SENATE 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.

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

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

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

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

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

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

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

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

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

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

BE IT RESOLVED by the Senate of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2020, that the Hawaii Housing Finance and Development Corporation review how it calculates its affordable sales guidelines; and

BE IT FURTHER RESOLVED that the Hawaii Housing Finance and Development Corporation generate a report compiling and comparing the best practices and policies that other high cost areas use to determine their affordable sales guidelines; and
BE IT FURTHER RESOLVED that the study shall look at:

(1) How maximum sales prices are determined;

(2) Any restrictions of re-sale;

(3) Any equity sharing provisions; and

(4) Any other guidelines or rules that maximize the affordable housing for a high cost area; and

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

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Executive Director of the Hawaii Housing Finance and Development Corporation and Director of Business, Economic Development, and Tourism.

OFFERED BY: [Signature]

[Signature]