



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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DAVID Y. IGE
GOVERNOR

JOHN WHALEN
CHAIR

DEEPAK NEUPANE, P.E., AIA
EXECUTIVE DIRECTOR

Statement of
DEEPAK NEUPANE, P.E., AIA
Executive Director
Hawaii Community Development Authority
before the

HOUSE COMMITTEE ON HOUSING

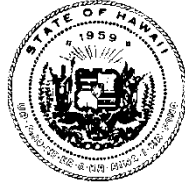
Tuesday, March 23, 2021, 10:30 A.M.
Conference Room 423 & Videoconference

In consideration of
HCR 167

REQUESTING THE OFFICE OF PLANNING TO CONVENE A TASK FORCE TO
REVIEW AFFORDABLE SALES GUIDELINES IN HAWAII AND OTHER HIGH-COST
AREAS TO DETERMINE A METHODOLOGY FOR SETTING REALISTIC SALES
PRICES FOR AFFORDABLE HOUSING IN THE STATE.

Chair Nakamura, Vice Chair Hashimoto, and members of the committee. The Hawaii Community Development Authority (HCDA) appreciates being included in this task force to review affordable sales guidelines in the State and other high-cost areas to determine a methodology for setting realistic sales prices for affordable housing in the State. We look forward to participating on the task force.

Thank you for the opportunity to provide **support** for this resolution.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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Honolulu, Hawaii 96813
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IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON HOUSING

March 23, 2021 at 10:30 a.m.
State Capitol, Room 423

In consideration of
H.C.R. 167

REQUESTING THE OFFICE OF PLANNING TO CONVENE A TASK FORCE TO REVIEW AFFORDABLE SALES GUIDELINES IN HAWAII AND OTHER HIGH-COST AREAS TO DETERMINE A METHODOLOGY FOR SETTING REALISTIC SALES PRICES FOR AFFORDABLE HOUSING IN THE STATE.

The HHFDC offers the following comments to H.C.R. 167. We are willing to participate in the task force proposed in this Concurrent Resolution. We would like to take this opportunity to provide the Committee with the following information on how HHFDC calculates its affordable sales price guidelines.

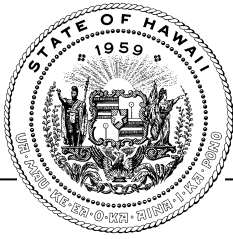
HHFDC uses the U.S. Department of Housing and Urban Development (HUD) Multifamily Tax Subsidy Projects (MTSP) Income Limits which are used to determine qualification levels as well as set maximum rental rates for projects funded with low-income housing tax credits and tax-exempt housing bonds. HUD uses census data to set the income limits for each county and makes adjustments for factors such as high housing costs, State Non-Metro areas, and family size. The advantages for using the HUD income limits are HUD is a credible source and it reviews the income limits annually.

HUD provides MTSP income limits for households earning 50%, 60%, and 80% of the area median income. Based on guidance from HUD, HHFDC utilizes the Very-Low Income Limit (i.e., 50% income limit) to calculate the limits for other income groups.

In calculating the sales prices guidelines, HHFDC considers factors such as mortgage expense (principal and interest only); mortgage interest rate and a 30-year fixed term; a 5% down payment; and maximum housing expense (including estimates for real property taxes, homeowner's insurance, maintenance and homeowner association fees, lease rent, private mortgage insurance).

It is important to note that the sales price guidelines are just that, guidelines. The sales price limits are decreased if the total housing expense exceeds HHFDC's estimates.

Thank you for the opportunity to testify.



OFFICE OF PLANNING STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

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Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
HOUSE COMMITTEE ON HOUSING
Tuesday, March 23, 2021
10:30 AM
Via Videoconference

in consideration of
HCR 167

**REQUESTING THE OFFICE OF PLANNING TO CONVENE A TASK FORCE TO
REVIEW AFFORDABLE SALES GUIDELINES IN HAWAII AND OTHER HIGH-
COST AREAS TO DETERMINE A METHODOLOGY FOR SETTING REALISTIC
SALES PRICES FOR AFFORDABLE HOUSING IN THE STATE.**

Chair Nakamura, Vice Chair Hashimoto, and Members of the House Committee on Housing.

The Office of Planning (OP) offers the following comments on HCR 167, which calls upon OP to convene and staff a multi-agency Task Force to study affordable sales guidelines in Hawai'i and high-cost areas and to develop a uniform methodology for determining affordable housing sales prices in the State. The Task Force report of findings and recommendations is to be submitted no later than twenty days prior to the convening of the next regular legislative session.

OP understands the need for the proposed study. However, OP lacks the technical expertise and resources to undertake this assignment—even more so in the timeframe proposed. We are willing to serve on the Task Force; however, we believe the Task Force would be better served if supported by staff with more familiarity and experience with the subject matter.

Thank you for the opportunity to testify on this measure.

HCR-167

Submitted on: 3/19/2021 2:08:50 PM

Testimony for HSG on 3/23/2021 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ellen Godbey Carson	Individual	Support	No

Comments:

Please pass this resolution, as we desparately need to re-define "affordable housing" for Hawaii. That term is currently used for housing that can be "afforded" at 140% area median income (AMI), and yet that income level is much greater than 60% of our population, and very little or no housing is built under many of these "affordable housing" programs for people in the lower 50% of income (preferably for 30-80% AMI or below). We need much better honesty and transparency on why 140% AMI housing is not really "affordable housing" and should be prioirtizing our scarce resources for affordable housing for our working class families, seniors and others in the 30-80% AMI range Thank you for your consideration of this measure.

HCR-167

Submitted on: 3/21/2021 10:17:27 PM

Testimony for HSG on 3/23/2021 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Kawamoto	Individual	Support	No

Comments:

My name is John Kawamoto, and I support HCR 167, which requests the Office of Planning to convene a task force to develop a methodology for setting realistic sales prices for affordable housing.

A two-bedroom home that costs \$1 million can be defined as “affordable” by State and county agencies, according to a recent Star-Advertiser article. That is possible because the formulas they use for determining affordability are unrealistic.

For example, they have adopted the misleading methodology of the federal government to determine “affordable” housing. As a result, they set Honolulu’s median household income at \$101,600. That is far above the true figure published by the Hawaii Department of Business, Economic Development & Tourism, which is \$82,906. In other words, government is using a figure that is 20% above the true median household income to determine affordable housing.

Furthermore, government agencies can consider housing priced for families earning 140% of the inflated area median income to be affordable. In Honolulu a family of four earning \$176,260 would qualify (the figure would be different for households of different sizes). That’s why a 2-bedroom home priced at \$1 million can be considered to be “affordable.”

Government shouldn’t be producing housing for families earning 140% of the area median income because there’s already lots of that kind of housing on the market. Instead, the role of government is to produce housing for families that cannot afford what the market produces.

The National Low Income Housing Coalition estimates that Hawaii faces a shortage of more than 40,000 homes for families earning incomes of 50% or below of the area median income. That’s where government should be focusing its efforts.

Government agencies will build enough truly affordable housing only if they revamp their concept of affordability, and that’s what this resolution calls for.