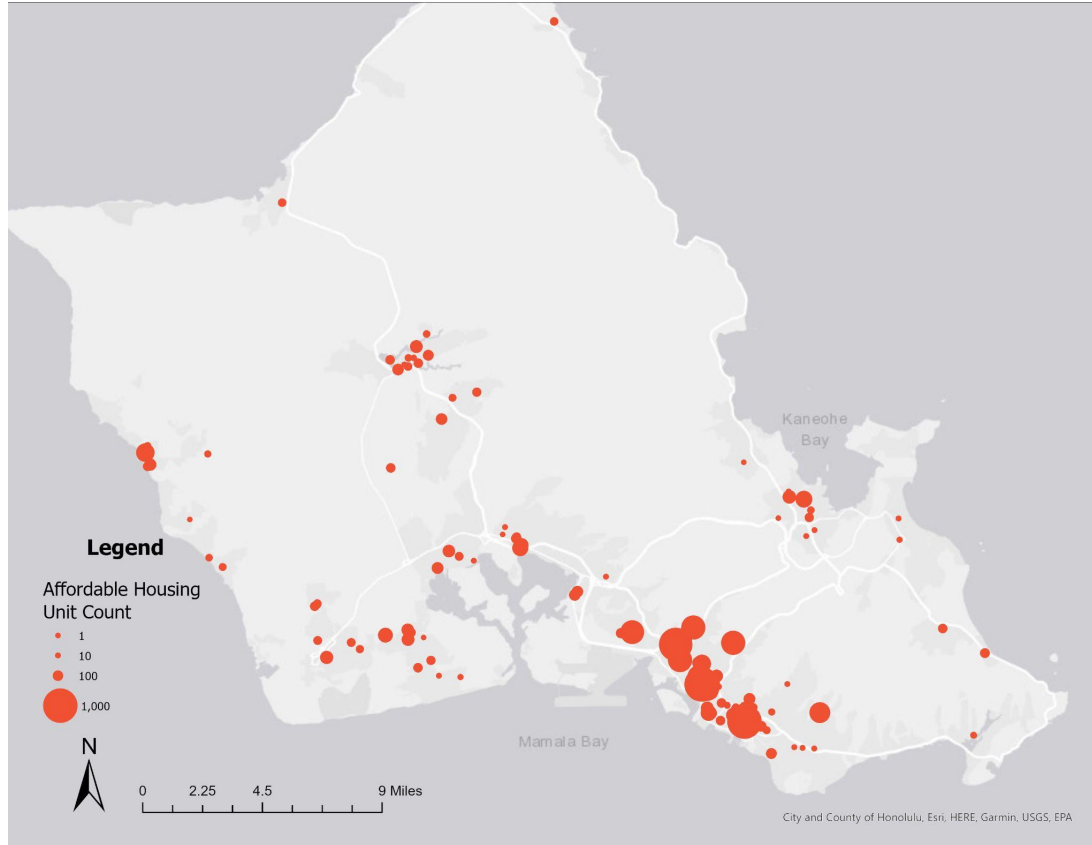
Affordable Housing Location - Statewide



Source: Smart Growth America;
National Housing Preservation
Database



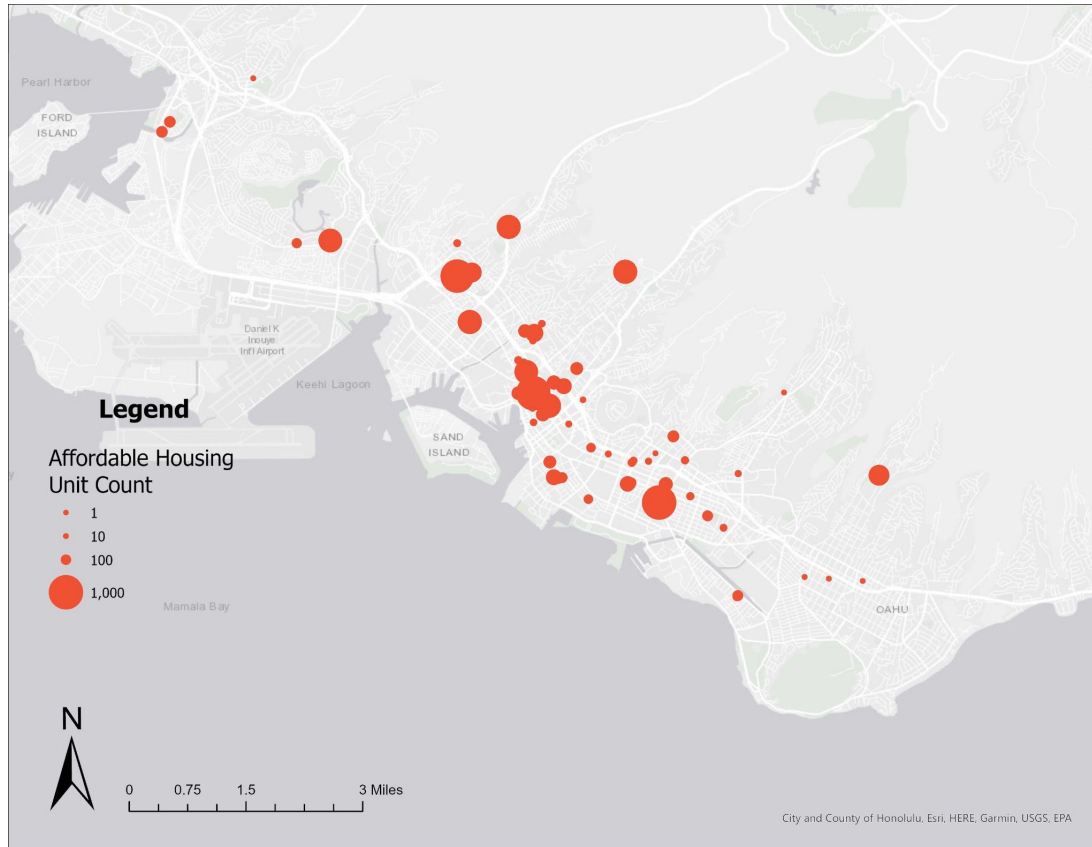
Affordable Housing Location - O'ahu



Source: Smart Growth America;
National Housing Preservation
Database



Affordable Housing Location - Honolulu Detail



Source: Smart Growth America;
National Housing Preservation
Database



Note on Lahaina

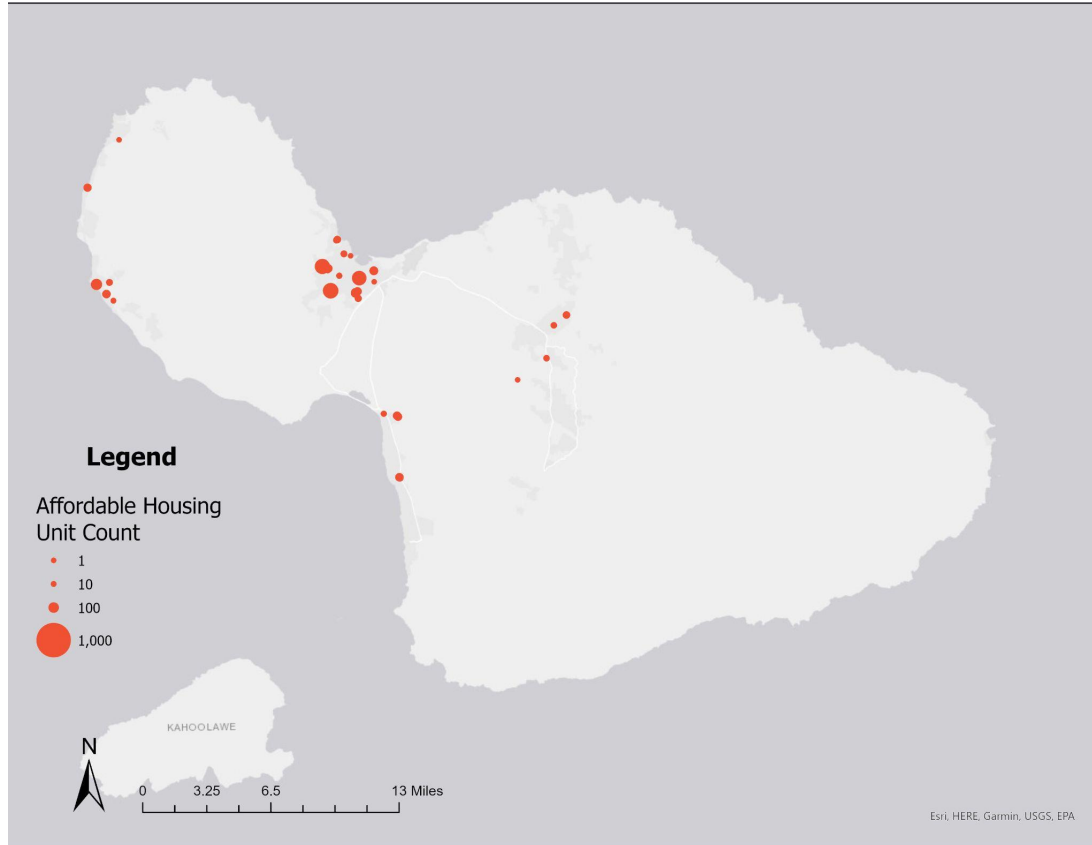
Since the production of this report and the following maps, Lahaina experienced devastating wildfires that destroyed approximately 80% of the town's buildings.

We estimate that 276 subsidized affordable housing units may have been impacted by the disaster.

Of these, 30 units were designated for seniors and 122 for people with disabilities.



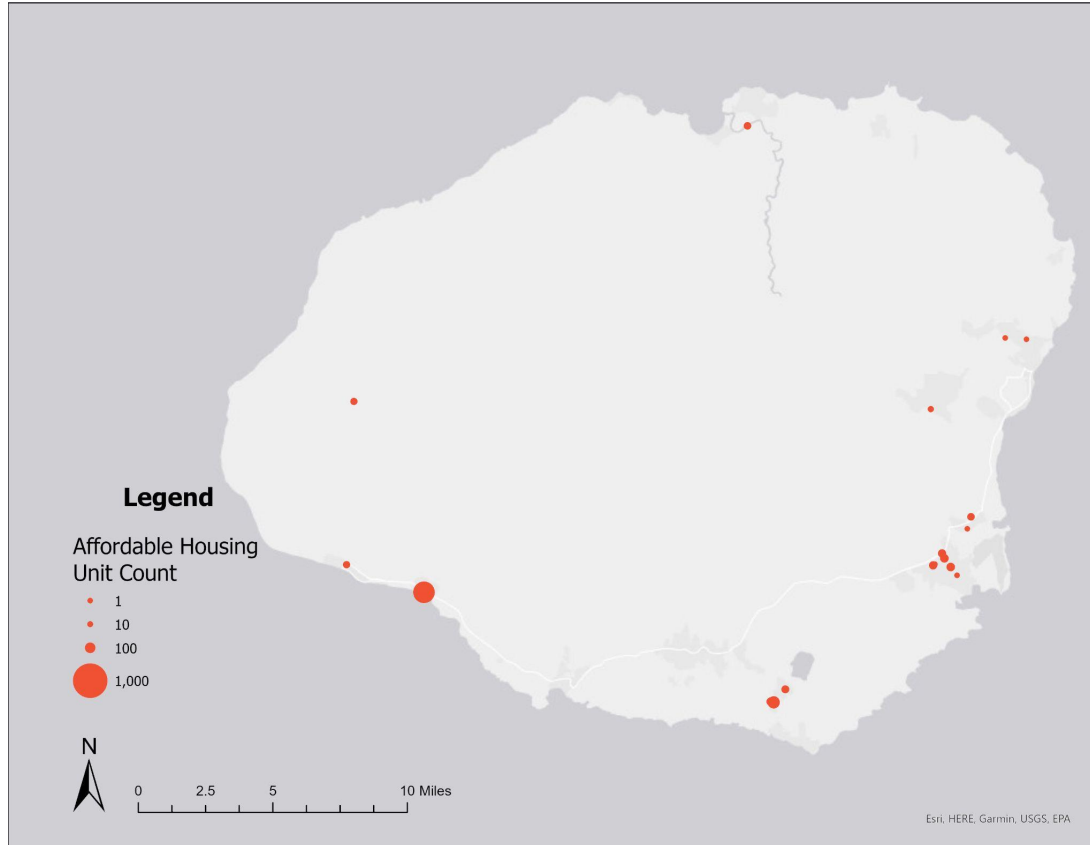
Affordable Housing Location - Maui



Source: Smart Growth America;
National Housing Preservation
Database

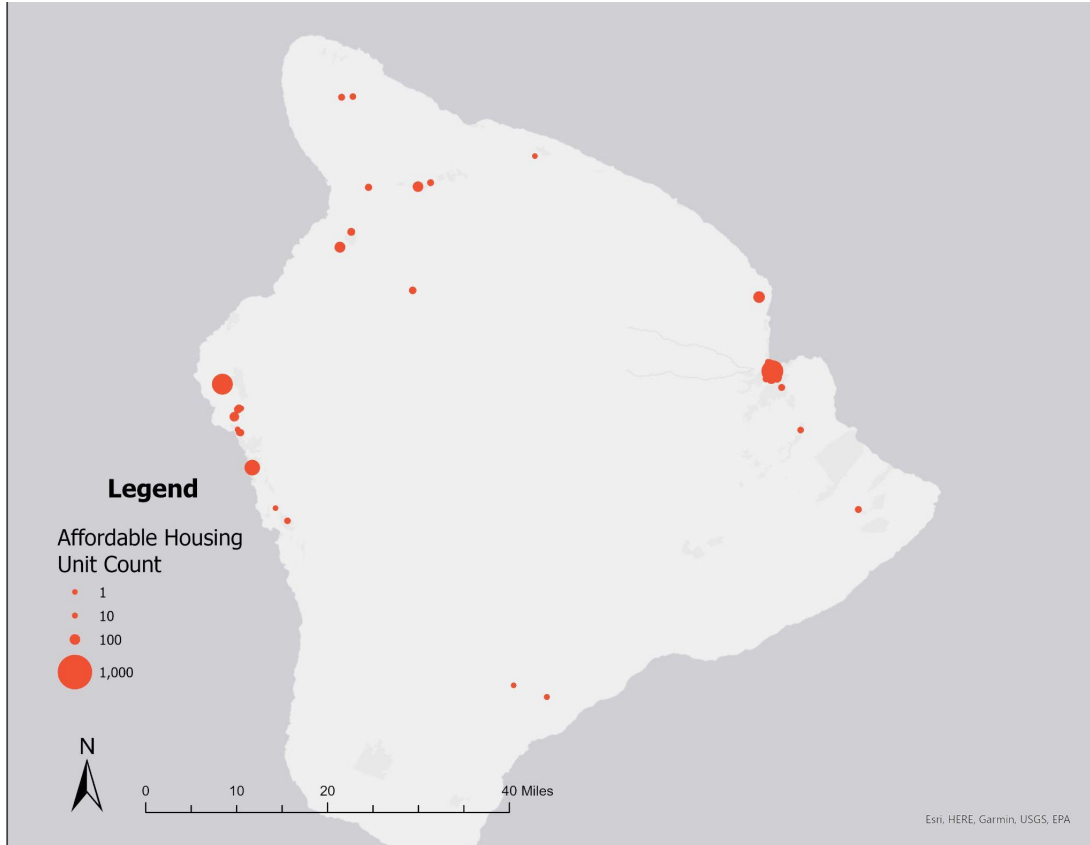


Affordable Housing Location - Kuai'i



Source: Smart Growth America;
National Housing Preservation
Database

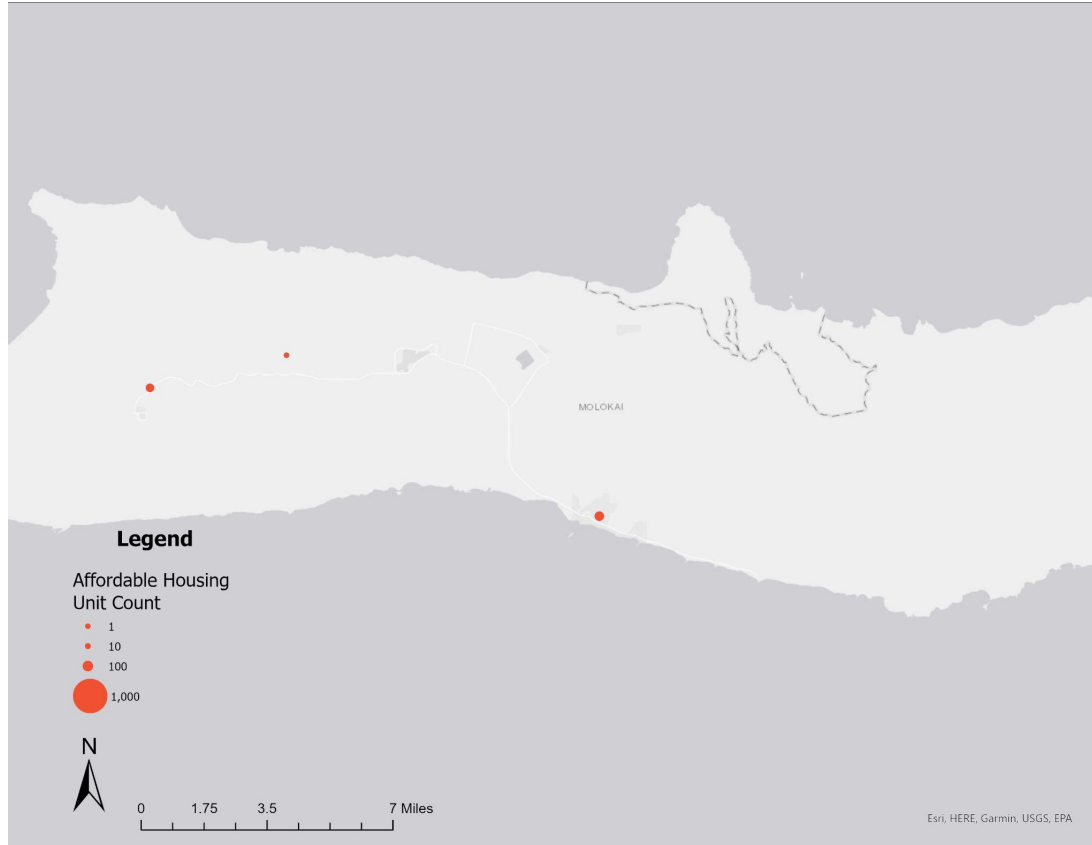
Affordable Housing Location - Big Island



Source: Smart Growth America;
National Housing Preservation
Database



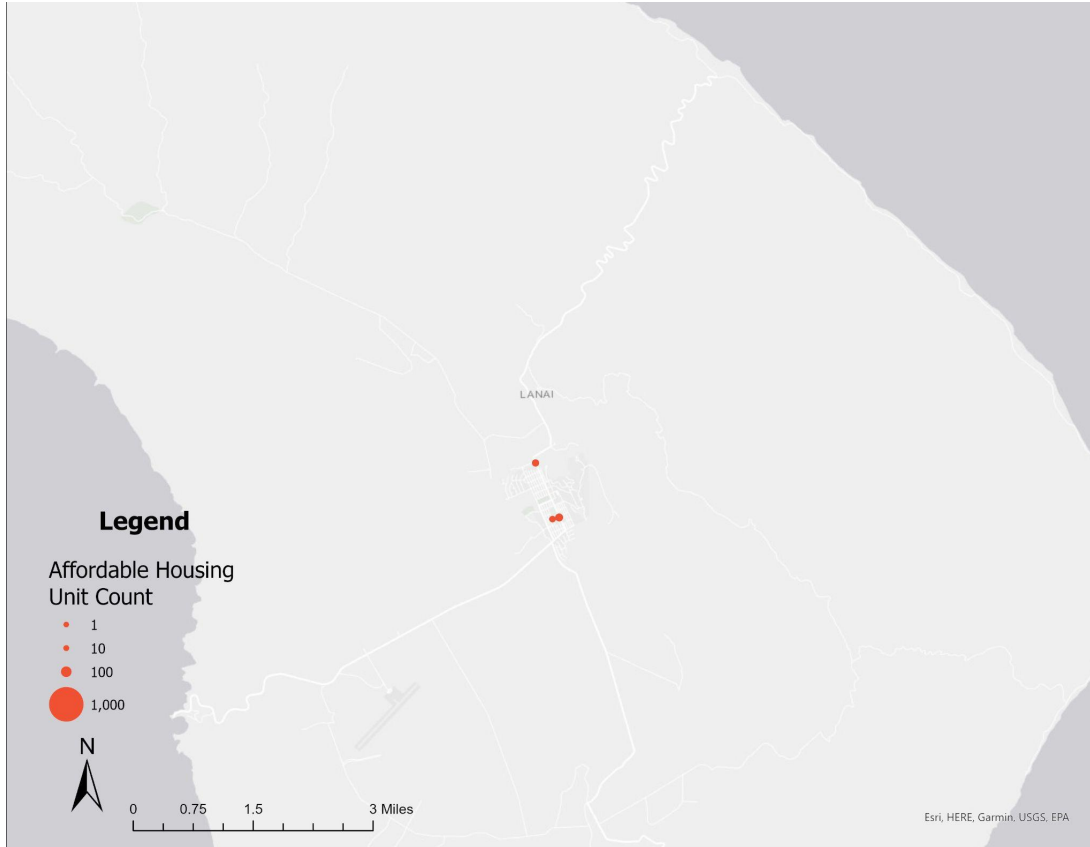
Affordable Housing Location - Moloka'i



Source: Smart Growth America;
National Housing Preservation
Database



Affordable Housing Location - Lānaʻi



Source: Smart Growth America;
National Housing Preservation
Database

Hotspots Of Affordable Housing

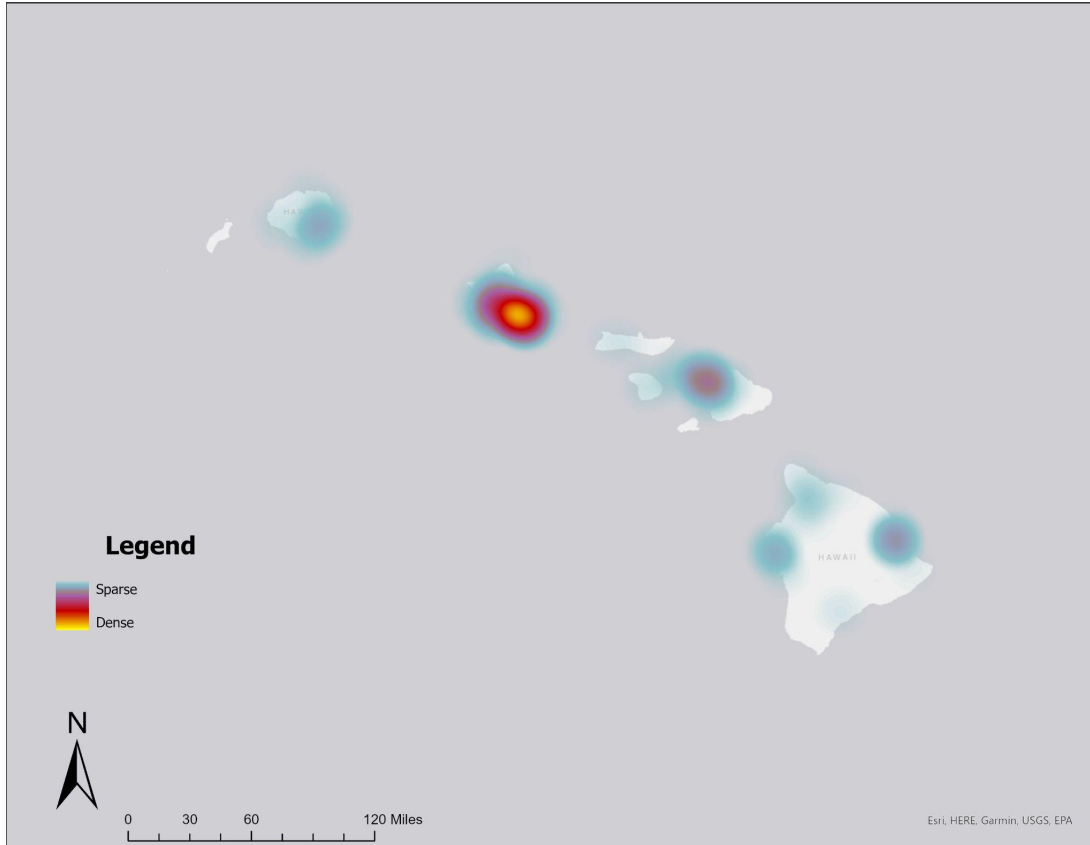


Mapping Affordable Units



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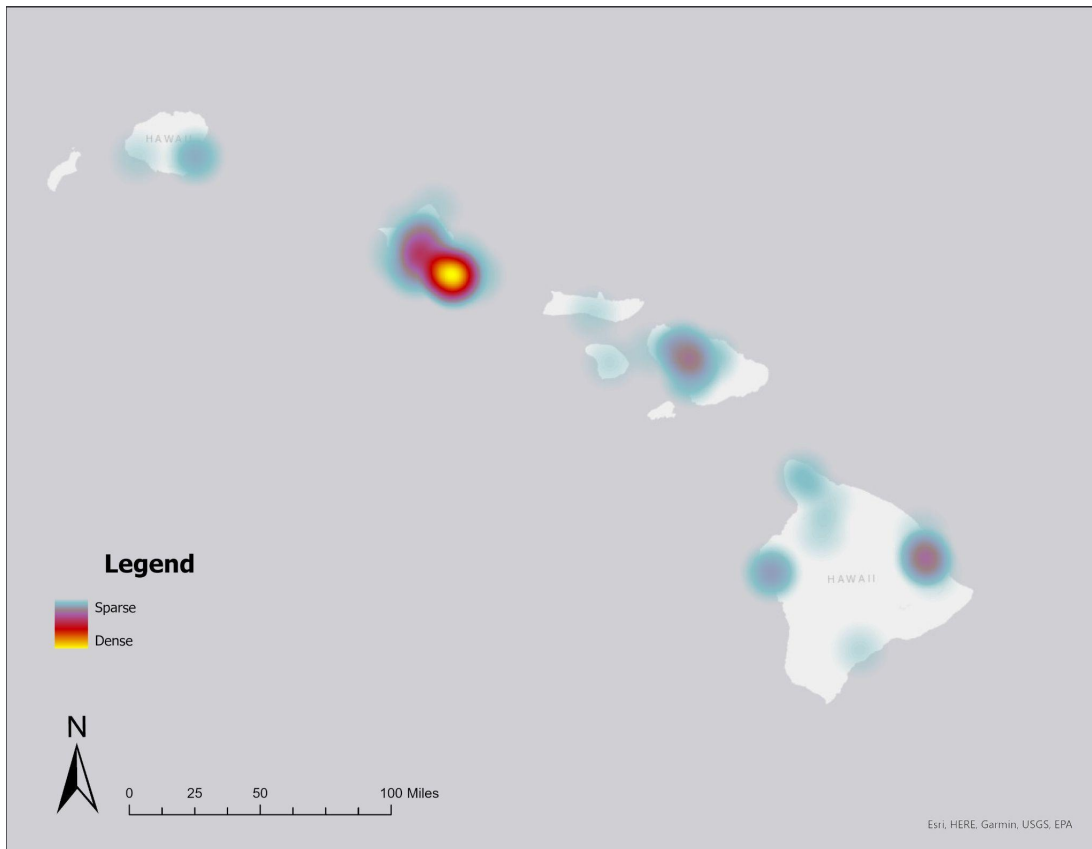
Affordable Housing Location - Statewide



Source: Smart Growth America;
National Housing Preservation
Database



Senior Affordable Housing Location - Statewide



Source: Smart Growth America;
National Housing Preservation
Database
National Housing Preservation
Database

Hawai'i Policy





Local Hawai'i Policy Landscape

- **Unique Challenges**
 - Limited land
 - High cost of land for nonprofits / developers even with subsidies
 - Small population leads to low resources (LITC) and private activity bonds
- **Common programs:**
 - Section 8 (Esp. property/owner-based programs)
 - LIHTC
 - HOME
- **Unique programs**
 - Self-help Program for low-moderate income buyers (with “sweat equity”)
 - Rental Housing Trust Fund - subsidies for developers
 - Hawaii Home Lands Program - for individuals of native Hawaiian ancestry
 - Ohana Zone Initiative - focuses on addressing homelessness
 - Accessory Dwelling Units (ADU) - “Ohana” units increasingly encouraged.



Local Hawai'i Policy Landscape

- **State Programs**
 - Legislatively funded programs (gap funding) in high demand (\$150 mil. For 80-120% AMI)
 - Honolulu County retains portion of Private Activity Bonds (PAB) and issues own bonds.
- **Further Challenges**
 - Public Housing Authority competes for financing with private developers, especially for redevelopment projects..
 - Each island has unique demographic and workforce needs; vast majority are on Oahu
 - Loss of naturally occurring affordable housing
 - Population growth
 - Mainland residents migrating / retiring to HI
 - “AirBnB” effect - many rental units used for short-term rentals

Policy Toolkit



Strategies for Affordability



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Overall Affordable Housing Toolkit

1. Preserve Public Affordability

- Direct public housing
- Subsidies to owners to extend expirations
- Hope 6, Section 8, and tenant-based assistance
- Renewal subsidies
- Tax abatements and bonuses
- Transfer of development right programs

2. Nonprofit led

- Supporting and fostering nonprofit-led development and management.
- Subsidy programs to nonprofits
- Partnerships
- Nonprofit land trusts

3. Ownership programs

- Income-based subsidies
- Self-help or sweat equity housing
- Government tax subsidies to certain homeowners
- Favorable lending

4. Market-rate led

- Leverage the market
- Relax zoning requirements for supply
- Support inclusionary zoning
- Job-housing linkages and fees



Overall Affordable Housing Toolkit (continued)

5. Encourage Resident-Controlled Limited Equity Ownership

- Limited-equity resale can be based on income characteristics
- Condos, co-ops and land trust

6. Regulate market

- Government intervention in the housing market
- Rent controls
- Mandates and regulations
- Transfer taxes
- Conversion controls
- Other direct government intervention

Source:

HUD Policylink Equitable Development Toolkit: HUD Affordable Housing Development 101

<https://edtk.policylink.org/sites/default/files/affordable-housing.pdf>

Case Studies: Affordable Housing

General
examples with
similar contexts



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Aspen, CO - Employee Housing Fund

- Aspen/Pitkin County Housing Authority (APCHHA)
- 1,652 deed-restricted units
- Aspen avg house price > \$ 2.4 mil.
- Deed-restricted to qualified employees (workforce)
- Priority for emergency workers, people with disabilities, and senior applicants (must work at least 1500 hours a year for 10 years prior to retirement in the area)

<https://www.aspentimes.com/news/city-of-aspen-to-add-two-free-market-condos-to-employee-housing-inventory/>

<https://www.apcha.org/Archive.aspx?ADID=112>



Burlingame Range, Phase I, Aspen, CO
Image Source: Aspen/Pitkin Co. Housing Authority



Durango, CO

Durango, CO - Tiny Homes Pilot

- Escalante Village - Community of 24 homes
- Tiny homes permitted by zoning for this pilot
- Rent goes to space for tiny home, occupant covers utilities
- Rent only \$500/mo per unit (compared to \$1,000 / mo for 1BR in city)



Escalante Village

Image Source: City of Durango courtesy of Escalante Village



Park City, UT

Park City, UT - Workforce Housing

- Canyon Village Employee Housing Development - housing 441 Park City Mountain employees
- 651 affordable deed-restricted units
- City has aggressive inclusionary zoning (IZ) (20%) for any development over 10 units or 10k sq ft. of commercial space.

<https://www.summitcounty.org/912/AffordableWorkforce-Housing>

<https://www.parkrecord.com/news/employee-housing-complex-near-canyons-village-base-slated-for-completion-this-summer/>



Subdivision of 239 homes, 79 with affordable deed restrictions
Image Source: Park City Housing Department



Jackson Hole, WY

Jackson Hole, WY - Community Housing Trust

- Community Housing Trust - private, nonprofit housing developer
- Serves more than 656 residents
- Homes available for 120% AMI
- Point-based system - eligibility by income and by workforce status



Jackson Hole Community Housing Trust housing units
Image Source: Jackson Hole Community Housing Trust

Case Studies: Displacement Protection

Displacement
protection
examples



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Overall Displacement Toolkit

Emergency Housing Assistance

Rapid Rehousing programs

Homeownership assistance / transition

Legal assistance and advocacy

Tenant education and counseling





Boston, MA

Preserving Affordable Housing Program

- Boston Dept. of Neighborhood Dev. provides several programs targeting “expiring use” properties
- Financial assistance: funds for acquisition of at-risk properties (usually for non-profits)
- Technical assistance: advisory services to owners who want to maintain properties affordable (regulatory advice, financing advice, property management, etc)
- Tenant assistance: Direct work with at-risk tenants to provide information on rights and options



Rendering of 25 Amory Street Apartments affordable housing
Image Source: City of Boston, courtesy of Peabody Properties



Washington, DC

Tenant Opportunity to Purchase Act

- Provides tenants facing displacement with right of first refusal when units are converted to for-sale
- Requires sale of notice requirements and a waiting period
- Protects tenants from retaliatory actions
- Provides tenant legal remedies in the courts



Rendering of Hebrew Home/Rebenson School Site Proposal, Washington, DC
Image Source: DC Office of the Deputy Mayor for Planning and Economic Development



Portland, OR

HomeShare

- Offers affordable housing for people seeking affordable solutions by providing host-based housing
- Local residents provide spare rooms and space for displaced individuals, including seniors
- Guests share expenses with hosts
- Portland Housing Bureau provides support and mediation services



Image source: HomeShare Oregon

<https://info.silvernest.com/hso>
<https://states.aarp.org/oregon/home-share-a-new-housing-option>



Seniors First Initiative

- Broad part of city's Housing New York 2.0 Plan
- Provides legal services and representation to seniors in housing court
- Proactive identification of buildings where seniors are at-risk
- Preservation programs: benefits and tax abatements for affordability extensions
- Financing and incentives to owners to renovate properties and extend affordability



Senior housing rendering of The Atrium at Summer, Brooklyn
Image source: NYC Housing Authority