

MAR 12 2021

SENATE CONCURRENT RESOLUTION

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.

1 WHEREAS, there is a severe shortage of affordable homes in
2 Hawaii that residents can reasonably afford on prevailing wages;
3 and

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5 WHEREAS, to address the shortage of affordable for-sale
6 homes, the State and counties have been trying to expand the
7 inventory of below-market sales through incentives for
8 developers and potential leasehold sales of public lands; and

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10 WHEREAS, the United States Department of Housing and Urban
11 Development (HUD) defines "affordable housing" as "housing on
12 which the occupant is paying no more than thirty percent of
13 gross income for housing costs, including utilities"; and

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

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

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

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29 WHEREAS, the current formula used to set the sales price of
30 "affordable" for-sale homes are outdated and do not take into



1 consideration other factors such as the high cost of living and
2 high market prices of housing in Hawaii; and
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4 WHEREAS, the housing price guidelines set by HUD are not
5 applicable to developments that do not use federal subsidies;
6 and
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8 WHEREAS, the outdated formulas are based heavily on
9 mortgage interest rates and, given the current low-interest rate
10 environment, the sales prices may not be affordable to local
11 area residents and, in many locations, often even exceed market
12 prices where, for example, a two-bedroom home in the City and
13 County of Honolulu with a maximum price of \$1,026,800 could
14 potentially qualify as "affordable" under current guidelines;
15 and
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17 WHEREAS, if the State and counties want to provide for-sale
18 homes that local residents can afford on typical wages earned in
19 Hawaii, the definition of "affordable" sales prices needs to
20 more accurately reflect what local households can realistically
21 afford, taking into consideration homeowners association fees,
22 insurance, utilities, transportation, cost of living, access to
23 low-interest rates, and other factors; and
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25 WHEREAS, the State, counties, and various housing agencies
26 use different methods to define "affordable" sales prices, which
27 creates confusion amongst consumers; and
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29 WHEREAS, potential homeowners and the public would be more
30 likely to plan and obtain assistance with purchasing a home if
31 there was an alignment of methodology in defining "affordable"
32 housing, even though prices will vary by island and by
33 neighborhood; and
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35 WHEREAS, a 2015 study by Danny Ben-Shahar, Stuart Gabriel,
36 and Roni Golan found that using unconventional methodology can
37 better define affordability based on more accurate metrics; now,
38 therefore,
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40 BE IT RESOLVED by the Senate of the Thirty-first
41 Legislature of the State of Hawaii, Regular Session of 2021, the
42 House of Representatives concurring, that the Office of Planning



1 is requested to convene a multi-agency affordable housing task
2 force, exempt from chapter 92, Hawaii Revised Statutes, to
3 review how affordable sales guidelines are calculated in Hawaii
4 and to generate a report compiling and comparing the best
5 practices and policies that other high-cost areas use to
6 determine their affordable sales guidelines; and
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8 BE IT FURTHER RESOLVED that the study is requested to look
9 at:

- 10 (1) How maximum sales prices are determined;
- 11 (2) Any restrictions on re-sale;
- 12 (3) Any equity sharing provisions; and
- 13 (4) Any other guidelines or rules that maximize the
14 affordable housing for a high-cost area; and
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20 BE IT FURTHER RESOLVED that the task force is requested to
21 determine a uniform methodology and definition for setting sales
22 prices for "affordable" housing that can also be used to provide
23 incentives to builders in the State and various counties; and
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25 BE IT FURTHER RESOLVED that the task force is requested to
26 include the following members, or their designees:

- 27 (1) The Director of Planning, who is requested to serve as
28 chairperson of the task force;
- 29 (2) The Executive Director of the Hawaii Housing Finance
30 and Development Corporation;
- 31 (3) The Executive Director of Hawaii Community Development
32 Authority;
- 33 (4) The President of the Senate;
- 34 (5) The Speaker of the House of Representatives;
- 35 (6) A representative from each county's Department of
36 Planning and Permitting or other department that
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1 implements programs providing below-market for-sale
2 homes;

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4 (7) A local developer with experience in creating below-
5 market for-sale homes as part of development
6 incentives; and

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8 (8) A housing policy analyst from the Hawaii Budget and
9 Policy Center; and

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11 BE IT FURTHER RESOLVED that the task force may invite
12 representatives from additional organizations or agencies to
13 participate in the task force; and

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15 BE IT FURTHER RESOLVED that the Office of Planning is
16 requested to provide administrative support for the task force;
17 and

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19 BE IT FURTHER RESOLVED that the task force is requested to
20 submit a report of its findings and recommendations, including
21 any proposed legislation, to the Legislature no later than
22 twenty days prior to the convening of the Regular Session of
23 2022; and

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25 BE IT FURTHER RESOLVED that certified copies of this
26 Concurrent Resolution be transmitted to the Director of
27 Planning, Executive Director of the Hawaii Housing Finance and
28 Development Corporation, and Executive Director of the Hawaii
29 Community Development Authority.

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OFFERED BY: _____

