

**AFFORDABLE HOUSING
ADVISORY COMMITTEE**

City & County of Honolulu

REPORT & RECOMMENDATIONS

Submitted to the Mayor
By the Affordable Housing Advisory Committee

April 2006

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EXECUTIVE SUMMARY

This report represents the commitment and efforts of the Affordable Housing Advisory Committee, convened by the Mayor of the City & County of Honolulu, to put forth a balanced array of recommendations that could easily be implemented with minimal to zero cost impacts to the City. In some cases, as with bond financing programs, the recommended activities could generate significant revenues to the City. The most critical factor that will contribute to the City's success in being part of the solution to Oahu's affordable housing crisis is "political will" and "strong leadership." The Committee has every confidence that this exists under the current administration and looks forward to partnering with the City in meeting the demands for more affordable housing.

INTRODUCTION

Honolulu is currently facing a housing crisis of monumental proportions. Home prices have sky-rocketed, rents are increasing at an exponential rate, and homelessness is on the rise. The socio-economic fabric of the community is threatened by the lack of affordable housing. In addition to meeting the basic human need for shelter, affordable housing is a quality of life issue. If the City & County of Honolulu truly wants to achieve the status of being one of the most "livable cities" in the United States, we must address this current crisis.

The lack of affordable housing is a complex problem. And, while there are no easy solutions, this Affordable Housing Advisory Committee has identified some key recommendations that could be implemented with minimal financial impact to the City and yet could produce significant results.

The Committee views the current crisis as a "supply" issue. In formulating the City's policy on housing, there needs to be an understanding of the housing market in general, and the forces that influence this dynamic market. The supply and demand of the housing market are influenced by:

- ✓ Income/jobs;
- ✓ Interest rates;
- ✓ Land costs (including entitlements, i.e. State Land Use approvals, County zoning);
- ✓ Infrastructure;
- ✓ Construction cost – materials and skilled labor;
- ✓ Household formation / population; and
- ✓ Political will.

The Committee believes strongly that the City has a critical role to play in the production of housing, not as a developer, but as a facilitator. The Key Recommendations stated in this report highlight the many ways the City can facilitate the development of much needed affordable housing through leadership and direction of existing City resources.

KEY RECOMMENDATIONS

1. Hire a Special Assistant to the Mayor on Housing

The Committee has identified the need for an individual on a full time basis, with the right skill sets (i.e, understanding of risk, housing development and finance intellect) to address the following:

- a. Assisting housing developers (new and renovation) in packaging city financial resources (bonds, grants, exemptions, etc.);
- b. Serving as the City's liaison for federal and state housing programs and initiatives, the "go to" person for housing advocates, profit and non-profit developers, and the general public;
- c. Serving as an advocate for any housing initiatives, activities or projects to ensure effective and accountable collaboration;
- d. Serving as a Legislative liaison working with the city council and state legislature to improve communication and coordination of city and state programs and resources to further affordable housing development;
- e. Monitoring City department programs to assure that the administration reflects a consistent set of housing policies, priorities, and objectives;
- f. Communicating housing priorities to and between City departments and to the public.

2. Create Opportunities for Increased Densities

- a. Replacement of existing "below grade" infrastructure presents an opportunity to install larger capacity systems to support increased density and opens the opportunity of all types of residential development that will invigorate downtown Honolulu. Coupled with new mass Honolulu transit system and Transit Oriented Developments ("TOD") at transit stations, increased capacity of wastewater, storm drainage, and water systems will complement and advance development opportunities.
 - ❖ Sewer
 - ❖ Drainage
 - ❖ Water
- b. Create a "Special Area Plan" for the Kaimuki to Capitol District

Creation of a “Special Area Plan” (as authorized by Ordinance 04-14) for the Kaimuki-Capitol District area by the City will focus issues of density, greater height limits, and relaxation of parking requirements at transit stations. The current PUC Development Plan does not emphasize residential development in the entire area with the exception of low and mid-rise residential development in the Downtown/Iwilei Waterfront.

- c. Create “value” for development of housing through zoning by targeting areas for mixed-use and providing density bonuses or other incentives for more affordable units.

3. Use Existing City Programs and Resources

The City has at its disposal existing tools, resources, and programs which can be more effectively used to promote affordable housing.

- ❖ Tax Exempt Multi-Family Revenue Bonds (approximately \$55 million available each year)
- ❖ Real Property Tax Exemptions
- ❖ Community Facilities Districts (provides for the repayment of infrastructure costs through use of city bonds - a city ordinance exists to allow for this)
- ❖ Tax Increment Financing (a tool that helps to reduce the cost of up-front infrastructure, however, a new City ordinance would need to be created to allow the use of this tool)
- ❖ Targeted use of Community Development Block Grant (CDBG) and HOME funds for affordable housing, i.e. limit use of CDBG and HOME funds for only affordable housing projects

4. Streamline/Fast Track Entitlement and Permitting Processes

The ability to bring new housing product to market in a timely fashion is critical to meeting market demand and keeping prices in an affordable balance. Project delays result in added costs which are passed on to the consumer. While many approval and permitting processes fall under State jurisdiction, opportunities exist within the scope of the City to address with respect to approvals and permits to expedite processing, reduce costs to the project, and result in greater production of housing.

- ❖ Allow developers, not just architects and engineers, to “self certify” project compliance with zoning and LUO requirements. Work to establish objective parameters for compliance to remove as much subjectivity or discretion as possible;

- ❖ Re-examine all apartment zoning districts to allow for increased densities and greater design flexibility;
- ❖ Encourage greater use of R-3.5 zoning;
- ❖ Expedite those projects with a component of units for households at 80% of area median income (AMI) and below;
- ❖ Reject/do not process any incomplete or inaccurate building permit plans to reduce inefficient use of staff time;
- ❖ Upgrade current front counter DPP staff from "intake clerks" to "planners" to provide greater expertise and front end decision-making to improve permit processing times;
- ❖ Add 2 to 3 planners in DPP who can address subdivision permits and bonding issues for affordable housing projects to reduce approval time;
- ❖ Continue to refine DPP's program to "pre-approve" master track plans. Once approved, processing time could be shortened for individual house permits;
- ❖ Form a special task force composed of architects, engineers, land planners and builders to investigate further streamlining and fast-tracking of the permitting process or encourage the Urban Land Institute (ULI) to make this one of their projects.

5. Provide Incentives for the Development of Affordable Housing

It is estimated that it takes a subsidy of about \$147,000 per unit to produce a one-bedroom one-bath affordable rental affordable to a household earning 50% AMI (area median income). A 3-bedroom unit would require a subsidy of approximately \$205,000 to create an affordable rental at the same AMI. This assumes the land is virtually free and that these units are not subject to the general excise tax or real estate taxes. This means greater incentives are needed to encourage increased production of affordable housing.

a. Unilateral Agreement (UA)

- ❖ The single most critical element to providing affordable housing in developing communities is the Unilateral Agreement (UA). Unfortunately, the existing UA contains disincentives rather than incentives to encourage development of affordable housing. Due to the complexity of the UA, the Committee deferred the evaluation, recommendations, and concerns surrounding the UA to the members and advocates who are impacted by the conditions in the UA and who are working directly with DPP and the City Council to revise the UA.

- ❖ Because of the debate on continuing the unilateral agreement, extensive analysis has been prepared by the planning department as well as SMS Research and Marketing Services. While the conclusion has been that approximately 12,000 units that are currently owned and inhabited by families for whom the units were originally targeted for, the new price level of these homes and rising interest rates will push these families out and necessitate subsequent buyers be of substantially higher income. In essence, these units will be lost.
- ❖ The Committee did want to emphasize the need to balance obligations and incentives within the UA and to strive for win-win scenarios that would simplify the requirements and reduce costs to both developers and the City. The UA could also serve to better drive housing objectives by awarding weighted credits. For example, development of low income rentals would receive higher credits than an affordable for-sale project. Or another option would be to allow developers to pool and transfer credits to non-profit or for-profit developers to encourage development of low-income rentals in the urban core or closer to transit centers.
- ❖ It was also recommended that the 1991 affordable housing rules be updated to provide flexibility and latitude to address current housing market issues and challenges and to extend the restriction to 140% of HUD's median income to be consistent with State guidelines.

Members of the Committee expressed serious concerns that there be assurances that whenever in-lieu cash fees are collected as part of the UA or any other affordable housing program, that there is close tracking of these fees to ensure that they are applied towards the maintenance or creation of additional affordable housing units and not deposited into the City's general fund.

b. Enhancement Credits

To further encourage the development of more affordable projects, the Committee recommends the consideration of enhancement credits. These credits could be offered to projects that:

- ❖ Serve lower income groups;
- ❖ Serve larger household sizes;
- ❖ Produce rental housing projects as opposed to for sale housing;
- ❖ Offers a longer period of affordability.

c. Other Incentives

- ❖ Expand the property tax exemption for all types of housing, whether new or pre-existing, so long as the development contains an affordable component with a regulatory agreement that provides for long term affordability;
- ❖ Further reduce the sewer development charge and create a new water development charge for affordable housing projects;
- ❖ Focus grant funds on projects that support the development of rentals at or below 80% of AMI;
- ❖ Reduce parking requirements for housing projects developed within a specified distance from transit stops;
- ❖ Provide density and height bonuses for affordable housing projects dependent upon the number of units available for residents below 120% AMI;
- ❖ Provide for the transfer of housing credits to other projects located within the County.

6. Maximize Leveraging of All Resources

By maximizing use of existing City resources and programs, the City can play a significant role in addressing the affordable housing crisis. Because these resources fall under different City departments, it will require an individual or entity beyond each of the departments to coordinate and maximize the leveraging of all resources. Additionally, the City's effectiveness will depend on its ability to identify ways to leverage its resources with other government resources to maximize the benefits to affordable housing development.

a. Designate Increased CDBG and HOME Fund Allocations to Affordable Housing Projects

While CDBG and HOME funds have been used to leverage affordable housing projects in the past, it is recommended that the City allocate a larger portion of its CDBG (\$9 million) and HOME (\$5 million) funds towards supporting projects targeting units at 80% and below of the AMI. Funds applied in the following areas would significantly support the development of more affordable housing on Oahu.

- ❖ Grants or no interest loans to provide gap financing;
- ❖ Grants to subsidize affordable housing projects.

b. Prioritize Infrastructure Improvements

In recent years, more and more of Hawaii's Low Income Housing Tax Credits (LIHTC) have been awarded to neighbor island projects because of Oahu's higher cost of development, which results from the lack of infrastructure, high county water and sewer fees, and lack of leveraging funds.

- ❖ Use CDBG funds for infrastructure improvements;
- ❖ Identify areas eligible for U.S. Department of Agriculture (USDA), Rural Development (RD) loans and combine city resources with RD programs to develop infrastructure;
- ❖ Provide infrastructure for developments that include affordable housing units.

c. Use Existing Funding Source to Support Affordable Housing

Reconstitute the Housing Assistance Fund that can be used for a variety of actions related to the development or maintenance of housing, including the development of a revolving loan fund.

d. Develop a List of Pre-Qualified Buyers for Affordable Housing Units

The Hawaii Home Ownership Center, the Self Help Housing Corporation of Hawaii, or other agencies may be able to provide "advance homeownership counseling" services to help prospective buyers be financially ready for home buying opportunities. Maintaining a list of these individuals could further facilitate the ability of developers to connect with potentially pre-qualified buyers for their affordable homes.

e. Develop a Land Bank or Land Trust

The City should work with the State, land owners, and developers to set-up a land banking system or land trust for the development of affordable housing.

f. Preserve the City's Independent Right to Issue Its Own Tax Exempt Bond for Affordable Housing

g. Identify Redevelopment Areas to Increase Opportunities for Affordable Housing.

7. Preservation of Existing Affordable Rental Housing

The Hawaii Housing Policy Study, 2003 clearly stated a greater need for rental housing over for-sale housing due to the high demand and limited supply of units. And, as important as new construction of affordable housing units is, it is equally, if

not more important to preserve our existing stock of affordable and subsidized housing units.

It is estimated that in the last 10 years over 5,000 affordable rental units have been lost to condominium conversions, including units that were originally developed under the Unilateral Agreement. Over the last several years, over 800 units have had their HUD restrictive use agreements expire. It is estimated that an additional 1,000 units with restrictive use agreements will soon expire. Currently, the Kukui Garden Apartments with 857 low income units is being marketed for sale in addition to the 100 unit Coronado Apartments.

As such, the City needs to become proactive in preserving the existing rental stock and develop a toolbox of incentives to preserve and create as many affordable rental units as possible.

- ❖ The City could provide low interest loans to allow organizations to maintain or acquire affordable rentals provided they guarantee that the property will serve those making up to 80% of median income and retain affordability for a minimum of 55 years.
- ❖ The Committee recommends the City sell its rental units using both a business and social plan to maximize the revenues to the City and create the greatest number of affordable units in perpetuity.

The City owns 1,303 units that were developed or purchased. This portfolio runs the gamut from small rent facilities to elderly apartment communities to mixed-use, high-rise rental properties which include several public parking facilities. Most of the units should be sold with available 4% housing tax credits and tax exempt revenue bonds. Three of the buildings might be best sold as mixed-income properties serving residents up to 140% AMI. No matter which way the properties are marketed, it is recommended that they have deed restrictions placed on them outlining the required number of units per various income groups. It is likely that the sale of these properties will generate substantial revenues in excess of the debt and the additional proceeds can be used to help facilitate the preservation and production of additional affordable housing units throughout the city.

8. Mass Transit and Transit Oriented Developments

Mass transit combined with transit oriented development offers the greatest promise of increasing Oahu's affordable housing stock. Transit oriented developments would in turn create the increased densities needed to support transit rider-ship. And, transit stations create increased property values within 1,000 to possibly 2,000 feet of each station.

While the City has actively engaged transit planners and the community in the planning process, the Committee strongly encourages the City to actively engage

urban planners and real estate developers early on and throughout the process. These individuals are especially critical for their expertise in determining potential transit routes that could maximize affordable housing opportunities as well as the appropriate growth and development of the affected communities.

The value of the entitlements that the City is able to offer around a properly planned transit route has the greatest potential for financing the affordable housing needs of Oahu. The following are a few recommendations for consideration.

- ❖ Include a study for newly planned, higher density housing neighborhoods in the transit plan;
- ❖ Require an affordable housing component at each transit station and create a value capture zone to help subsidize these units;
- ❖ Create several terminals to serve the Kalaeloa/Kapolei area. One should be a regional transit oriented development with ample parking and vital roadways connections to serve the Ewa area.

9. Actively Lobby for State and Legislative Support

The State administration and the legislature have spent several years studying the housing crisis. In the current legislative session, there are numerous bills pending that would help facilitate the preservation and development of affordable housing. The Committee recommends that the City assess and closely monitor the different bills and lobby for their enactment. At stake in this current session are numerous provisions for housing and several hundred million dollars. Other areas warranting support or collaboration include:

- ❖ On a petition-by-petition basis, encourage the State LUC to drop redundant conditions of approval;
- ❖ Set as a priority and work closely with the state Hawaii Community Development Authority (HCDA) and the Navy to expedite the development of Kalaeloa;
- ❖ Advocate for the allowance of the counties to submit “fast track” comprehensive, county-wide state LUC boundary amendments;
- ❖ Support increases in bond authority of the Housing and Community Development Corporation of Hawaii (HCDCH);
- ❖ Support increase of funds into the Rental Housing Trust Fund (RHTF) and the Dwelling Unit Revolving Fund (DURF) of HCDCH, but not at cost of market homes;

- ❖ Support dedication of a percentage (75%) of General Excise Tax (GET) collections on residential rentals to be deposited into the RHTF of HCDCH;
- ❖ Pursue legislation for an affordable housing investment tax credit for income or general excise taxes.

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AFFORDABLE HOUSING ADVISORY COMMITTEE

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Role of the Committee

Affordable Housing Advisory Committee members were selected for their experience, knowledge and ability to provide solutions to the housing needs identified in previous task force and housing coalition reports. The cornerstone of the Committee is built around developers, both for profit and non-profit, with the greatest experience in developing affordable housing units. In addition, other members were solicited and selected that interface and support development activities. The majority of committee members have been members of other committees, commissions, coalitions, and task forces regarding affordable housing in Hawaii. Several of the members are very active on the state level in breaking down the barriers to creating affordable housing through administrative and legislative changes.

INTRODUCTION

Addressing Oahu's housing shortage could be compared to solving a huge puzzle, one whose many pieces require the efforts of all sectors of government and our community working together to complete. Several landmark studies and reports have been published based on input from both housing experts and advocates and all seem to be in agreement about the issues: Land prices are skyrocketing; construction is straining to meet the demand due to a shortage of skilled labor; state and county land use and zoning regulations are often duplicative; clearances for permits never come quickly enough; prime areas for both new development and redevelopment of affordable housing lack sufficient infrastructure; average household income is insufficient to match the rising median home prices; and, there is a decreasing supply of rental units.

Though recent studies and reports document individual elements of our housing crisis, none has been able to identify a master solution that will effectively address the issues. In response to the escalating crisis, task forces and coalitions have been formed providing more housing initiatives and legislation than ever before. Rather than repeat the findings of the many previous housing studies (See Addendum 1), the Affordable Housing Advisory Committee (Committee) report focuses on specific recommendations regarding changes and additions to affordable housing policies, prioritization of existing policies, and the implementation of programs that will help the City of Honolulu address the short and long term affordable housing needs of its residents. The Committee believes the first step to completing the puzzle is to concentrate on the pieces the City holds in its hands.

In 1998, the City Department of Housing and Community Development was eliminated. Since then, the City has focused on supporting affordable housing and housing for people with special needs through Community Development Block Grant and HOME funds and taken a relatively passive role with regard to other housing issues. The General Plan for Oahu, posted on the Department of Planning and Permitting's website, "... sets forth the long-range objectives and policies for the general welfare and, together with the City Charter, provides a direction and framework to guide the programs and activities of the City and County of Honolulu." In the Housing section, the following objectives are specifically stated:

- Objective A: To provide decent housing for all the people of Oahu at prices they can afford.
- Objective B: To reduce speculation in land and housing.
- Objective C: To provide the people of Oahu with a choice of living environments which are reasonably close to employment, recreation, and commercial centers and which are adequately served by public utilities.

** See Addendum 2 for the full Housing section of the Oahu General Plan

The Committee acknowledges the stance of the Asset Management Review Team (AMRT) that housing is not a core function of the City and concurs that the City should not be the “developer” of housing. However, as stated in the Oahu General Plan, the City clearly has a responsibility to address both the short and long term housing needs of Honolulu residents. The recommendations put forth in this report represent the areas in which the Committee believes the City can contribute in a significant way.

OAHU'S UNAFFORDABLE HOUSING MARKET

On a national basis, Honolulu is one of the most out of balanced and unaffordable housing markets in the country. As the fourth most expensive metropolitan market in the nation, the median Honolulu home sold for \$620,000: 9.15 times Honolulu's area median family income (AMI) of \$67,750! The metropolitan area with the highest median home price is San Jose, CA at 7.08 times their median income of \$105,500, followed by San Francisco, CA at 7.57 times their median income of \$95,000 (see ADDENDUM 4, TABLE 1,2).

Comparing Honolulu's home prices with those of cities with similar median family incomes reveals a great discrepancy between Honolulu's ratios of home prices to income. We randomly selected 8 cities from different data sources to track consistency, the median family income ranges from a high of \$72,250 in Seattle, WA to a low of \$65,250 in Omaha, NE. Seattle's median home price was also the highest, at \$335,000 while Omaha's \$137,700 ranked the lowest (see ADDENDUM 4, TABLE 2, 3).

A comparison of home prices to median income between Seattle, WA and Honolulu clearly indicates the chasm between home prices and median income in Honolulu. Given the price of our homes, the median income in Honolulu should be at least twice the median income in Seattle, or about \$134,000. The median home price in Honolulu has increased by \$240,000 from 2003 to the fourth quarter of 2005 (see ADDENDUM 4, TABLE 2); this increase alone is greater than the median home price for 7 of the 8 randomly selected cities examined. The only metropolitan area in the U.S. with a similar median income / median home price relationship to Honolulu is Orange County, CA. However, Orange County is part of the greater Los Angeles metropolitan area, which has a population base of almost 13 million people. Despite the data inconsistency, the median home in Orange County is also over 9.24 times the median income and the home price appreciation between 2003 and fourth quarter 2005 was \$212,800 (see ADDENDUM 4, TABLE 1).

It is estimated that only 15% of the households in Honolulu could afford the median single family home whereas 52% could afford the median condominium. However, there is a mismatch because the typical single family home is a 3 plus bedroom unit and the typical condominium has less than 2 bedrooms (on average) and has much less square footage. In addition, the average household has 2.93 persons in which condominiums do not fulfill the physical need for space without overcrowding (see ADDENDUM 4, TABLE 4, 11, 12).

Local housing experts and economists estimate that the rate of increase in median home prices will slow over the next several years; though the rate for condominiums, will likely increase. However, home prices and rents have historically paralleled each other until recently when the spike in home prices threw the balance askew. House prices and rents are fundamentally and closely related because multi-family housing and single-family housing can often function as substitutes for the other. This is especially true in Honolulu where there exist very few multi-family rental properties and the majority of rentals are condominiums.

House prices and rent growth can diverge over periods of time, but sooner or later, the forces that affect the various housing markets will converge. The relationship between home prices and rentals are expressed as a Price Earning (PE) ratio (PE=home price divided by rent). The PE ratio does not appear to have any applicability to or consistency with luxury homes or vacation rentals. The national PE ratio is currently estimated to be near 17 (Economy.com, 2005), up from less than 12 in 2000. Some metro areas are recording price earning ratios as high as 34, and a large number of the major U.S. cities are in the mid-20s.

There is no easy way to calculate the exact PE ratio in Honolulu, but using the current national average of 17 and the past trends, it can be predicted that the ratio will eventually decrease to 12 – the average Price Earning ratio for over 20 years. This would spur a general increase in rents of over 41.67% (see ADDENDUM 4, TABLE 6). Many of the newer single-family and condominium units being rented are more than likely being marketed around a PE ratio of 22 (see ADDENDUM 4, TABLE 7). If the ratio for these units were reduced to 12, their rents would increase by about 83.33%. If the historical PE ratio's relationship of price to rent holds true, one of two things should occur: either home prices will fall or rents will increase. This discussion of PE ratios is based upon current values and the adjustment to the Price Earning ratio that should occur. It should be understood that as home prices increase, the potential rent will increase as well.

By examining the behavior of home prices over the past five years and applying the current and 2000 PE ratios (17 and 12, respectively), one can better understand current and future rent trends. ADDENDUM 4, TABLE 8 assumes a home (or condominium) that has increased in value 100% between 2000 and 2006. There are two variables affecting rent prices: the value of the unit and the PE ratio. Three different home value examples and two Price Earning ratios are used to calculate the increase in rent prices.

The case for rapidly rising rents in Honolulu is supported by several factors in addition to the PE ratio. First of all, the basic housing allowance for members of the military, with or without dependents, over the last 2 years has increased between 27% and 48% depending upon rank (see ADDENDUM 4, TABLE 9). The military has consistently been ahead of the curve in determining where the market is going to go, and accordingly, has increased their housing allowance. Secondly, the Department of Housing and Urban Development has increased the fair market rents in Honolulu substantially over the last year by approximately 12.2% (see ADDENDUM 4, TABLE 10).

As ADDENDUM 4, TABLE 8 indicates if the PE ratio was 12 in 2000 and if it were to return to 12 today, the rent increase would be \$1,736 on a \$250,000 unit (a 50% increase). On a \$200,000 unit increasing to \$400,000, the rent increase would be \$1,389, also 50%. The same percentage increase would apply to a unit increasing from \$125,000 to \$250,000. The extreme would be the \$250,000 unit in 2000 was at a PE ratio of 17 and if the ratio fell to 12, the increase would be 183.33% in 2006.

Now for a horrifying example of the possible effects of a decreasing Price Earning ratio and increasing home prices. The rent for a \$350,000, 3-bedroom unit at the current PE ratio of 17 would be \$1,716 per month (see ADDENDUM 4, TABLE 6); at this rate, a family at the median income of \$67,750 *could* afford the unit ("afford" meaning 30% of the income goes towards housing). If the PE ratio dropped to 12, the rent would increase to \$2,431 per month and only families at or above 140% of AMI could afford to rent that same unit (see ADDENDUM 4, Table 13). If the median income family were to pay the increase, they would be paying nearly 44% of their total income towards housing. The dynamics of this affects all income groups, though large families will have the greatest difficulty.

In this way and due to the lack of affordable rentals and homes, lower-income families will be forced to compete with higher-income families who have been edged out of the "for sale" market and into the rental market. As the price of rentals and/or homes increase and the supply diminishes those with the ability to bid for what is available get the best units and consequently push the rest down the chain of lesser quality housing alternatives. At the bottom, those with no options will be left homeless.

The American dream is an affordable home whether it's home ownership or rental. Unfortunately, that no longer exists as a viable dream in Honolulu.

If the city does not take immediate steps to correct the housing crises, the social and economic fabric of the city will be threatened. Historically, as Honolulu's economy expanded there were always footloose and fancy persons willing to move here to take those jobs. However, now there is no place for these individuals to live and they are going back home as soon as they get here. With the aging of the baby boomers and their pending retirement, this situation will get much worse. Overcrowding is already on the increase, homelessness is out of control and out-migration is starting again. The housing committee knows that the city can stem this tide but it will take a strong commitment by the administration and the city council. At times they will both have to make decisions that are unpopular to small and vocal groups but it is necessary for the city's future.

ELEMENTS THAT IMPACT THE HOUSING MARKET

There is no easy solution to the housing shortage, especially affordable housing, because it is a complex problem. In formulating policy, we firmly believe that there needs to be an understanding of the housing market in general, and what forces influence this dynamic market. Generally, the supply and demand of the housing market is influenced by:

- ✓ Income/jobs;
- ✓ Interest rates;
- ✓ Land costs (including entitlements, i.e. State Land Use approvals, County zoning);
- ✓ Infrastructure;
- ✓ Construction cost – materials and skilled labor;
- ✓ Household formation/population;
- ✓ Political will.

1. Interest Rates & Income

The 2005 HUD determined Honolulu area median income (AMI) for a family of four is set at \$67,750.00. Under the existing City and County of Honolulu, Affordable Housing program generally requires that 30% of a residential development must be priced or affordable to people at less than 120% (\$81,300.00) of median income, with 10% being affordable to those earning 80% or less of the AMI. The current median price for all housing (condo and single family) is over \$400,000 on Oahu.

For example, a family earning 80% of the AMI, at an interest rate of approximately 6%, on a 30 year amortization could afford a mortgage at about \$190,000.00. If interest rates were to rise to 7.0% this same family could only afford a mortgage at about \$170,000.00. (See charts on next page.)

The connection between housing and income should also be understood. Housing situations in other cities have been described as an “Income problem not a supply problem.” It is important that we have a well trained workforce so that our residents can earn decent wages and afford to purchase or rent decent homes.

The chart below shows how income along with interest rates affect the amount of mortgage a household can get. Increases in expenses are like decreases in income and vice-versa. For example, for every \$50 in increased debt or long term expenses, you would lose about \$5,000 on the amount of mortgage you could carry.

In this way, increases or decreases in property tax will increase or decrease the amount of mortgage or rent a household can afford. It is important to remember that the cost of housing is relative to income. In Hawaii, today’s cost of housing relative to income is at just below 50%; a lot higher than the 30% of 2001-03, but still less than the 60% of 1990.

LOAN AMOUNT	INTEREST RATES								
	5.5%	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%
\$20,000	\$114	\$120	\$126	\$133	\$140	\$147	\$154	\$161	\$168
25,000	142	150	158	166	175	183	192	201	210
30,000	170	180	190	200	210	220	231	241	252
35,000	199	210	221	233	245	257	269	282	294
40,000	227	240	253	266	280	294	308	322	336
45,000	256	270	284	299	315	330	346	362	378
50,000	284	300	316	333	350	367	384	402	420
55,000	312	330	348	366	385	404	423	443	462
60,000	341	360	380	399	420	440	461	483	505
65,000	369	390	411	432	454	477	500	523	547
70,000	397	420	442	466	489	514	538	563	589
75,000	426	450	474	499	524	550	577	603	631
80,000	454	480	506	532	559	587	615	644	673
85,000	483	510	537	566	594	624	654	684	715
90,000	511	540	569	599	629	660	692	724	757
95,000	539	570	600	632	664	697	730	764	799
100,000	568	600	632	665	699	734	769	805	841

Loan Amount
 Interest Rate
 Monthly Payment

INTEREST RATES	ANNUAL INCOME											
	\$15,000	\$20,000	\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000	\$55,000	\$60,000	\$65,000	\$70,000
5.5%	\$55,000	\$73,400	\$91,700	\$110,100	\$128,400	\$146,800	\$165,100	\$183,500	\$201,800	\$220,200	\$238,500	\$256,800
6.0%	52,100	69,500	86,900	104,200	121,600	139,000	156,400	173,700	191,100	208,500	225,900	243,200
6.5%	49,400	65,900	82,400	98,800	115,300	131,800	148,300	164,800	181,300	197,700	214,200	230,700
7.0%	47,000	62,600	78,300	93,900	109,600	125,300	140,900	156,600	172,300	187,900	203,600	219,200
7.5%	44,600	59,600	74,500	89,400	104,300	119,200	134,100	149,000	163,900	178,800	193,700	208,600
8.0%	45,000	56,700	70,900	85,100	99,300	113,500	127,700	141,900	156,100	170,300	184,500	198,700
8.5%	40,600	54,100	67,700	81,200	94,800	108,300	121,900	135,400	149,000	162,500	176,100	189,600
9.0%	38,800	51,700	64,700	77,700	90,600	103,500	116,500	129,400	142,400	155,300	168,200	181,200
9.5%	37,200	49,500	61,900	74,300	86,700	99,100	111,400	123,800	136,200	148,600	161,000	173,400

Interest Rate
 Annual Income
 Mortgage Amount

*Courtesy Fannie Mae Homebuyers guide.

2. Land Costs / Infrastructure

The value or price of land is generally dependent on size, location and what the zoning allows for the use of the land. The current process in Hawaii requires reclassification of land by the State Land Use Commission to move lands from one land use classification to another (Urban, Agriculture, Rural, and Conservation).

Most of the lands suitable for housing are in the Agricultural district. The Land Use Commission must first reclassify the lands from Ag to Urban. If the property is within the City's designated urban growth boundary, the City must then rezone the lands from agricultural to one of several uses allowed in the urban district. Once the lands are zoned, the City must approve subdivision of the property and the various permits required for the project.

This process can take anywhere from 3 to 10 years. The time and expenses related to the entitlement process increases the cost of housing. The chart below shows areas of duplication between the State and County entitlement process.

Even fast track legislation like 201G is not so fast. County and LUC still have approval authority or must reject within 45 days. Although a project can get exemptions in many areas, a project can still get hung up on processing because most projects still need to "hook up" to off-site utilities or infrastructure and require permits that are processed administratively. Affordable projects do not necessarily receive priority processing.

23 DUPLICATE SUBJECT AREAS OF LAND USE AND ZONING APPLICATIONS	
Typical LUC (State) Conditions	Typical UA (City) Conditions
Air Quality	
Archeological Preservation/SHPO	Archeological Preservation/SHPO
Buyer Notification	Buyer Notification
	Child Care
Civil Defense	Civil Defense
Drainage Improvements	Drainage Improvements
Golf Course Tee Times	Golf Course Tee Times
	Ground Water Monitoring
Housing	Housing
Land Transactions/Dedications	Land Transactions/Dedications
Noise	Noise
Notice of Intent to Sell	Notice of Intent to Sell
Notice to Buyers	Notice to Buyers
	Other Government Agency Approvals
	Park and Ride Requirements
Park Dedication	Park Dedication
Phasing	Phasing
Police and Fire Facilities	Police and Fire Facilities
Progress Reports	Progress Reports
Public Access Easement	Public Access Easement
Recording of Conditions	Recording of Covenants, Conditions
School Facilities	School Facilities
Setbacks	Setbacks

Soil Erosion	Soil Erosion
Sound Attenuation	Sound Attenuation
Transportation Improvements	Transportation Improvements
	Urban Design Plan
Wastewater Improvements/ Solid Waste Management	Wastewater Improvements/ Solid Waste Management
Water Improvements	Water Improvements

3. Infrastructure

Roads, sewer, water, drainage, and schools have historically been the responsibility of government to construct. Many of these infrastructure improvements required through the LUC and re-zoning process are passed on to the developer, which adds to the price of the house.

There are many cases where government collected fees from the developer/new home buyer, but the funds were raided and infrastructure never built or deferred. Sometimes, government charges new home buyers for infrastructure or facilities that benefit the whole community. It is politically easier to charge a developer of a few new homes than to increase the taxes of all voters; however it is a policy that disproportionately increases the cost of new homes and unfairly penalizes new homebuyers.

Current infrastructure capacity is a significant barrier to providing more housing units in the urban core. Further, an opportunity to slow and mitigate urban sprawl in Oahu's rural areas is the redevelopment of a portion of the Primary Urban Center ("PUC"). Redevelopment opportunities in the PUC are constrained by the lack of infrastructure capacity to support increased residential density. All forms of public infrastructure are in dire need of maintenance, up-grade and new installation. Replacement of existing "below grade" infrastructure presents an opportunity to install larger capacity systems to support increased density and opens the opportunity of all types of residential development that will invigorate downtown Honolulu. Coupled with new mass Honolulu transit system and Transit Oriented Developments ("TOD") at transit stations, increased capacity of wastewater, storm drainage, and water systems will complement and advance development opportunities.

The primary area of redevelopment with increased densities lies between Kaimuki and Capitol District. However, other areas outside of this district will also be affected by this infrastructure redevelopment. The wastewater system must be sized adequately all the way to the Sand Island sewage treatment plant. Likewise storm drain systems must have sufficient capacity to the various subembayments of Honolulu Harbor, Kewalo Basin, and Ala Wai Canal.

Combining capital improvement projects with innovative improvement districts or tax increment financing areas should be considered to create more infrastructure capacity of these basic city services.

Creation of a "Special Area Plan" (as authorized by Ordinance 04-14) for the Kaimuki-Capitol District area by the City will focus issues of density, greater height limits, and relaxation of parking requirements at transit stations. Interestingly, the current PUC Development Plan does not emphasize residential development in the entire area with the exception of low and mid-rise residential development in the Downtown/Iwilei Waterfront.

Mass Transit: It is important to note that the proposed rail transit system is a critical component to the infrastructure that will allow home builders to meet the demands of the market, and especially the affordable housing market. While the proposed rail system is to be funded through a 0.5% additional County charge through the General Excise Tax (GET), the County will find that value of property along the rail and near transit terminals will increase tremendously, as it has at other major cities with rail transit. The County will be able to collect impact fees and require affordable housing from re-zoning of such lands. It is a very different practice to have infrastructure create market value first, then collect fees and affordable housing requirements versus requiring impact fees and hoping the market will bear the cost.

Government infrastructure needs to be coordinated with development in an area, whether it is a new master planned development or infill development. Clearly, government can use infrastructure development as a gatekeeper or as a facilitator of housing development.

4. Construction Costs

Construction costs have been a major reason for the increase in the price of homes. Over the last few years some developers have reported increases of 100% in the cost per square foot of a new house.

Increases in the cost of labor and materials from local and world wide demand has driven up prices. The last construction recession caused many licensed general contractors and skilled workers to leave the industry. Hawaii lost some 12,700 workers and over half of its general contractors in the 1990's. Opportunities for good paying jobs in many areas exist today. Carpenters, electricians, masons, iron workers and others are needed to be sure that the supply of housing is not cut off for lack of a skilled workforce.

Some of the increases in construction cost have come from building code requirements or other government regulations. For example, when the city adopted a new energy code, it required certain insulation that added \$1000 to the cost of a home. It made sense for homes built in Ewa, but not for homes in Mililani. Code changes for hurricanes to termites to storm water mitigation have increased the cost of construction and homes, while improving safety and quality of the home.

Finally, the cost of construction has been impacted by the high cost of litigation and insurance. Everyone involved from accountant to mason contractors have insurance cost that go into the price of their goods and services. They include: property, general

liability, professional liability, excess liability, unemployment, health, auto, workers comp, business interruption and even terrorism to name a few.

New and innovative ways to off-set construction costs are needed.

5. Household Formation and Population

- a. "The population of the City & County of Honolulu grew from 838,534 in 1990 to 875,881 in 2000. That represented a dramatic decrease in population growth over the previous decade. More important, population growth slowed on Oahu . . . ending with a net loss of population between 1998 and 1999."
- b. "The population of the City and County (of Oahu) grew by about 4.5 percent between 1990 and 2000. The number of households increased from 137,893 in 1990 to 156,233 in 2000 for a growth rate of 7.8%. . . . As expected, average household size dropped from 3.01 to 2.95 persons, indicating that crowding and doubling up had decreased. Oahu's birth rate was down and net out-migration was noted for both intra-state and interstate movements. . . . About 12% of those thinking about leaving mentioned that a lack of affordable housing had prompted their move." – Hawaii Housing Policy Study, 2003
- c. The Hawaii Housing Policy Study, 2003 also projected Oahu household growth to be about 3,475 households per year from 2003 to 2010. The study clearly provides data that household formation, more so than population, is driving housing demand and that housing production, especially that of rentals, is not going to meet the demand.

CITY'S CURRENT ROLE IN HOUSING

The City is currently involved in many programs and activities that help create and sustain affordable housing on Oahu. The City administers grants, loans, and the county's Section 8 housing program totaling more than \$50 million annually. The City serves as the landlord for over 1,300 households. And, as a regulator, the City regulates several development codes that cover health and safety standards, and growth management policies. These myriad of activities and programs currently span over multiple departments which sometimes creates additional challenges. (See Addendum 3 for further details of the City's existing role in housing.)

CONCLUSIONS

1. Oahu Housing Market

- ❖ There is a shortage of housing inventory at all levels, rental and for-sale.
- ❖ New construction will NOT meet the demands for added housing units.
- ❖ Median house prices and rents will continue to rise in 2006, although not at the same pace as in 2004 and 2005.
- ❖ None of the newly passed legislation or any of the current state or local government programs will have any significant impact on affordable housing in 2006.
- ❖ Because of the strong economy, increasing demands and constrained supply, it is very possible that Oahu's affordable housing crisis will not "fix itself" with market corrections in the foreseeable future.
- ❖ Preservation of existing government (HUD, USDA, IRS, State or County) subsidized rentals is critical to inventory supply.
- ❖ Infrastructure, especially transit, may NOT be adequate to sustain Oahu's modest growth forecast into the next decade.

2. City Policies

- ❖ The City & County of Honolulu needs leadership and a commitment to housing from the highest levels.
- ❖ The General Plan Policies are too broad and encompassing, sometimes contradicting.
- ❖ There are no priorities of the General Plan Housing Policies, which makes it difficult to manage the County's limited resources, such as manpower, CDBG and HOME funds.

3. Barriers to Oahu's Housing Market

- ❖ Time, cost and duplicative nature of gaining entitlements (Land Use and Zoning);
- ❖ Time and cost of subdivision process, grading and building permits;
- ❖ Lack of infrastructure: mass transit, roads, water, sewer, schools, parks, etc;
- ❖ High cost of impact fees, sewer and water fees, park fees;
- ❖ Cost to subsidize affordable homes under Unilateral Agreements;
- ❖ Lack of partnering and low utilization of HUD, USDA – RD, other Federal and State programs (Low Income Housing Tax Credit program, Rental Housing Trust Fund) or agencies like DHHL, HCDCH or HCDA;
- ❖ Lack of utilization of City resources like private-placement tax exempt revenue bonds CDBG/HOME funds, zoning power, or City owned lands;
- ❖ Lack of incentives for affordable housing on Oahu;
- ❖ Homebuyer education (or lack thereof);
- ❖ Lack of skilled labor;
- ❖ High cost of skilled labor, including workers compensation insurance;
- ❖ High cost of materials, and insurance, especially property, general liability, professional liability and employee medical;
- ❖ Inequities in the Landlord-Tenant Code discourage owners and development of rentals.

KEY RECOMMENDATIONS

1. Hire a Special Assistant to the Mayor on Housing

The Committee has identified the need for an individual on a full time basis, with the right skill sets (i.e, understanding of risk, housing development and finance intellect) to address the following:

- a. Assisting housing developers (new and renovation) in packaging city financial resources (bonds, grants, exemptions, etc.);
- b. Serving as the City's liaison for federal and state housing programs and initiatives, the "go to" person for housing advocates, profit and non-profit developers, and the general public;
- c. Serving as an advocate for any housing initiatives, activities or projects to ensure effective and accountable collaboration;
- d. Serving as a Legislative liaison working with the city council and state legislature to improve communication and coordination of city and state programs and resources to further affordable housing development;
- e. Monitoring City department programs to assure that the administration reflects a consistent set of housing policies, priorities, and objectives;
- f. Communicating housing priorities to and between City departments and to the public.

2. Create Opportunities for Increased Densities

- a. Expand the capacity of the following systems to allow further development within the urban core:
 - ❖ Sewer
 - ❖ Drainage
 - ❖ Water
- b. Create a "Special Area Plan" for the Kaimuki to Capitol District;
- c. Create "value" for development of housing through zoning by targeting areas for mixed-use and providing density bonuses or other incentives for more affordable units.

3. Use Existing City Programs and Resources

The City has at its disposal existing tools, resources, and programs which can be more effectively used to promote affordable housing.

- ❖ Tax Exempt Multi-Family Revenue Bonds (approximately \$55 million available each year)
- ❖ Real Property Tax Exemptions
- ❖ Community Facilities Districts (provides for the repayment of infrastructure costs through use of city bonds and a city ordinance does exist for this)
- ❖ Tax Increment Financing (a tool that helps to reduce the cost of up-front infrastructure, however, a new City ordinance would need to be created to allow the use of this tool)
- ❖ Targeted use of Community Development Block Grant (CDBG) and HOME funds for affordable housing, i.e. limit use of CDBG and HOME funds for only affordable housing projects

4. Streamline/Fast Track Entitlement and Permitting Processes

The ability to bring new housing product to market in a timely fashion is critical to meeting market demand and keeping prices in an affordable balance. Project delays result in added costs which are passed on to the consumer. While many approval and permitting processes fall under State jurisdiction, opportunities exist within the scope of the City to address with respect to approvals and permits to expedite processing, reduce costs to the project, and result in greater production of housing.

- ❖ Allow developers, not just architects and engineers, to “self certify” project compliance with zoning and LUO requirements. Work to establish objective parameters for compliance to remove as much subjectivity or discretion as possible;
- ❖ Re-examine all apartment zoning districts to allow for increased densities and greater design flexibility;
- ❖ Encourage greater use of R-3.5 zoning;
- ❖ Expedite those projects with a component of units for households at 80% of area median income (AMI) and below;
- ❖ Reject/do not process any incomplete or inaccurate building permit plans to reduce inefficient use of staff time;

- ❖ Upgrade current front counter DPP staff from "intake clerks" to "planners" to provide greater expertise and front end decision-making to improve permit processing times;
- ❖ Add 2 to 3 planners in DPP who can address subdivision permits and bonding issues for affordable housing projects to reduce approval time;
- ❖ Continue to refine DPP's program to "pre-approve" master track plans. Once approved, processing time could be shortened for individual house permits;
- ❖ Form a special task force composed of architects, engineers, land planners and builders to investigate further streamlining and fast-tracking of the permitting process or encourage the Urban Land Institute (ULI) to make this one of their projects.

5. Provide Incentives for the Development of Affordable Housing

It is estimated that it takes a subsidy of about \$147,000 per unit to produce a one-bedroom one-bath affordable rental affordable to a household earning 50% AMI (area median income). A 3-bedroom unit would require a subsidy of approximately \$205,000 to create an affordable rental at the same AMI. This assumes the land is virtually free and that these units are not subject to the general excise tax or real estate taxes. This means greater incentives are needed to encourage increased production of affordable housing.

a. Unilateral Agreement (UA)

- ❖ The single most critical element to providing affordable housing in developing communities is the Unilateral Agreement (UA). Unfortunately, the existing UA contains disincentives rather than incentives to encourage development of affordable housing. Due to the complexity of the UA, the Committee deferred the evaluation, recommendations, and concerns surrounding the UA to the members and advocates who are impacted by the conditions in the UA and who are working directly with DPP and the City Council to revise the UA.
- ❖ Because of the debate on continuing the unilateral agreement, extensive analysis has been prepared by the planning department as well as SMS Research and Marketing Services. While the conclusion has been that approximately 12,000 units that are currently owned and inhabited by families for whom the units were originally targeted for, the new price level of these homes and rising interest rates will push these families out and necessitate subsequent buyers be of substantially higher income. In essence, these units will be lost.
- ❖ The Committee did want to emphasize the need to balance obligations and incentives within the UA and to strive for win-win scenarios that would simplify the requirements and reduce costs to both developers and the City. The UA could also serve to better drive housing objectives by awarding weighted

credits. For example, development of low income rentals would receive higher credits than an affordable for-sale project. Or another option would be to allow developers to pool and transfer credits to non-profit or for-profit developers to encourage development of low-income rentals in the urban core or closer to transit centers.

- ❖ It was also recommended that the 1991 affordable housing rules be updated to provide flexibility and latitude to address current housing market issues and challenges and to extend the restriction to 140% of HUD's median income to be consistent with State guidelines.

Members of the Committee expressed serious concerns that there be assurances that whenever in-lieu cash fees are collected as part of the UA or any affordable housing program, that there is close tracking of these fees to ensure that they are applied towards the maintenance or creation of additional affordable housing units and not deposited into the City's general fund.

b. Enhancement Credits

To further encourage the development of more affordable projects, the Committee recommends the consideration of enhancement credits. These credits could be offered to projects that:

- ❖ Serve lower income groups;
- ❖ Serve larger household sizes;
- ❖ Produce rental housing projects as opposed to for sale housing;
- ❖ Offers a longer period of affordability.

c. Other Incentives

- ❖ Expand the property tax exemption for all types of housing, whether new or pre-existing, so long as the development contains an affordable component with a regulatory agreement that provides for long term affordability;
- ❖ Further reduce the sewer development charge and create a new water development charge for affordable housing projects;
- ❖ Focus grant funds on projects that support the development of rentals at or below 80% of AMI;
- ❖ Reduce parking requirements for housing projects developed within a specified distance from transit stops;
- ❖ Provide density and height bonuses for affordable housing projects dependent upon the number of units available for residents below 120% AMI;

- ❖ Provide for the transfer of housing credits to other projects located within the County.

6. Maximize Leveraging of All Resources

By maximizing use of existing City resources and programs, the City can play a significant role in addressing the affordable housing crisis. Because these resources fall under different City departments, it will require an individual or entity beyond each of the departments to coordinate and maximize the leveraging of all resources. Additionally, the City's effectiveness will depend on its ability to identify ways to leverage its resources with other government resources to maximize the benefits to affordable housing development.

a. Designate Increased CDBG and HOME Fund Allocations to Affordable Housing Projects

While CDBG and HOME funds have been used to leverage affordable housing projects in the past, it is recommended that the City allocate a larger portion of its CDBG (\$9 million) and HOME (\$5 million) funds towards supporting projects targeting units at 80% and below of the AMI. Funds applied in the following areas would significantly support the development of more affordable housing on Oahu.

- ❖ Grants or no interest loans to provide gap financing;
- ❖ Grants to subsidize affordable housing projects.

b. Prioritize Infrastructure Improvements

In recent years, more and more of Hawaii's Low Income Housing Tax Credits (LIHTC) have been awarded to neighbor island projects because of Oahu's higher cost of development, which results from the lack of infrastructure, high county water and sewer fees, and lack of leveraging funds.

- ❖ Use CDBG funds for infrastructure improvements;
- ❖ Identify areas eligible for U.S. Department of Agriculture (USDA), Rural Development (RD) loans and combine city resources with RD programs to develop infrastructure;
- ❖ Provide infrastructure for developments that include affordable housing units.

c. Use Existing Funding Source to Support Affordable Housing

Reconstitute the Housing Assistance Fund that can be used for a variety of actions related to the development or maintenance of housing, including the development of a revolving loan fund.

d. Develop a List of Pre-Qualified Buyers for Affordable Housing Units

The Hawaii Home Ownership Center, the Self Help Housing Corporation of Hawaii, or other agencies may be able to provide “advance homeownership counseling” services to help prospective buyers be financially ready for home buying opportunities. Maintaining a list of these individuals could further facilitate the ability of developers to connect with potentially pre-qualified buyers for their affordable homes.

e. Develop a Land Bank or Land Trust

The City should work with the State, land owners, and developers to set-up a land banking system or land trust for the development of affordable housing.

f. Preserve the City’s Independent Right to Issue Its Own Tax Exempt Bond for Affordable Housing

g. Identify Redevelopment Areas to Increase Opportunities for Affordable Housing.

7. Preservation of Existing Affordable Rental Housing

The Hawaii Housing Policy Study, 2003 clearly stated a greater need for rental housing over for-sale housing due to the high demand and limited supply of units. And, as important as new construction of affordable housing units is, it is equally, if not more important to preserve our existing stock of affordable and subsidized housing units.

It is estimated that in the last 10 years over 5,000 affordable rental units have been lost to condominium conversions, including units that were originally developed under the Unilateral Agreement. Over the last several years, over 800 units have had their HUD restrictive use agreements expire. It is estimated that an additional 1,000 units with restrictive use agreements will soon expire. Currently, the Kukui Garden Apartments with 857 low income units is being marketed for sale in addition to the 100 unit Coronado Apartments.

As such, the City needs to become proactive in preserving the existing rental stock and develop a toolbox of incentives to preserve and create as many affordable rental units as possible.

- ❖ The City could provide low interest loans to allow organizations to maintain or acquire affordable rentals provided they guarantee that the property will serve those making up to 80% of median income and retain affordability for a minimum of 55 years.
- ❖ The Committee recommends the City sell its rental units using both a business and social plan to maximize the revenues to the City and create the greatest number of affordable units in perpetuity.

The City owns 1,303 units that were developed or purchased. This portfolio runs the gamut from small rent facilities to elderly apartment communities to mixed-use, high-rise rental properties which include several public parking facilities. Most of the units should be sold with available 4% housing tax credits and tax exempt revenue bonds. Three of the buildings might be best sold as mixed-income properties serving residents up to 140% AMI. No matter which way the properties are marketed, it is recommended that they have deed restrictions placed on them outlining the required number of units per various income groups. It is likely that the sale of these properties will generate substantial revenues in excess of the debt and the additional proceeds can be used to help facilitate the preservation and production of additional affordable housing units throughout the city.

8. Mass Transit and Transit Oriented Developments

Mass transit combined with transit oriented development offers the greatest promise of increasing Oahu's affordable housing stock. Transit oriented developments would in turn create the increased densities needed to support transit rider-ship. And, transit stations create increased property values within 1,000 to possibly 2,000 feet of each station.

While the City has actively engaged transit planners and the community in the planning process, the Committee strongly encourages the City to actively engage urban planners and real estate developers early on and throughout the process. These individuals are especially critical for their expertise in determining potential transit routes that could maximize affordable housing opportunities as well as the appropriate growth and development of the affected communities.

The value of the entitlements that the City is able to offer around a properly planned transit route has the greatest potential for financing the affordable housing needs of Oahu. The following are a few recommendations for consideration.

- ❖ Include a study for newly planned, higher density housing neighborhoods in the transit plan;
- ❖ Require an affordable housing component at each transit station and create a value capture zone to help subsidize these units;
- ❖ Create several terminals to serve the Kalaeloa/Kapolei area. One should be a regional transit oriented development with ample parking and vital roadways connections to serve the Ewa area.

9. Actively Lobby for State and Legislative Support

The State administration and the legislature have spent several years studying the housing crisis. In the current legislative session, there are numerous bills pending that would help facilitate the preservation and development of affordable housing. The Committee recommends that the City assess and closely monitor the different

bills and lobby for their enactment. At stake in this current session are numerous provisions for housing and several hundred million dollars. Other areas warranting support or collaboration include:

- ❖ On a petition-by-petition basis, encourage the State LUC to drop redundant conditions of approval;
- ❖ Set as a priority and work closely with the state Hawaii Community Development Authority (HCDA) and the Navy to expedite the development of Kalaeloa;
- ❖ Advocate for the allowance of the counties to submit “fast track” comprehensive, county-wide state LUC boundary amendments;
- ❖ Support increases in bond authority of the Housing and Community Development Corporation of Hawaii (HCDCH);
- ❖ Support increase of funds into the Rental Housing Trust Fund (RHTF) and the Dwelling Unit Revolving Fund (DURF) of HCDCH, but not at cost of market homes;
- ❖ Support dedication of a percentage (75%) of General Excise Tax (GET) collections on residential rentals to be deposited into the RHTF of HCDCH;
- ❖ Pursue legislation for an affordable housing investment tax credit for income or general excise taxes.

** See Addendum 6 for list of 2006 Bills by General Category.

SUMMARY

The Affordable Housing Advisory Committee attempted to put forth a balanced array of recommendations that could easily be implemented with minimal to zero cost impacts to the City. In some cases, as with bond financing programs, these activities could generate significant revenues to the City. However, the most critical factor in the City’s success in being part of the solution to Oahu’s affordable housing crisis is “political will” and “strong leadership.” The Committee has every confidence that this exists under the current administration and looks forward to partnering with the City in meeting the demands for more affordable housing.

**AFFORDABLE HOUSING
ADVISORY COMMITTEE**

ADDENDUM 1

Local Housing Reports

ADDENDUM 1: Local Housing Reports

1. Report of the Joint Legislative Housing & Homeless Task Force Hawaii State Legislature, Pursuant to Act 196, Session Laws of Hawaii 2005, Submitted for the Joint Legislative Housing & Homeless Task Force by: Senator Ron Menor and Representative Michael Puamamo Kahikina, Co-Chairs, January 2006 (available at the Hawaii State Legislature website at http://www.capitol.hawaii.gov/site1/studies/Joint_Homeless_Task_Force.pdf)
2. SMS Research and Marketing Services, Inc., Affordable Housing Policy and Hawaii's For-Sale Housing Markets, October 2005. Prepared for Land Use Research Foundation of Hawaii. (700 Bishop Street Suite 1928, Honolulu, Hawaii, 96813, phone (808) 521-4717)
3. SMS Research and Marketing Services, Inc., Market Study in Response to Ordinance 01-33, City & County of Honolulu, July 2005. Prepared for the Land Use Research Foundation of Hawaii for Transmission to City Council, City & County of Honolulu and Department of Planning & Permitting, City & County of Honolulu (available on the City & County of Honolulu's website at <http://www4.honolulu.gov/docushare/dsweb/Get/Document-36237/0nwjwqgx.pdf>)
4. Report to the Twenty-Third Legislature State of Hawaii 2005 Pursuant to SCR 135, SD1 [2004] Requesting the Convening of an Affordable Housing Task Force, Prepared for the Affordable Housing Task Force by the Housing & Community Development Corporation of Hawaii, transmitted by Governor Lingle letter dated January 3, 2005 (available on the Housing & Community Development Corporation of Hawaii website at <http://www.hcdch.state.hi.us/scr135-final-rpt.pdf>)
5. SMS Research and Marketing Services Inc., Final Report, Hawaii Housing Policy Study, 2003, August 28, 2003 (available on the Housing & Community Development Corporation of Hawaii website at <http://www.hcdch.state.hi.us/03policystudy.pdf>)

**AFFORDABLE HOUSING
ADVISORY COMMITTEE**

ADDENDUM 2

General Plan for the City and County of Honolulu

ADDENDUM 2: General Plan for the City & County of Honolulu

The General Plan for the City & County of Honolulu is a comprehensive statement of long range objectives, policies, strategies and actions to achieve them. The General Plan was first adopted in 1977 and has been amended many times, most recently in 2002.

The General Plan for the City is meant to be dynamic to change with needs and opportunities and to help guide policy makers and administrators. The Housing section of the General Plan currently has three objectives with 25 related policies. They are:

HOUSING

Objective A

To provide decent housing for all the people of Oahu at prices they can afford.

Policy 1 - Develop programs and controls which will provide decent homes at the least possible cost.

Policy 2 - Streamline approval and permit procedures for housing and other development projects.

Policy 3 - Encourage innovative residential development which will result in lower costs, added convenience and privacy, and the more efficient use of streets and utilities.

Policy 4 - Establish public, and encourage private, programs to maintain and improve the condition of existing housing.

Policy 5 - Make full use of State and Federal programs that provide financial assistance for low- and moderate-income homebuyers.

Policy 6 - Expand local funding mechanisms available to pay for government housing programs.

Policy 7 - Provide financial and other incentives to encourage the private sector to build homes for low- and moderate-income residents.

Policy 8 - Encourage and participate in joint public-private development of low- and moderate-income housing.

Policy 9 - Encourage the preservation of existing housing which is affordable to low- and moderate income persons.

Policy 10 - Promote the construction of affordable dwellings which take advantage of Oahu's year-round moderate climate

Policy 11 - Encourage the construction of affordable homes within established low-density communities by such means as 'ohana' units, duplex dwellings, and cluster development.

Policy 12 - Encourage the production and maintenance of affordable rental housing.

Policy 13 - Encourage the provision of affordable housing designed for the elderly and the handicapped.

Policy 14 - Encourage equitable relationships between landowners and leaseholders, between landlords and tenants, and between condominium developers and owners.

Objective B

To reduce speculation in land and housing.

Policy 1 - Encourage the State government to coordinate its urban-area designations with the developmental policies of the City and County.

Policy 2 - Discourage developers from acquiring and assembling land outside of areas planned for urban use

Policy 3 - Seek public benefits from increases in the value of land owing to City and State developmental policies and decisions.

Policy 4 - Require government-subsidized housing to be delivered to appropriate purchasers and renters.

Policy 5 - Prohibit the selling or renting of government-subsidized housing for large profits.

Objective C

To provide the people of Oahu with a choice of living environments which are reasonably close to employment, recreation, and commercial centers and which are adequately served by public utilities.

Policy 1 - Encourage residential developments that offer a variety of homes to people of different income levels and to families of various sizes.

Policy 2 - Encourage the fair distribution of low- and moderate-income housing throughout the Island.

Policy 3 - Encourage residential development near employment centers.

Policy 4 - Encourage residential development in areas where existing roads, utilities, and other community facilities are not used to capacity.

Policy 5 - Discourage residential development where roads, utilities, and community facilities cannot be provided at a reasonable cost.

Policy 6 - Preserve older communities through self-help, housing –rehabilitation, improvement districts, and other governmental programs.

The General Plan encompasses broad policies representing ideal quality of life issues for Oahu residents. However, due to the broad and encompassing nature of these policies it makes it difficult for the City to rely on these statements to provide specific guidelines and priorities. For this reason, and the new housing economies which have arisen since the last general plan was updated, the Committee felt the need to revisit this document and to pull out policies which the Committee felt the City should view as priorities in today's housing climate.

**AFFORDABLE HOUSING
ADVISORY COMMITTEE**

ADDENDUM 3

Existing City Roles in Housing

ADDENDUM 3: Existing City Roles in Housing

I. FINANCIAL

a) **Real Property Tax Exemptions**

Qualified lower-income housing projects receive exemptions – about \$950,000 from 337 properties (FY04)

b) **Tax Exempt Multifamily Revenue Bonds**

Have been used to assist private developers with new affordable housing construction or preservation with lower interest rates. Most recent bond issue was for Moanalua Hillside in 2002 that involved the financing of an existing 700 unit rental project. The bond issue was for \$55 million.

c) **Community Facilities Districts**

City bond process used to develop revenue source for private, up-front infrastructure at no cost to city

d) **Housing Development Special Fund (HDSF)**

Currently, \$756,000 has been collected to date that may be used for the development of housing for sale or for rental (not known how much of this has been spent). Funds are in a separate account in the HDSF for unilateral agreement in-lieu fees paid.

e) **Section 8 Rental Program**

Annual federal program of \$32.6 million, assisting 4,300 families and working with 2,000 landlords (FY04)

f) **Rehabilitation Loan Program**

\$6 million for rehabilitation of housing and down-payment loans, processing 500-600 applications annually (FY04)

g) **Relocation Assistance to Displaced Households**

Payments made to those dislocated by city action, about 10-30 households affected annually

h) **Federal Grant Administration**

HOME – city received over \$51 million cumulatively since 1990

CDBG – city receives \$12M annually

[Emergency Shelter Grants - \$500,000 expended in FY04] not for permanent housing

i) **Buy-Back program**

Certain housing projects have a [required] deed restriction that the city may buy-back the units. If bought, the city resells them to qualified affordable housing families. Since 1995, the city purchased \$3.2 million in units and resold them for \$3.9 million. The administrative rules have since been amended. The City still has first option to buy back unit from affordable owner however the City can also require the affordable owner to sell to another qualified buyer.

j) Shared Appreciation

Certain housing projects have a requirement that enables the city to receive a portion of resale proceeds that exceed the original sales price. Since 1995, the city received \$3.8 million.

II. REGULATOR

- a) Land development permit processing and code standards
- b) Zone Changes: any upzoning to residential use includes a “unilateral agreement” stipulating that 30% of the housing delivered will be in the affordable range. Since the late 1970’s, about 12,000 affordable units delivered.
- c) Subdivision approvals
- d) Building Permits: Building Code, Housing Code
- e) Infrastructure Standards
- f) 201G Exemption Program
- g) Compliance with Federal Mandates
- h) Fair Housing Ombudsman – investigates complaints on housing discrimination, landlord-tenant regulations, etc.

III. LANDLORD (this does not include various group homes)

Project	No. of Units	Location, Tenants
Bachelor’s Quarters	10	Ewa Villages, mixed incomes
Chinatown Gateway Plaza	200	Chinatown, mixed incomes
Chinatown Manor	90	Chinatown, mixed incomes
Harbor Village	90	Chinatown, mixed incomes
Kanoa Apartments	14	Palama, low-income
Kulana Nani	160	Kaneohe, low-income
Loliana	43	Kakaako, homeless
Manoa Gardens	41	Manoa, mixed elderly
Marin Tower	236	Chinatown, mixed incomes
Pauahi Hale	79	Chinatown, low-income
West Lake Apartments	96	Salt Lake, low-income
West Loch Village	150	Waipahu, mixed, elderly
Winston Hale	94	Chinatown, low-income
TOTAL	1,303	

Block J sold in fee in 2004 with no affordable housing requirement.

**AFFORDABLE HOUSING
ADVISORY COMMITTEE**

ADDENDUM 4

Affordable Housing Statistics

ADDENDUM 4: Table 1

100 Most Expensive Metropolitan Areas

No.	Metropolitan Area (Single-family)	2003	2004	2005 p	2005.IV p	Price Change 2003-2005.IV p
1	San Jose-Sunnyvale-Santa Clara, CA	593.0	698.5	744.5	747.0	154.0
2	San Francisco-Oakland-Fremont, CA	558.1	641.7	715.7	718.7	160.6
3	Anaheim-Santa Ana-Irvine, CA	487.0	627.3	691.9	699.8	212.8
4	Honolulu, HI	380.0	460.0	590.0	620.0	240.0
5	San Diego-Carlsbad-San Marcos, CA	424.9	551.6	604.3	607.4	182.5
6	Los Angeles-Long Beach-Santa Ana, CA	354.7	446.4	529.0	568.4	213.7
7	New York-Wayne-White Plains, NY-NJ	387.3	436.6	497.0	537.3	150.0
8	NY: Nassau-Suffolk, NY	364.5	413.5	465.2	472.4	107.9
9	Bridgeport-Stamford-Norwalk, CT	422.0	441.3	482.4	468.5	46.5
10	New York-Northern New Jersey-Long Island, NY-N	343.5	385.9	446.5	459.6	116.1
11	Washington-Arlington-Alexandria, DC-VA-MD-W	277.9	339.8	424.7	432.9	155.0
12	NY: Newark-Union, NJ-PA	336.3	375.8	415.8	427.6	91.3
13	Boston-Cambridge-Quincy, MA-NH	358.5	389.7	414.0	397.5	39.0
14	Barnstable Town, MA	330.3	377.2	396.5	397.3	67.0
15	Riverside-San Bernardino-Ontario, CA	221.0	296.4	374.2	392.3	171.3
16	Miami-Fort Lauderdale-Miami Beach, FL	231.6	286.4	371.1	391.2	159.6
17	NY: Edison, NJ	287.6	328.1	377.8	384.6	97.0
18	Sacramento--Arden-Arcade--Roseville, CA	247.6	317.0	375.9	380.9	133.3
19	Sarasota-Bradenton-Venice, FL	193.3	255.7	354.2	374.9	181.6
20	Boulder, CO	313.0	325.3	348.4	349.5	36.5
21	Seattle-Tacoma-Bellevue, WA	239.1	284.6	316.8	335.0	95.9
22	Las Vegas-Paradise, NV	179.2	266.4	304.7	315.9	136.7
23	Providence-New Bedford-Fall River, RI-MA	242.9	276.9	293.5	294.4	51.5
24	Cape Coral-Fort Myers, FL	151.9	187.2	269.2	293.1	141.2
25	Worcester, MA	252.6	275.9	290.7	289.5	36.9
26	Phoenix-Mesa-Scottsdale, AZ	152.5	169.4	247.4	268.4	115.9
27	Chicago-Naperville-Joliet, IL	220.3	240.1	263.7	265.6	45.3
28	Baltimore-Towson, MD	180.0	217.0	262.3	265.1	85.1
29	Norwich-New London, CT	202.7	231.5	256.0	262.1	59.4
30	Orlando, FL	145.1	169.6	243.6	261.8	116.7
31	Kingston, NY	185.1	216.8	251.0	260.0	74.9
32	Portland-Vancouver-Beaverton, OR-WA	188.9	206.5	244.9	256.6	67.7
33	Hartford-West Hartford-East Hartford, CT	207.9	231.6	252.9	253.8	45.9
34	Denver-Aurora, CO	238.2	239.1	247.1	247.5	9.3
35	Portland-South Portland-Biddeford, ME	193.1	224.8	245.1	245.7	52.6
36	Tucson, AZ	156.3	177.3	231.0	245.2	88.9
37	Allentown-Bethlehem-Easton, PA-NJ	184.7	207.3	244.4	243.4	58.7
38	Trenton-Ewing, NJ	212.4	234.2	261.1	243.1	30.7
39	Minneapolis-St. Paul-Bloomington, MN-WI	199.6	217.4	234.8	230.5	30.9
40	Madison, WI	183.8	200.8	218.3	224.6	40.8
41	Tampa-St.Petersburg-Clearwater, FL	138.1	159.7	205.3	223.0	84.9
42	Hagerstown-Martinsburg, MD-WV	141.8	165.9	209.3	221.7	79.9
43	Virginia Beach-Norfolk-Newport News, VA-NC	138.8	163.0	197.2	220.5	81.7
44	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	168.8	185.1	215.3	215.1	46.3
45	Milwaukee-Waukesha-West Allis, WI	182.1	197.1	213.4	211.6	29.5
46	Pittsfield, MA	163.2	192.8	206.6	210.7	47.5
47	Palm Bay-Melbourne-Titusville, FL	123.7	153.4	209.0	209.5	85.8
48	Colorado Springs, CO	184.5	187.6	204.4	209.2	24.7
49	Eugene-Springfield, OR	151.7	164.9	197.6	209.0	57.3
50	Deltona-Daytona Beach-Ormond Beach, FL	124.9	148.6	194.0	208.9	84.0
51	Springfield, MA	162.3	180.3	201.8	198.6	36.3
52	Charleston-North Charleston, SC	168.9	183.5	197.0	198.4	29.5
53	Raleigh-Cary, NC	162.0	169.9	194.5	197.7	35.7
54	Gainesville, FL	145.0	159.0	184.0	197.7	52.7
55	Salem, OR	150.6	154.6	177.7	194.1	43.5
56	Albany-Schenectady-Troy, NY	141.6	161.3	183.6	190.8	49.2
57	Dover, DE	128.3	150.1	180.4	185.7	57.4
58	Charlotte-Gastonia-Concord, NC-SC	151.5	168.0	180.9	183.5	32.0
59	Salt Lake City, UT	148.0	158.0	173.9	182.3	34.3
60	Jacksonville, FL	131.6	150.7	175.2	182.2	50.6
61	New Orleans-Metairie-Kenner, LA	130.8	137.4	156.7	181.2	50.4
62	Albuquerque, NM	138.4	145.4	169.2	174.1	35.7
63	Tallahassee, FL	137.1	152.5	165.7	172.6	35.5

No.	Metropolitan Area (Single-family)	2003	2004	2005 p	2005.IV p	Price Change 2003-2005.IV p
64	Nashville-Davidson--Murfreesboro, TN	N/A	145.4	161.8	170.9	N/A
65	Atlanta-Sandy Springs-Marietta, GA	152.4	156.9	167.2	170.2	17.8
66	Durham, NC	N/A	149.0	158.7	168.7	N/A
67	Spokane, WA	120.3	128.5	156.4	168.6	48.3
68	Pensacola-Ferry Pass-Brent, FL	116.4	131.1	159.4	168.2	51.8
69	Austin-Round Rock, TX	156.7	154.7	163.8	167.0	10.3
70	Farmington, NM	127.2	134.6	155.4	166.0	38.8
71	Bloomington-Normal, IL	141.0	147.8	159.2	161.5	20.5
72	Ocala, FL	N/A	110.1	143.5	161.1	N/A
73	Birmingham-Hoover, AL	137.5	146.6	157.0	160.8	23.3
74	Kennewick-Richland-Pasco, WA	145.3	147.6	154.1	157.7	12.4
75	Kansas City, MO-KS	144.2	150.0	156.7	156.5	12.3
76	Detroit-Warren-Livonia, MI	N/A	161.0	134.5	156.2	N/A
77	Baton Rouge, LA	121.2	127.7	147.7	153.8	32.6
78	Greenville, SC	136.9	135.8	145.4	152.2	15.3
79	Lexington-Fayette,KY	133.4	138.7	146.9	150.7	17.3
80	Green Bay, WI	137.3	143.3	154.8	150.6	13.3
81	Greensboro-High Point, NC	137.3	139.8	147.2	150.0	12.7
82	Glens Falls, NY	113.3	129.3	148.7	150.0	36.7
83	Knoxville, TN	130.5	132.2	143.7	148.8	18.3
84	Columbus, OH	146.3	146.7	152.0	147.9	1.6
85	Des Moines, IA	133.9	140.8	145.5	147.2	13.3
86	Gulfport-Biloxi, MS	107.6	113.9	130.0	146.5	38.9
87	Houston-Baytown-Sugar Land, TX	136.4	136.0	143.0	146.3	9.9
88	Dallas-Fort Worth-Arlington, TX	138.4	138.2	147.6	145.5	7.1
89	Memphis, TN-MS-AR	133.8	136.2	141.8	144.2	10.4
90	Reading, PA	106.5	121.1	136.6	143.2	36.7
91	Champaign-Urbana, IL	122.6	127.2	137.7	142.6	20.0
92	Jackson, MS	110.7	118.1	133.8	142.5	31.8
93	Lansing-E.Lansing, MI	133.6	137.9	142.2	139.1	5.5
94	Saint Louis, MO-IL	123.0	128.7	139.4	138.8	15.8
95	Omaha, NE-IA	128.1	131.3	136.2	137.7	9.6
96	San Antonio, TX	118.1	122.7	133.4	136.8	18.7
97	Columbia, SC	123.6	123.4	135.0	136.5	12.9
98	Sioux Falls, SD	123.2	129.2	135.8	136.4	13.2
99	Montgomery, AL	115.7	116.6	133.3	136.3	20.6
100	Cleveland-Elyria-Mentor, OH	N/A	136.4	138.9	135.7	N/A

*All areas are metropolitan statistical areas (MSA) as defined by the US Office of Management and Budget as of 2004.

They include the named central city and surrounding areas. N/A Not Available p Preliminary r Revised

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ADDENDUM 4: Table 2

Comparison of Median Home Prices vs. Median Household Income in Selected Metropolitan Areas

No.	Metropolitan Area (Single-family)	2003	2004	2005 p	2005.IV p	Selected Median	Multiplier
1	San Jose-Sunnyvale-Santa Clara, CA	593.0	698.5	744.5	747.0	105,500.00	7.08
2	San Francisco-Oakland-Fremont, CA	558.1	641.7	715.7	718.7	95,000.00	7.57
3	Anaheim-Santa Ana-Irvine, CA	487.0	627.3	691.9	699.8	75,700.00	9.24
4	Honolulu, HI	380.0	460.0	590.0	620.0	67,750.00	9.15
5	San Diego-Carlsbad-San Marcos, CA	424.9	551.6	604.3	607.4	N/A	
6	Los Angeles-Long Beach-Santa Ana, CA	354.7	446.4	529.0	568.4	N/A	
7	New York-Wayne-White Plains, NY-NJ	387.3	436.6	497.0	537.3	N/A	
8	NY: Nassau-Suffolk, NY	364.5	413.5	465.2	472.4	88,850.00	5.32
9	Bridgeport-Stamford-Norwalk, CT	422.0	441.3	482.4	468.5	111,600.00	4.20
10	New York-Northern New Jersey-Long Island,	343.5	385.9	446.5	459.6	N/A	
11	Washington-Arlington-Alexandria, DC-VA-V	277.9	339.8	424.7	432.9	89,300.00	4.85
12	NY: Newark-Union, NJ-PA	336.3	375.8	415.8	427.6	N/A	
13	Boston-Cambridge-Quincy, MA-NH	358.5	389.7	414.0	397.5	82,600.00	4.81
14	Barnstable Town, MA	330.3	377.2	396.5	397.3	N/A	
15	Riverside-San Bernardino-Ontario, CA	221.0	296.4	374.2	392.3	N/A	
16	Miami-Fort Lauderdale-Miami Beach, FL	231.6	286.4	371.1	391.2	N/A	
17	NY: Edison, NJ	287.6	328.1	377.8	384.6	N/A	
18	Sacramento--Arden-Arcade--Roseville, CA	247.6	317.0	375.9	380.9	64,100.00	5.94
19	Sarasota-Bradenton-Venice, FL	193.3	255.7	354.2	374.9	N/A	
20	Boulder, CO	313.0	325.3	348.4	349.5	N/A	
21	Seattle-Tacoma-Bellevue, WA	239.1	284.6	316.8	335.0	72,250.00	4.64
44	Philadelphia-Camden-Wilmington, PA-NJ-DE	168.8	185.1	215.3	215.1	68,800.00	3.13
27	Chicago-Naperville-Joliet, IL	220.3	240.1	263.7	265.6	69,700.00	3.81
94	Saint Louis, MO-IL	123.0	128.7	139.4	138.8	65,900.00	2.11
75	Kansas City, MO-KS	144.2	150.0	156.7	156.5	68,400.00	2.29
95	Omaha, NE-IA	128.1	131.3	136.2	137.7	65,250.00	2.11
34	Denver-Aurora, CO	238.2	239.1	247.1	247.5	71,650.00	3.45
88	Dallas-Fort Worth-Arlington, TX	138.4	138.2	147.6	145.5	65,100.00	2.24

*All areas are metropolitan statistical areas (MSA) as defined by the US Office of Management and Budget as of 2004. They include the named central city and surrounding areas. N/A Not Available p Preliminary r Revised
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* Department of Housing Urban Development

* Data set not compatible at all times.

ADDENDUM 4: Table 3

Top 100 Median Family Income by MSA 2000-2005

No.	COUNTYNAME	MSANAME	MEDIAN 2000	MEDIAN 2001	MEDIAN 2002	MEDIAN 2003	MEDIAN 2004	MEDIAN 2005
1	Fairfield County	Stamford-Norwalk, CT	\$2,400	\$109,800	\$115,500	\$110,500	\$111,600	\$111,600
2	Santa Clara County	San Jose, CA	\$87,000	\$87,300	\$96,000	\$105,500	\$105,500	\$105,500
3	Fairfield County	Danbury, CT	\$87,400	\$93,500	\$98,100	\$95,700	\$96,500	\$96,500
4	San Francisco County	San Francisco, CA	\$74,900	\$80,100	\$86,100	\$91,500	\$95,000	\$95,000
5	Westchester County	Westchester County MSA*	\$83,100	\$85,800	\$91,400	\$90,100	\$93,400	\$93,400
6	Somerset County	Middlesex-Somerset-Hunterdo	\$80,800	\$85,000	\$90,000	\$86,900	\$92,000	\$92,000
7	Rockland County	Rockland County MSA*	\$82,400	\$85,400	\$88,200	\$86,600	\$89,200	\$91,750
8	District of Columbia	Washington, DC-MD-VA	\$82,800	\$85,600	\$91,500	\$84,800	\$85,400	\$89,300
9	Manassas Park city	Washington, DC--MD--VA--WV PMSA				\$84,800	\$85,400	\$89,300
10	Nassau County	Nassau-Suffolk, NY	\$76,500	\$78,700	\$83,000	\$83,700	\$85,300	\$88,850
11	Mercer County	Trenton, NJ	\$68,900	\$71,100	\$74,100	\$76,800	\$83,800	\$83,800
12	Bergen County	Bergen-Passaic, NJ	\$72,600	\$74,600	\$78,900	\$78,800	\$83,500	\$83,500
13	Rockingham County	Boston, MA-NH	\$65,500	\$70,000	\$74,200	\$80,800	\$82,600	\$82,600
14	Alameda County	Oakland, CA	\$67,600	\$71,600	\$74,500	\$76,600	\$82,200	\$82,200
15	Boulder County	Boulder-Longmont, CO	\$74,000	\$81,400	\$87,900	\$81,900	\$81,900	\$82,000
16	Middlesex County	Lowell, MA-NH	\$64,900	\$70,200	\$75,200	\$79,700	\$80,000	\$80,400
17	Hillsborough County	Nashua, NH	\$64,100	\$68,300	\$71,100	\$77,800	\$78,900	\$78,900
18	Anchorage Municipality	Anchorage, AK	\$59,300	\$60,500	\$60,500	\$73,600	\$78,700	\$78,700
19	Kendall County	Kendall County MSA*	\$73,600	\$80,900	\$88,900	\$73,200	\$75,400	\$78,500
20	Ocean County	Monmouth-Ocean, NJ	\$63,100	\$65,600	\$69,900	\$74,100	\$78,200	\$78,200
21	Washtenaw County	Ann Arbor, MI	\$68,700	\$71,600	\$76,000	\$77,700	\$77,700	\$78,050
22	Ventura County	Ventura, CA	\$68,500	\$71,800	\$74,700	\$73,600	\$77,400	\$77,400
23	St. Croix County	Minneapolis-St. Paul, MN-WI	\$68,600	\$74,700	\$76,700	\$75,300	\$76,400	\$77,000
24	New Haven County	Bridgeport, CT	\$67,700	\$72,000	\$75,000	\$75,200	\$75,800	\$76,600
25	Essex County	Lawrence, MA-NH	\$60,800	\$64,100	\$67,400	\$74,300	\$75,500	\$75,750
26	Orange County	Orange County, CA	\$69,600	\$73,700	\$75,600	\$70,000	\$74,200	\$75,700
27	Hartford County	Hartford, CT	\$61,300	\$64,900	\$66,600	\$73,000	\$73,900	\$75,350
28	Santa Cruz County	Santa Cruz-Watsonville, CA	\$61,700	\$65,500	\$69,000	\$74,600	\$75,300	\$75,300
29	Cecil County	Wilmington-Newark, DE-MD	\$69,000	\$72,100	\$75,900	\$70,000	\$71,100	\$74,700
30	Sonoma County	Santa Rosa, CA	\$58,100	\$61,800	\$63,400	\$71,500	\$74,600	\$74,600
31	Solano County	Vallejo-Fairfield-Napa, CA	\$53,300	\$55,700	\$57,200	\$67,800	\$73,900	\$73,900
32	Plymouth County	Brockton, MA	\$57,700	\$61,300	\$63,500	\$70,300	\$72,900	\$73,650
33	Middlesex County	New Haven-Meriden, CT	\$60,600	\$63,500	\$65,300	\$71,000	\$71,600	\$73,450
34	Dutchess County	Dutchess County, NY	\$59,600	\$63,400	\$68,100	\$67,800	\$72,900	\$73,400
35	Dane County	Madison, WI	\$64,700	\$67,100	\$71,300	\$71,100	\$73,200	\$73,200
36	Johnson County	Iowa City, IA	\$59,500	\$62,900	\$64,800	\$69,800	\$72,100	\$72,550
37	Olmsted County	Rochester, MN	\$66,500	\$71,600	\$74,300	\$69,200	\$71,000	\$72,500
38	King County	Seattle-Bellevue-Everett, W	\$65,800	\$72,200	\$77,900	\$71,900	\$71,900	\$72,250
39	Baltimore city	Baltimore, MD	\$63,100	\$63,100	\$66,400	\$67,300	\$68,600	\$72,150
40	Clarke County	Clarke County MSA*	\$56,500	\$58,300	\$60,700	\$68,400	\$68,400	\$71,850
41	Denver County	Denver, CO	\$62,100	\$64,400	\$69,900	\$68,000	\$69,500	\$71,650
42	Hampden County	Worcester, MA-CT	\$54,400	\$57,000	\$58,400	\$68,000	\$69,300	\$70,850
43	Walton County	Atlanta, GA	\$63,100	\$66,500	\$71,200	\$68,800	\$69,000	\$70,250
44	Rockingham County	Manchester, NH	\$56,500	\$60,400	\$62,100	\$68,200	\$69,800	\$69,800
45	Wake County	Raleigh-Durham-Chapel Hill,	\$62,800	\$66,100	\$71,300	\$69,800	\$69,800	\$69,800
46	Cook County	Chicago, IL	\$67,900	\$70,500	\$75,400	\$68,700	\$69,600	\$69,700
47	McLean County	Bloomington-Normal, IL	\$63,900	\$65,000	\$69,300	\$68,100	\$68,900	\$69,650
48	Grundy County	Grundy County MSA*	\$64,300	\$64,800	\$69,500	\$67,800	\$67,900	\$69,650
49	Larimer County	Fort Collins-Loveland, CO	\$56,300	\$58,200	\$60,800	\$64,800	\$66,500	\$69,200
50	Grand Isle County	Burlington, VT	\$52,300	\$55,600	\$57,400	\$65,600	\$68,800	\$69,000
51	Philadelphia County	Philadelphia, PA-NJ	\$57,800	\$60,100	\$63,300	\$68,200	\$68,800	\$68,800
52	Washington County	New London-Norwich, CT-RI	\$54,500	\$57,300	\$58,600	\$65,400	\$66,700	\$68,500
53	Ray County	Kansas City, MO-KS	\$57,700	\$62,200	\$64,500	\$66,700	\$68,400	\$68,400
54	Warren County	Des Moines, IA	\$60,000	\$64,600	\$66,900	\$63,900	\$65,300	\$68,050
55	Clark County	Portland-Vancouver, OR-WA	\$53,700	\$55,900	\$57,200	\$65,800	\$67,900	\$67,900
56	St. Clair County	Detroit, MI	\$63,200	\$66,500	\$69,900	\$66,700	\$66,800	\$67,800
57	Honolulu County	Honolulu, HI	\$60,900	\$62,400	\$62,600	\$65,200	\$65,700	\$67,750
58	Richmond city	Richmond-Petersburg, VA	\$59,500	\$61,800	\$65,900	\$63,800	\$63,800	\$67,550
59	Linn County	Cedar Rapids, IA	\$59,400	\$65,300	\$67,100	\$65,700	\$65,700	\$67,450
60	Benton County	Corvallis, OR	\$53,800	\$55,700	\$57,400	\$65,300	\$67,400	\$67,400
61	Williamson County	Austin-San Marcos, TX	\$58,900	\$64,700	\$71,100	\$66,900	\$66,900	\$67,300
62	King George County	King George County MSA*	\$52,900	\$58,100	\$63,900	\$63,700	\$63,900	\$66,800

No.	COUNTYNAME	MSANAME	MEDIAN 2000	MEDIAN 2001	MEDIAN 2002	MEDIAN 2003	MEDIAN 2004	MEDIAN 2005
63	Charlottesville city	Charlottesville, VA	\$57,000	\$60,800	\$63,600	\$63,600	\$63,700	\$66,700
64	New Haven County	Waterbury, CT	\$58,000	\$60,700	\$62,200	\$64,600	\$64,900	\$66,550
65	Butler County	Hamilton-Middletown, OH	\$57,800	\$59,300	\$62,600	\$64,500	\$64,500	\$66,400
66	Thurston County	Olympia, WA	\$49,900	\$51,900	\$53,000	\$64,300	\$66,100	\$66,100
67	DeKalb County	DeKalb County MSA*	\$60,400	\$66,400	\$67,900	\$64,000	\$64,200	\$66,050
68	Santa Fe County	Santa Fe, NM	\$59,300	\$60,700	\$63,100	\$61,800	\$66,000	\$66,000
69	St. Louis city	St. Louis, MO-IL	\$56,500	\$60,400	\$61,400	\$63,900	\$65,900	\$65,900
70	Barnstable County	Barnstable-Yarmouth, MA	\$47,700	\$51,700	\$56,500	\$58,700	\$61,800	\$65,650
71	Douglas County	Omaha, NE-IA	\$58,600	\$62,400	\$64,400	\$63,300	\$64,000	\$65,250
72	Milwaukee County	Milwaukee-Waukesha, WI	\$61,400	\$63,500	\$67,200	\$62,600	\$63,800	\$65,200
73	Dallas County	Dallas, TX	\$60,800	\$64,400	\$66,500	\$65,000	\$65,100	\$65,100
74	Kenosha County	Kenosha, WI	\$53,700	\$56,300	\$59,700	\$62,800	\$62,800	\$64,800
75	Santa Barbara County	Santa Barbara-Santa Maria-L	\$53,500	\$56,500	\$56,800	\$60,600	\$64,700	\$64,700
76	Brown County	Green Bay, WI	\$58,000	\$59,100	\$61,900	\$61,500	\$63,000	\$64,600
77	Ingham County	Lansing-East Lansing, MI	\$56,600	\$56,600	\$60,100	\$63,600	\$64,600	\$64,600
78	Warren County	Cincinnati, OH-KY-IN	\$57,800	\$60,500	\$64,300	\$64,000	\$64,000	\$64,450
79	York County	Portland, ME	\$49,000	\$51,700	\$53,900	\$58,500	\$62,700	\$64,400
80	Winnebago County	Appleton-Oshkosh-Neenah, WI	\$56,600	\$58,000	\$61,900	\$61,700	\$62,700	\$64,300
81	Lancaster County	Lincoln, NE	\$57,000	\$61,800	\$62,600	\$62,400	\$63,600	\$64,300
82	Racine County	Racine, WI	\$59,800	\$61,100	\$65,000	\$59,600	\$60,500	\$64,300
83	Sacramento County	Sacramento, CA	\$52,900	\$56,300	\$57,300	\$59,800	\$64,100	\$64,100
84	Pickaway County	Columbus, OH	\$57,300	\$59,900	\$63,400	\$63,800	\$63,800	\$64,000
85	Washington County	Providence-Fall River-Warwi	\$49,800	\$52,800	\$54,100	\$58,400	\$60,000	\$63,850
86	Shelby County	Indianapolis, IN	\$57,700	\$60,700	\$64,100	\$62,900	\$63,800	\$63,800
87	Washoe County	Reno, NV	\$57,300	\$58,400	\$62,300	\$62,100	\$63,200	\$63,700
88	Kitsap County	Bremerton, WA	\$49,800	\$51,200	\$51,500	\$61,800	\$63,500	\$63,500
89	El Paso County	Colorado Springs, CO	\$51,300	\$53,600	\$56,800	\$59,700	\$62,100	\$63,400
90	San Diego County	San Diego, CA	\$53,700	\$56,900	\$60,100	\$59,900	\$63,400	\$63,400
91	Collier County	Naples, FL	\$59,100	\$65,000	\$69,800	\$61,400	\$63,300	\$63,300
92	Brazoria County	Brazoria, TX	\$56,100	\$57,100	\$57,100	\$61,300	\$62,900	\$63,200
93	Tarrant County	Fort Worth-Arlington, TX	\$57,400	\$60,100	\$61,300	\$60,300	\$62,700	\$62,700
94	Worcester County	Fitchburg-Leominster, MA	\$53,100	\$57,200	\$60,900	\$62,100	\$62,200	\$62,600
95	Jefferson County	Jefferson County MSA*	\$48,600	\$49,500	\$52,000	\$59,000	\$62,600	\$62,600
96	Cass County	Fargo-Moorhead, ND-MN	\$50,900	\$55,000	\$55,900	\$60,100	\$60,700	\$62,250
97	Douglas County	Lawrence, KS	\$51,500	\$55,100	\$56,000	\$58,200	\$62,200	\$62,200
98	Wayne County	Rochester, NY	\$52,400	\$52,900	\$54,900	\$56,900	\$58,800	\$62,100
99	Pierce County	Tacoma, WA	\$49,100	\$51,000	\$52,000	\$60,200	\$62,100	\$62,100
100	Palm Beach County	West Palm Beach-Boca Raton,	\$56,600	\$60,000	\$62,800	\$60,800	\$62,100	\$62,100

ADDENDUM 4: Table 4

Percent of households that could afford to buy houses at 2005 median prices in Honolulu

Type	2005 price	Annual mortgage payment*1	Annual income required*2	% of households that could afford*3
Single family	\$620,000	\$35,973	\$119,910	15%
Condominium	\$300,000	\$16,231	\$54,103	52%

House Price	Annual Mortgage Payment*1	Annual Income Required*2
\$100,000	\$5,756	\$19,186
\$150,000	\$8,634	\$28,778
\$200,000	\$11,511	\$38,371
\$250,000	\$14,389	\$47,964
\$300,000	\$17,267	\$57,557
\$350,000	\$20,145	\$67,150
\$400,000	\$23,023	\$76,742
\$450,000	\$25,901	\$86,335
\$500,000	\$28,778	\$95,928
\$550,000	\$31,656	\$105,521
\$600,000	\$34,534	\$115,114
\$650,000	\$37,412	\$124,707
\$700,000	\$40,290	\$134,229
\$750,000	\$43,168	\$143,892
\$800,000	\$46,045	\$153,485
\$850,000	\$48,923	\$163,078
\$900,000	\$51,801	\$172,671
\$950,000	\$54,679	\$182,263
\$1,000,000	\$57,557	\$191,856

*1 Assuming annual interest rate of 6% and 20% down payment (excludes property tax, insurance payment and closing costs).

*2 Assuming mortgage to income ratio in at %30.

*3 Household distribution based on the 2004 American Community Survey and 2000 Census income data.

ADDENDUM 4: Table 5

Income and Benefits (In 2004 Inflation-Adjusted Dollars)

Total Households	300,046	% of total
Less than \$10,000	21,134	7.04%
\$10,000 to \$14,999	14,397	4.80%
\$15,000 to 24,999	23,897	7.96%
\$25,000 to \$34,999	30,121	10.04%
\$35,000 to \$49,999	44,290	14.76%
\$50,000 to \$74,999	60,442	20.14%
\$75,000 to \$99,999	41,319	13.77%
\$100,000 to \$149,999	41,844	13.95%
\$150,000 to \$199,999	13,741	4.58%
\$200,000 or more	8,861	2.95%
Median household income (dollars)	55,624	
Mean household income (dollars)	69,986	

US Census

ADDENDUM 4: Table 6

Potential Rent Increase For Various Home Prices At 17 and 12 PE

Value	PE	Rent (Annual)	Rent (Month)	PE	Rent (Annual)	Rent (Month)	Rent Increase Amount	%
\$675,000	17	\$39,706	\$3,309	12	\$56,250	\$4,688	\$1,379	41.67%
\$650,000	17	\$38,235	\$3,186	12	\$54,167	\$4,514	\$1,328	41.67%
\$625,000	17	\$36,765	\$3,064	12	\$52,083	\$4,340	\$1,277	41.67%
\$600,000	17	\$35,294	\$2,941	12	\$50,000	\$4,167	\$1,225	41.67%
\$575,000	17	\$33,824	\$2,819	12	\$47,917	\$3,993	\$1,174	41.67%
\$550,000	17	\$32,353	\$2,696	12	\$45,833	\$3,819	\$1,123	41.67%
\$525,000	17	\$30,882	\$2,574	12	\$43,750	\$3,646	\$1,072	41.67%
\$500,000	17	\$29,412	\$2,451	12	\$41,667	\$3,472	\$1,021	41.67%
\$475,000	17	\$27,941	\$2,328	12	\$39,583	\$3,299	\$970	41.67%
\$450,000	17	\$26,471	\$2,206	12	\$37,500	\$3,125	\$919	41.67%
\$425,000	17	\$25,000	\$2,083	12	\$35,417	\$2,951	\$868	41.67%
\$400,000	17	\$23,529	\$1,961	12	\$33,333	\$2,778	\$817	41.67%
\$375,000	17	\$22,059	\$1,838	12	\$31,250	\$2,604	\$766	41.67%
\$350,000	17	\$20,588	\$1,716	12	\$29,167	\$2,431	\$715	41.67%
\$325,000	17	\$19,118	\$1,593	12	\$27,083	\$2,257	\$664	41.67%
\$300,000	17	\$17,647	\$1,471	12	\$25,000	\$2,083	\$613	41.67%
\$275,000	17	\$16,176	\$1,348	12	\$22,917	\$1,910	\$562	41.67%
\$250,000	17	\$14,706	\$1,225	12	\$20,833	\$1,736	\$511	41.67%
\$225,000	17	\$13,235	\$1,103	12	\$18,750	\$1,563	\$460	41.67%
\$200,000	17	\$11,765	\$980	12	\$16,667	\$1,389	\$408	41.67%
\$175,000	17	\$10,294	\$858	12	\$14,583	\$1,215	\$357	41.67%
\$150,000	17	\$8,824	\$735	12	\$12,500	\$1,042	\$306	41.67%
\$125,000	17	\$7,353	\$613	12	\$10,417	\$868	\$255	41.67%
\$100,000	17	\$5,882	\$490	12	\$8,333	\$694	\$204	41.67%

ADDENDUM 4: Table 7

Potential Rent Increase For Various Home Prices At 22 and 12 PE

Value	PE	Rent (Annual)	Rent (Month)	PE	Rent (Annual)	Rent (Month)	Rent Increase Amount	%
\$675,000	22	\$30,682	\$2,557	12	\$56,250	\$4,688	\$2,131	83.33%
\$650,000	22	\$29,545	\$2,462	12	\$54,167	\$4,514	\$2,052	83.33%
\$625,000	22	\$28,409	\$2,367	12	\$52,083	\$4,340	\$1,973	83.33%
\$600,000	22	\$27,273	\$2,273	12	\$50,000	\$4,167	\$1,894	83.33%
\$575,000	22	\$26,136	\$2,178	12	\$47,917	\$3,993	\$1,815	83.33%
\$550,000	22	\$25,000	\$2,083	12	\$45,833	\$3,819	\$1,736	83.33%
\$525,000	22	\$23,864	\$1,989	12	\$43,750	\$3,646	\$1,657	83.33%
\$500,000	22	\$22,727	\$1,894	12	\$41,667	\$3,472	\$1,578	83.33%
\$475,000	22	\$21,591	\$1,799	12	\$39,583	\$3,299	\$1,499	83.33%
\$450,000	22	\$20,455	\$1,705	12	\$37,500	\$3,125	\$1,420	83.33%
\$425,000	22	\$19,318	\$1,610	12	\$35,417	\$2,951	\$1,342	83.33%
\$400,000	22	\$18,182	\$1,515	12	\$33,333	\$2,778	\$1,263	83.33%
\$375,000	22	\$17,045	\$1,420	12	\$31,250	\$2,604	\$1,184	83.33%
\$350,000	22	\$15,909	\$1,326	12	\$29,167	\$2,431	\$1,105	83.33%
\$325,000	22	\$14,773	\$1,231	12	\$27,083	\$2,257	\$1,026	83.33%
\$300,000	22	\$13,636	\$1,136	12	\$25,000	\$2,083	\$947	83.33%
\$275,000	22	\$12,500	\$1,042	12	\$22,917	\$1,910	\$868	83.33%
\$250,000	22	\$11,364	\$947	12	\$20,833	\$1,736	\$789	83.33%
\$225,000	22	\$10,227	\$852	12	\$18,750	\$1,563	\$710	83.33%
\$200,000	22	\$9,091	\$758	12	\$16,667	\$1,389	\$631	83.33%
\$175,000	22	\$7,955	\$663	12	\$14,583	\$1,215	\$552	83.33%
\$150,000	22	\$6,818	\$568	12	\$12,500	\$1,042	\$473	83.33%
\$125,000	22	\$5,682	\$473	12	\$10,417	\$868	\$395	83.33%
\$100,000	22	\$4,545	\$379	12	\$8,333	\$694	\$316	83.33%

ADDENDUM 4: Table 8

Potential Rent Increase For A Home That Increases In Value and The PE Changes From 17 to 12

Year	Value	PE	Rent (Annual)	Rent (Month)	PE	Rent (Annual)	Rent (Month)	Rent Increase Amount	%
2006	\$500,000	17	\$29,412	\$2,451	12	\$41,667	\$3,472	\$1,736	50%
2000	\$250,000	17	\$14,706	\$1,225	12	\$20,833	\$1,736	\$2,247	183.33%
2006	\$400,000	17	\$23,529	\$1,961	12	\$33,333	\$2,778	\$1,389	50%
2000	\$200,000	17	\$11,765	\$980	12	\$16,667	\$1,389	\$1,797	183.33%
2006	\$250,000	17	\$14,706	\$1,225	12	\$20,833	\$1,736	\$868	50%
2000	\$125,000	17	\$7,353	\$613	12	\$10,417	\$868	\$1,123	183.33%

Validation Of PE Ratio At Various Sales Prices Of A Home

Price	250000	400000	500000
% Loan	0.8%	0.8%	0.8%
Loan	200000	320000	400000
DS	0.065	0.65	0.065
Mgt Pay	1083.333	1733.333	2166.667
Tax	925	1500	1875
Misc	250	250	250
Total Payment	2258.333	3483.333	4291.667
Rent @ 17	\$1,225	\$1,961	\$2,451
Loss	(\$1,033)	(\$1,523)	(\$1,841)
Total	2258.333	3483.333	4291.667
Rent @ 12	\$1,736	\$2,778	\$3,472
Loss	(\$522)	(\$706)	(\$819)

ADDENDUM 4: Table 9

2001-2006 BAH Allowance

RANK	2001		2002		2003		2004		2005		2006		2006 vs. 2001		2006 vs. 2004		2006 vs. 2004		
	WITH	W/O	WITH	W/O	WITH	W/O	WITH	W/O	WITH	W/O	WITH	W/O	WITH	W/O	% Change	W/O	WITH	W/O	% Change
E1	\$ 1,031	\$ 794	\$ 1,113	\$ 801	\$ 1,279	\$ 917	\$ 1,315	\$ 917	\$ 1,698	\$ 1,161	\$ 1,768	\$ 1,355	\$ 737	\$ 561	0.71	\$ 453	\$ 438	0.34	0.48
E2	\$ 1,031	\$ 794	\$ 1,113	\$ 801	\$ 1,279	\$ 917	\$ 1,315	\$ 917	\$ 1,698	\$ 1,161	\$ 1,768	\$ 1,355	\$ 737	\$ 561	0.71	\$ 453	\$ 438	0.34	0.48
E3	\$ 1,031	\$ 794	\$ 1,113	\$ 801	\$ 1,279	\$ 917	\$ 1,315	\$ 917	\$ 1,698	\$ 1,161	\$ 1,768	\$ 1,355	\$ 737	\$ 561	0.71	\$ 453	\$ 438	0.34	0.48
E4	\$ 1,031	\$ 794	\$ 1,113	\$ 801	\$ 1,279	\$ 917	\$ 1,315	\$ 917	\$ 1,698	\$ 1,161	\$ 1,768	\$ 1,355	\$ 737	\$ 561	0.71	\$ 453	\$ 438	0.34	0.48
E5	\$ 1,109	\$ 901	\$ 1,196	\$ 955	\$ 1,363	\$ 1,104	\$ 1,413	\$ 1,112	\$ 1,773	\$ 1,472	\$ 1,850	\$ 1,577	\$ 741	\$ 676	0.67	\$ 437	\$ 465	0.31	0.42
E6	\$ 1,358	\$ 964	\$ 1,479	\$ 1,042	\$ 1,628	\$ 1,206	\$ 1,647	\$ 1,230	\$ 1,922	\$ 1,633	\$ 2,393	\$ 1,696	\$ 1,035	\$ 732	0.76	\$ 746	\$ 466	0.45	0.38
E7	\$ 1,482	\$ 1,037	\$ 1,612	\$ 1,119	\$ 1,781	\$ 1,285	\$ 1,809	\$ 1,322	\$ 2,089	\$ 1,703	\$ 2,493	\$ 1,773	\$ 1,011	\$ 736	0.68	\$ 684	\$ 451	0.38	0.34
E8	\$ 1,619	\$ 1,158	\$ 1,759	\$ 1,251	\$ 1,948	\$ 1,415	\$ 1,987	\$ 1,459	\$ 2,274	\$ 1,802	\$ 2,603	\$ 1,957	\$ 984	\$ 799	0.61	\$ 616	\$ 498	0.31	0.34
E9	\$ 1,717	\$ 1,235	\$ 1,869	\$ 1,340	\$ 2,081	\$ 1,497	\$ 2,139	\$ 1,532	\$ 2,496	\$ 1,849	\$ 2,775	\$ 2,126	\$ 1,058	\$ 891	0.62	\$ 636	\$ 594	0.30	0.39
W1	\$ 1,360	\$ 1,002	\$ 1,482	\$ 1,082	\$ 1,631	\$ 1,247	\$ 1,650	\$ 1,278	\$ 1,925	\$ 1,670	\$ 2,395	\$ 1,736	\$ 1,035	\$ 734	0.76	\$ 745	\$ 458	0.45	0.36
W2	\$ 1,539	\$ 1,157	\$ 1,672	\$ 1,250	\$ 1,849	\$ 1,414	\$ 1,882	\$ 1,458	\$ 2,165	\$ 1,802	\$ 2,538	\$ 1,955	\$ 999	\$ 798	0.65	\$ 656	\$ 497	0.35	0.34
W3	\$ 1,705	\$ 1,243	\$ 1,850	\$ 1,348	\$ 2,052	\$ 1,505	\$ 2,097	\$ 1,539	\$ 2,388	\$ 1,853	\$ 2,671	\$ 2,142	\$ 966	\$ 899	0.57	\$ 574	\$ 603	0.27	0.39
W4	\$ 1,721	\$ 1,389	\$ 1,877	\$ 1,513	\$ 2,092	\$ 1,666	\$ 2,156	\$ 1,688	\$ 2,538	\$ 1,964	\$ 2,815	\$ 2,418	\$ 1,094	\$ 1,029	0.64	\$ 659	\$ 730	0.31	0.43
W5	\$ 1,741	\$ 1,513	\$ 1,907	\$ 1,645	\$ 2,138	\$ 1,818	\$ 2,223	\$ 1,848	\$ 2,711	\$ 2,130	\$ 2,981	\$ 2,517	\$ 1,240	\$ 1,004	0.71	\$ 758	\$ 669	0.34	0.36
O1E	\$ 1,509	\$ 1,109	\$ 1,641	\$ 1,196	\$ 1,814	\$ 1,363	\$ 1,844	\$ 1,413	\$ 2,126	\$ 1,773	\$ 2,515	\$ 1,850	\$ 1,006	\$ 741	0.67	\$ 671	\$ 437	0.36	0.31
O2E	\$ 1,680	\$ 1,218	\$ 1,823	\$ 1,320	\$ 2,022	\$ 1,479	\$ 2,065	\$ 1,515	\$ 2,355	\$ 1,838	\$ 2,651	\$ 2,087	\$ 971	\$ 869	0.58	\$ 586	\$ 572	0.28	0.38
O3E	\$ 1,725	\$ 1,358	\$ 1,881	\$ 1,479	\$ 2,099	\$ 1,628	\$ 2,166	\$ 1,647	\$ 2,565	\$ 1,922	\$ 2,841	\$ 2,393	\$ 1,116	\$ 1,035	0.65	\$ 675	\$ 746	0.31	0.45
O1	\$ 1,138	\$ 953	\$ 1,228	\$ 1,030	\$ 1,393	\$ 1,195	\$ 1,439	\$ 1,217	\$ 1,790	\$ 1,623	\$ 1,912	\$ 1,685	\$ 774	\$ 732	0.68	\$ 473	\$ 468	0.33	0.38
O2	\$ 1,352	\$ 1,082	\$ 1,473	\$ 1,167	\$ 1,622	\$ 1,334	\$ 1,642	\$ 1,379	\$ 1,919	\$ 1,747	\$ 2,381	\$ 1,822	\$ 1,029	\$ 740	0.76	\$ 739	\$ 443	0.45	0.32
O3	\$ 1,699	\$ 1,269	\$ 1,843	\$ 1,377	\$ 2,045	\$ 1,533	\$ 2,089	\$ 1,563	\$ 2,380	\$ 1,868	\$ 2,666	\$ 2,198	\$ 967	\$ 929	0.57	\$ 577	\$ 635	0.28	0.41
O4	\$ 1,749	\$ 1,495	\$ 1,921	\$ 1,626	\$ 2,157	\$ 1,796	\$ 2,252	\$ 1,825	\$ 2,784	\$ 2,107	\$ 3,052	\$ 2,503	\$ 1,303	\$ 1,008	0.74	\$ 800	\$ 678	0.36	0.37
O5	\$ 1,781	\$ 1,578	\$ 1,971	\$ 1,715	\$ 2,232	\$ 1,897	\$ 2,361	\$ 1,933	\$ 3,066	\$ 2,218	\$ 3,322	\$ 2,569	\$ 1,541	\$ 991	0.87	\$ 961	\$ 636	0.41	0.33
O6	\$ 1,796	\$ 1,705	\$ 1,987	\$ 1,850	\$ 2,250	\$ 2,052	\$ 2,381	\$ 2,097	\$ 3,091	\$ 2,388	\$ 3,349	\$ 2,671	\$ 1,553	\$ 966	0.86	\$ 968	\$ 574	0.41	0.27
O7+	\$ 1,816	\$ 1,739	\$ 2,010	\$ 1,887	\$ 2,277	\$ 2,093	\$ 2,408	\$ 2,139	\$ 3,127	\$ 2,436	\$ 3,388	\$ 2,724	\$ 1,572	\$ 985	0.87	\$ 980	\$ 585	0.41	0.27

Department of Defense

ADDENDUM 4: Table 10

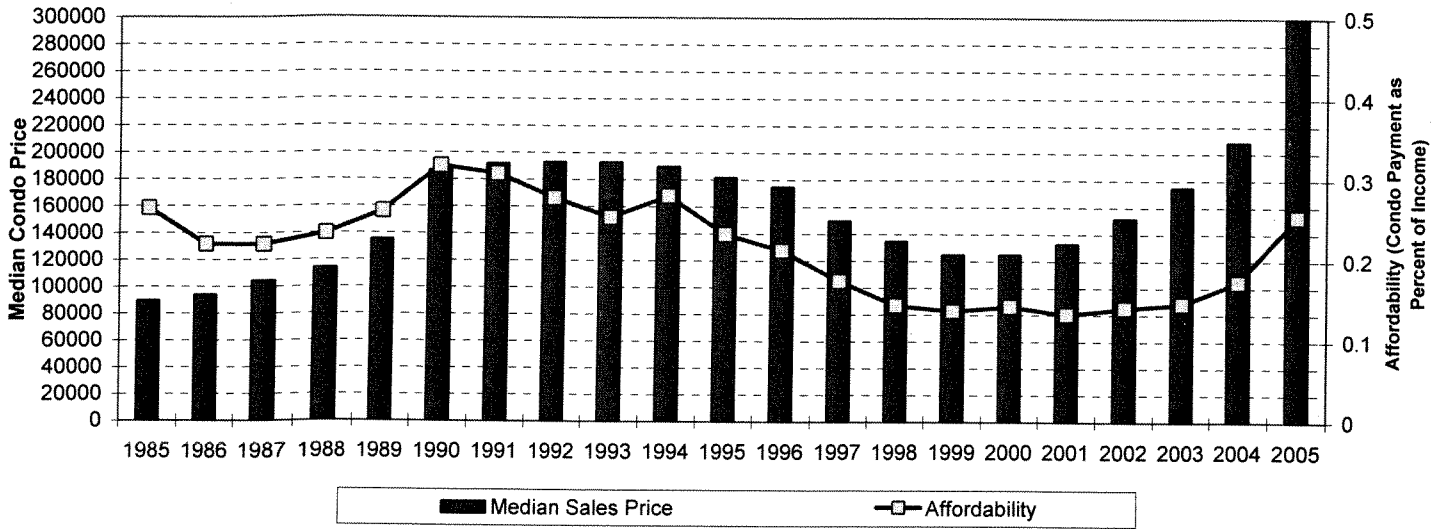
Honolulu, HI Fair Market Rents For Existing Housing 2005-2006

No.	2005	2006	% Change	
0 Bedroom	\$760	\$836	\$76	0.10
1 Bedroom	\$891	\$997	\$106	0.12
2 Bedroom	\$1,087	\$1,205	\$118	0.11
3 Bedroom	\$1,577	\$1,757	\$180	0.11
4 Bedroom	\$1,765	\$2,069	\$304	0.17

Department of Housing and Urban Development

ADDENDUM 4: Chart 11 a

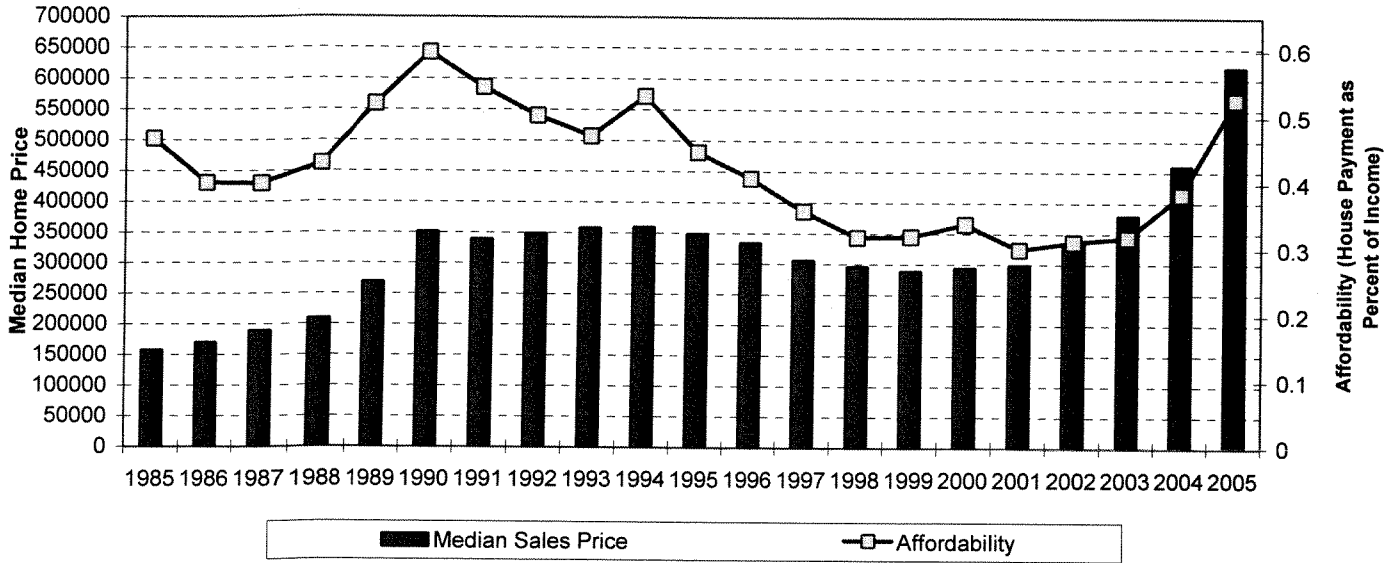
Median Sales Price vs Affordability of a Condominium on Oahu 1985 - 2004, 2005 estimate



Research Dept-Honolulu Board of Realtors, JCC and Bank of Hawaii (based on 3.5:1).

ADDENDUM 4: Chart 11 b

Median Sales Price vs. Affordability of a Single-Family Home on Oahu 1985 - 2004, 2005 estimate



Research Dept-Honolulu Board of Realtors, JCC and Bank of Hawaii (based on 3.5:1).

ADDENDUM 4: Table 11

Annual Mortgage Expense for Oahu Residential Properties
1985 - 2003

Year	Median Sales Price		30-year mortgage interest rate	Annual Mortgage Expense [1]		Median Family Income (HI)	Affordability	
	Single-family	Condo		Single-family	Condo		House Payment Divided By Median Income	Condo Payment Divided By Median Income
1985	\$158,600	89,800	12.42 %	\$16,155	9,147	\$34,636	46.6%	26.4%
1986	171,200	94,000	10.18	14,642	8,039	36,618	40.0%	22.0%
1987	190,200	104,500	10.20	16,294	8,952	40,878	39.9%	21.9%
1988	210,000	114,000	10.33	18,185	9,872	42,353	42.9%	23.3%
1989	270,000	135,500	10.32	23,362	11,724	44,988	51.9%	26.1%
1990	352,000	187,000	10.13	29,980	15,927	50,234	59.7%	31.7%
1991	340,000	192,000	9.25	26,852	15,164	49,367	54.4%	30.7%
1992	349,000	193,000	8.40	25,525	14,115	50,856	50.2%	27.8%
1993	358,500	193,000	7.33	23,665	12,740	50,234	47.1%	25.4%
1994	360,000	190,000	8.35	26,207	13,832	49,367	53.1%	28.0%
1995	349,000	182,000	7.95	24,467	12,759	54,749	44.7%	23.3%
1996	335,000	175,000	7.81	23,173	12,105	56,884	40.7%	21.3%
1997	307,000	150,000	7.59	20,789	10,158	58,022	35.8%	17.5%
1998	297,000	135,000	6.95	18,873	8,579	59,182	31.9%	14.5%
1999	290,000	125,000	7.44	19,352	8,341	60,366	32.1%	13.8%
2000	295,000	125,000	8.05	20,879	8,847	61,573	33.9%	14.4%
2001	299,900	133,000	6.97	19,096	8,469	63,420	30.1%	13.4%
2002	335,000	152,000	6.54	20,412	9,262	65,323	31.2%	14.2%
2003	380,000	175,000	5.82	21,451	9,879	67,283	31.9%	14.7%
2004	460,000	208,500	5.84	26,024	11,795	67,750	38.4%	17.4%
2005c	590,000	269,000	6.00	33,959	15,483	67,750	50.1%	22.9%

[1] Assuming 20% down payment.

Sources: U.S. Department of Housing and Urban Development Office of Policy Development, Research Dept-Honolulu Board of Realtors, JCC and Bank of Hawaii (based on 3.5:1).

ADDENDUM 4: Table 12

HUD Median Gross Income Family Of 4 For Honolulu, HI

\$67,750

80% \$54,200
 100% \$67,750
 120% \$81,300
 140% \$94,850

Interest Rate	\$200,000		\$250,000		\$300,000		\$350,000		\$400,000	
	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income
5.00%	\$1,073.64	\$42,945.60	\$1,342.05	\$53,682.00	\$1,610.46	\$64,418.40	\$1,878.88	\$75,155.20	\$2,147.29	\$85,891.60
5.25%	\$1,104.41	\$44,176.40	\$1,380.51	\$55,220.40	\$1,656.61	\$66,264.40	\$1,932.71	\$77,308.40	\$2,208.81	\$88,352.40
5.50%	\$1,135.58	\$45,423.20	\$1,419.47	\$56,778.80	\$1,703.37	\$68,134.80	\$1,987.26	\$79,490.40	\$2,271.16	\$90,846.40
5.75%	\$1,167.15	\$46,686.00	\$1,458.93	\$58,357.20	\$1,750.72	\$70,028.80	\$2,042.50	\$81,700.00	\$2,334.29	\$93,371.60
6.00%	\$1,199.74	\$47,989.60	\$1,498.88	\$59,955.20	\$1,798.65	\$71,946.00	\$2,098.43	\$83,937.20	\$2,398.20	\$95,928.00
6.25%	\$1,231.43	\$49,257.20	\$1,539.29	\$61,571.60	\$1,847.15	\$73,886.00	\$2,155.01	\$86,200.40	\$2,462.87	\$98,514.80
6.50%	\$1,246.14	\$49,845.60	\$1,580.17	\$63,206.80	\$1,896.20	\$75,848.00	\$2,212.24	\$88,489.60	\$2,528.27	\$101,130.80
6.75%	\$1,297.20	\$51,888.00	\$1,621.50	\$64,860.00	\$1,945.79	\$77,831.60	\$2,270.09	\$90,803.60	\$2,594.39	\$103,775.60
7.00%	\$1,330.60	\$53,224.00	\$1,663.26	\$66,530.40	\$1,995.91	\$79,836.40	\$2,328.56	\$93,142.40	\$2,661.21	\$106,448.40

Interest Rate	\$450,000		\$500,000		\$550,000		\$600,000		\$700,000	
	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income	30 Year Fixed Monthly Mortgage Payments	Income Requirement Assuming Mortgage Payment is 30% of Gross Income
5.00%	\$2,415.70	\$96,628.00	\$2,684.11	\$107,364.40	\$2,952.52	\$118,100.80	\$3,220.93	\$128,837.20	\$3,757.75	\$150,310.00
5.25%	\$2,484.92	\$99,396.80	\$2,761.02	\$110,440.80	\$3,037.12	\$121,484.80	\$3,113.22	\$132,528.80	\$3,865.43	\$154,617.20
5.50%	\$2,555.05	\$102,202.00	\$2,838.95	\$113,558.00	\$3,122.84	\$124,193.60	\$3,406.73	\$136,269.20	\$3,974.52	\$158,980.80
5.75%	\$2,626.08	\$105,043.20	\$2,917.86	\$116,714.40	\$3,209.65	\$128,386.00	\$3,501.44	\$140,057.60	\$4,085.01	\$163,400.40
6.00%	\$2,697.98	\$107,919.20	\$2,997.75	\$119,910.00	\$3,297.53	\$131,901.20	\$3,597.30	\$143,892.00	\$4,196.85	\$167,874.00
6.25%	\$2,770.73	\$110,829.20	\$3,078.59	\$123,143.60	\$3,386.44	\$135,457.60	\$3,694.30	\$147,772.00	\$4,310.02	\$172,400.80
6.50%	\$2,844.31	\$113,772.40	\$3,160.34	\$126,413.60	\$3,476.37	\$139,054.80	\$3,792.41	\$151,596.40	\$4,424.48	\$176,979.20
6.75%	\$2,918.64	\$116,745.60	\$3,242.99	\$129,719.60	\$3,567.37	\$142,694.80	\$3,891.59	\$155,663.60	\$4,540.19	\$181,607.60
7.00%	\$2,993.86	\$119,754.40	\$3,326.51	\$133,060.40	\$3,659.16	\$146,366.40	\$3,991.81	\$159,672.40	\$4,657.12	\$186,284.80

ADDENDUM 4: Table 13

Affordable Rent Guidelines

Affordable rents are based on 30% of income (including utilities)

MSA	Program	Studio	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	
Honolulu	30%		\$356	\$381	\$457	\$528	\$590
	50%		\$592	\$635	\$762	\$861	\$982
MFI - \$67,750	60%		\$711	\$762	\$915	\$1,058	\$1,179
	80%		\$948	\$1,016	\$1,220	\$1,410	\$1,572
	100%		\$1,185	\$1,270	\$1,524	\$1,761	\$1,964
	120%		\$1,422	\$1,524	\$1,829	\$2,113	\$2,357
	140%		\$1,660	\$1,778	\$2,134	\$2,466	\$2,750

Based on 2005 HUD median income established by HUD.

5)a Proposed development with 400 units with different affordable mix

Number (AMI)	percent	400 total units			
		1bed sq ft total	2bed sq ft total	3bed sq ft total	4bed sq ft total
80	20%	20	20	20	20
120	30%	30	30	30	30
40	10%	10	10	10	10
120	30%	30	30	30	30
40	10%	10	10	10	10
Total		63400	83800	100200	126000

Loan amount for development mix

AMI	Total	per unit
6)a	\$412,405.82	\$5,155.07
50		
60		
80	\$16,892,926.95	\$140,774.39
100	\$7,795,000.99	\$194,875.02
120	\$29,889,353.29	\$249,077.94
140	\$12,133,983.53	\$303,349.59
Total	\$67,123,670.58	\$167,809.18

5)b Development mix 373,400 units

Number AMI	percent	400 units			
		1bed sq ft total	2bed sq ft total	3bed sq ft total	4bed sq ft total
80	20%	20	20	20	20
120	30%	30	30	30	30
40	10%	10	10	10	10
120	30%	30	30	30	30
40	10%	10	10	10	10
Total		63400	83800	100200	126000

Loan amount for development mix

AMI	Total	per unit
6)b	\$4,749,640.65	\$59,370.51
50		
60		
80	\$16,892,926.95	\$140,774.39
100	\$7,795,000.99	\$194,875.02
120	\$29,889,353.29	\$249,077.94
140	\$12,133,983.53	\$303,349.59
Total	\$71,460,905.40	\$178,652.26

5)c Development mix 373,400 units

Number AMI	percent	400 units			
		1bed sq ft total	2bed sq ft total	3bed sq ft total	4bed sq ft total
80	20%	20	20	20	20
120	30%	30	30	30	30
160	40%	40	40	40	40
40	10%	10	10	10	10
400		65500	86000	101500	130000

Loan amount for development mix

6)c AMI	Total	per unit
80	\$11,262,106.55	\$140,776.33
100	\$23,383,692.78	\$194,864.11
120	\$39,852,213.60	\$249,076.34
140	\$12,133,983.53	\$303,349.59
Total	\$86,631,996.46	\$216,579.99
		\$226.19
		383,000

AMI	rent	studio size	rent/sf	rent	1bed size	rent/sf	rent	2bed size	rent/sf	rent	3bed size	rent/sf	rent	4bed size	rent/sf	rent
30	\$356.00	440.00	0.81	\$381.00	550.00	0.69	\$457.00	750.00	0.61	\$528.00	950.00	0.56	\$590.00	1,100.00	0.54	\$650.00
50	\$592.00	440.00	1.35	\$635.00	550.00	1.15	\$762.00	750.00	1.02	\$881.00	950.00	0.93	\$982.00	1,100.00	0.89	\$1,050.00
60	\$711.00	440.00	1.62	\$762.00	550.00	1.39	\$915.00	750.00	1.22	\$1,058.00	950.00	1.11	\$1,179.00	1,100.00	1.07	\$1,250.00
80	\$948.00	550.00	1.72	\$1,016.00	620.00	1.64	\$1,220.00	820.00	1.49	\$1,410.00	980.00	1.44	\$1,572.00	1,250.00	1.26	\$1,650.00
100	\$1,185.00	550.00	2.15	\$1,270.00	620.00	2.05	\$1,524.00	820.00	1.86	\$1,761.00	980.00	1.80	\$1,964.00	1,250.00	1.57	\$2,050.00
120	\$1,422.00	600.00	2.37	\$1,524.00	690.00	2.21	\$1,829.00	900.00	2.03	\$2,113.00	1,050.00	2.01	\$2,357.00	1,350.00	1.75	\$2,450.00
140	\$1,660.00	600.00	2.77	\$1,778.00	690.00	2.58	\$2,134.00	900.00	2.37	\$2,466.00	1,050.00	2.35	\$2,750.00	1,350.00	2.04	\$2,850.00
difference between rent for 120% AMI and 30% AMI by type of unit																
120	\$1,422.00	600.00	2.37	\$1,524.00	690.00	2.21	\$1,829.00	900.00	2.03	\$2,113.00	1,050.00	2.01	\$2,357.00	1,350.00	1.75	\$2,450.00
30	\$356.00	440.00	0.81	\$381.00	550.00	0.69	\$457.00	750.00	0.61	\$528.00	950.00	0.56	\$590.00	1,100.00	0.54	\$650.00
	\$1,066.00			\$1,143.00			\$1,372.00			\$1,585.00			\$1,767.00			\$1,797.00
difference between rent for 120% AMI and 50% AMI by type of unit																
120	\$1,422.00	600.00	2.37	\$1,524.00	690.00	2.21	\$1,829.00	900.00	2.03	\$2,113.00	1,050.00	2.01	\$2,357.00	1,350.00	1.75	\$2,450.00
50	\$592.00	440.00	1.35	\$635.00	550.00	1.15	\$762.00	750.00	1.02	\$881.00	950.00	0.93	\$982.00	1,100.00	0.89	\$1,050.00
	\$830.00			\$889.00			\$1,067.00			\$1,232.00			\$1,375.00			\$1,400.00
difference between rent for 120% AMI and 60% AMI by type of unit																
120	\$1,422.00	600.00	2.37	\$1,524.00	690.00	2.21	\$1,829.00	900.00	2.03	\$2,113.00	1,050.00	2.01	\$2,357.00	1,350.00	1.75	\$2,450.00
60	\$711.00	440.00	1.62	\$762.00	550.00	1.39	\$915.00	750.00	1.22	\$1,058.00	950.00	1.11	\$1,179.00	1,100.00	1.07	\$1,250.00
	\$711.00			\$762.00			\$914.00			\$1,055.00			\$1,178.00			\$1,200.00
difference between rent for 120% AMI and 80% AMI by type of unit																
120	\$1,422.00	600.00	2.37	\$1,524.00	690.00	2.21	\$1,829.00	900.00	2.03	\$2,113.00	1,050.00	2.01	\$2,357.00	1,350.00	1.75	\$2,450.00
80	\$948.00	550.00	1.72	\$1,016.00	620.00	1.64	\$1,220.00	820.00	1.49	\$1,410.00	980.00	1.44	\$1,572.00	1,250.00	1.26	\$1,650.00
	\$474.00			\$508.00			\$609.00			\$703.00			\$785.00			\$800.00
difference between rent for 120% AMI and 100% AMI by type of unit																
120	\$1,422.00	600.00	2.37	\$1,524.00	690.00	2.21	\$1,829.00	900.00	2.03	\$2,113.00	1,050.00	2.01	\$2,357.00	1,350.00	1.75	\$2,450.00
100	\$1,185.00	550.00	2.15	\$1,270.00	620.00	2.05	\$1,524.00	820.00	1.86	\$1,761.00	980.00	1.80	\$1,964.00	1,250.00	1.57	\$2,050.00
	\$237.00			\$254.00			\$305.00			\$352.00			\$393.00			\$400.00

AMI	rent	studio size	rent/sf	rent	1bed size	rent/sf	rent	2bed size	rent/sf	rent	3bed size	rent/sf	rent	4bed size	rent/sf	rent
30	\$16,962.31	440.00	0.81	\$18,048.88	550.00	0.69	\$21,660.00	750.00	0.61	\$25,920.00	950.00	0.56	\$30,960.00	1,100.00	0.54	\$34,920.00
50	\$22,283.81	440.00	1.35	\$24,345.59	550.00	1.15	\$29,166.00	750.00	1.02	\$34,920.00	950.00	0.93	\$41,880.00	1,100.00	0.89	\$47,840.00
60	\$42,073.17	550.00	1.62	\$46,082.32	550.00	1.39	\$55,714.00	750.00	1.22	\$66,846.00	950.00	1.11	\$80,214.00	1,100.00	1.07	\$92,646.00
80	\$81,485.59	550.00	1.72	\$89,293.79	620.00	1.64	\$106,718.40	820.00	1.49	\$128,514.86	980.00	1.44	\$155,254.99	1,250.00	1.26	\$178,514.86
100	\$120,898.00	600.00	2.15	\$135,033.26	620.00	2.05	\$161,685.14	820.00	1.86	\$198,685.14	980.00	1.80	\$239,443.46	1,250.00	1.57	\$274,443.46
120	\$160,310.42	600.00	2.37	\$177,272.73	690.00	2.21	\$214,993.35	900.00	2.03	\$257,221.73	1,050.00	2.01	\$308,978.23	1,350.00	1.75	\$353,978.23
140	\$199,889.14	600.00	2.77	\$219,512.20	690.00	2.58	\$270,713.97	900.00	2.37	\$325,466.61	1,050.00	2.35	\$391,152.99	1,350.00	2.04	\$446,152.99

AMI	rent	studio size	rent/sf	rent	1bed size	rent/sf	rent	2bed size	rent/sf	rent	3bed size	rent/sf	rent	4bed size	rent/sf	rent
30	\$16,962.31	440.00	0.81	\$18,048.88	550.00	0.69	\$21,660.00	750.00	0.61	\$25,920.00	950.00	0.56	\$30,960.00	1,100.00	0.54	\$34,920.00
50	\$22,283.81	440.00	1.35	\$24,345.59	550.00	1.15	\$29,166.00	750.00	1.02	\$34,920.00	950.00	0.93	\$41,880.00	1,100.00	0.89	\$47,840.00
60	\$42,073.17	550.00	1.62	\$46,082.32	550.00	1.39	\$55,714.00	750.00	1.22	\$66,846.00	950.00	1.11	\$80,214.00	1,100.00	1.07	\$92,646.00
80	\$81,485.59	550.00	1.72	\$89,293.79	620.00	1.64	\$106,718.40	820.00	1.49	\$128,514.86	980.00	1.44	\$155,254.99	1,250.00	1.26	\$178,514.86
100	\$120,898.00	600.00	2.15	\$135,033.26	620.00	2.05	\$161,685.14	820.00	1.86	\$198,685.14	980.00	1.80	\$239,443.46	1,250.00	1.57	\$274,443.46
120	\$160,310.42	600.00	2.37	\$177,272.73	690.00	2.21	\$214,993.35	900.00	2.03	\$257,221.73	1,050.00	2.01	\$308,978.23	1,350.00	1.75	\$353,978.23
140	\$199,889.14	600.00	2.77	\$219,512.20	690.00	2.58	\$270,713.97	900.00	2.37	\$325,466.61	1,050.00	2.35	\$391,152.99	1,350.00	2.04	\$446,152.99

rent subsidy analysis

cost subsidy analysis

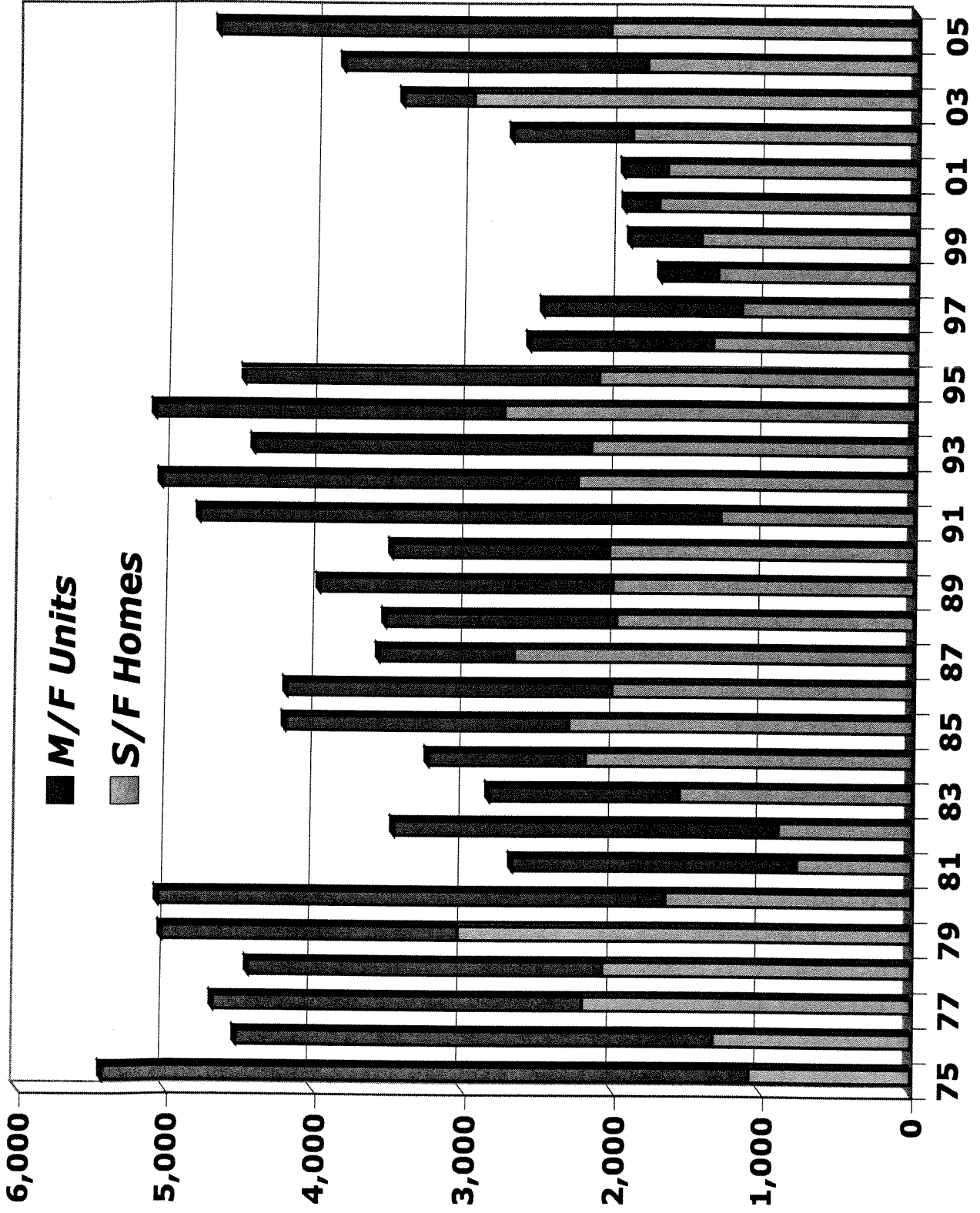
difference between cost for 120% AMI and 30% AMI by type of unit															
120	\$160,310.42	\$0.00	\$0.00	\$177,272.73	\$690.00	\$256.92	\$227,993.35	\$900.00	\$253.33	\$275,221.73	\$1,050.00	\$262.12	\$315,798.23	\$1,350.00	\$233.92
30	-\$16,962.31	\$0.00	\$0.00	-\$12,804.88	\$550.00	-\$23.28	-\$166.30	\$750.00	-\$0.22	\$11,640.80	\$950.00	\$12.25	\$21,951.22	\$1,100.00	\$19.96
	\$177,272.73	\$0.00	\$0.00	\$190,077.61	\$140.00	\$280.20	\$228,159.65	\$150.00	\$253.55	\$263,580.93	\$100.00	\$249.86	\$293,847.01	\$250.00	\$213.97
difference between cost for 120% AMI and 50% AMI by type of unit															
120	\$160,310.42	\$0.00	\$0.00	\$177,272.73	690.00	256.92	\$227,993.35	900.00	253.33	\$275,221.73	1,050.00	262.12	\$315,798.23	1,350.00	233.92
50	\$22,283.81	\$0.00	\$0.00	\$29,434.59	550.00	53.52	\$50,554.32	750.00	67.41	\$70,343.68	950.00	74.05	\$87,139.69	1,100.00	79.22
	\$138,026.61			\$147,838.14			\$177,439.02			\$204,878.05			\$228,658.54		
difference between cost for 120% AMI and 60% AMI by type of unit															
120	\$160,310.42	\$0.00	\$0.00	\$177,272.73	\$690.00	\$256.92	\$227,993.35	\$900.00	\$253.33	\$275,221.73	\$1,050.00	\$262.12	\$315,798.23	\$1,350.00	\$233.92
60	\$42,073.17	\$0.00	\$0.00	\$50,554.32	\$550.00	\$91.92	\$75,997.78	\$750.00	\$101.33	\$99,778.27	\$950.00	\$105.03	\$119,900.22	\$1,100.00	\$109.00
	\$118,237.25	\$0.00	\$0.00	\$126,718.40	\$140.00	\$165.00	\$151,995.57	\$150.00	\$152.00	\$175,443.46	\$100.00	\$157.09	\$195,898.00	\$250.00	\$124.92
difference between cost for 120% AMI and 80% AMI by type of unit															
120	\$160,310.42	\$0.00	\$0.00	\$177,272.73	\$690.00	\$256.92	\$227,993.35	\$900.00	\$253.33	\$275,221.73	\$1,050.00	\$262.12	\$315,798.23	\$1,350.00	\$233.92
80	\$81,485.59	\$0.00	\$0.00	\$92,793.79	\$620.00	\$149.67	\$126,718.40	\$820.00	\$154.53	\$158,314.86	\$980.00	\$161.55	\$185,254.99	\$1,250.00	\$148.20
	\$78,824.83	\$0.00	\$0.00	\$84,478.94	\$70.00	\$107.25	\$101,274.94	\$80.00	\$98.79	\$116,906.87	\$70.00	\$100.57	\$130,543.24	\$100.00	\$85.72
difference between cost for 120% AMI and 100% AMI by type of unit															
120	\$160,310.42	\$0.00	\$0.00	\$177,272.73	\$690.00	\$256.92	\$227,993.35	\$900.00	\$253.33	\$275,221.73	\$1,050.00	\$262.12	\$315,798.23	\$1,350.00	\$233.92
100	\$120,898.00	\$0.00	\$0.00	\$135,033.26	\$620.00	\$217.80	\$177,272.73	\$820.00	\$216.19	\$216,685.14	\$980.00	\$221.11	\$250,443.46	\$1,250.00	\$200.35
	\$39,412.42	\$0.00	\$0.00	\$42,239.47	\$70.00	\$39.12	\$50,720.62	\$80.00	\$37.14	\$58,536.59	\$70.00	\$41.01	\$65,354.77	\$100.00	\$33.57

**AFFORDABLE HOUSING
ADVISORY COMMITTEE**

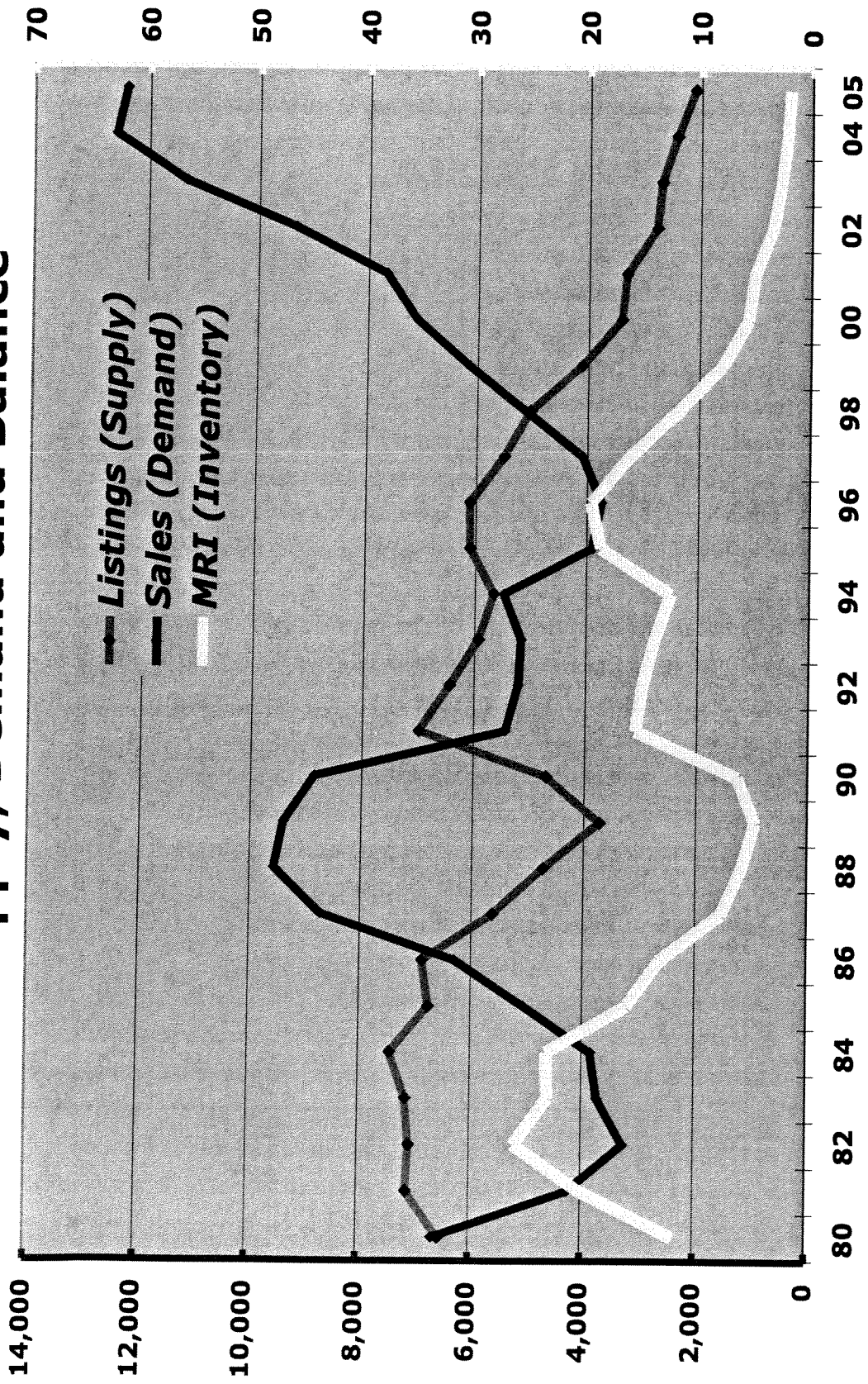
ADDENDUM 5

Affordable Housing Graphs & Charts

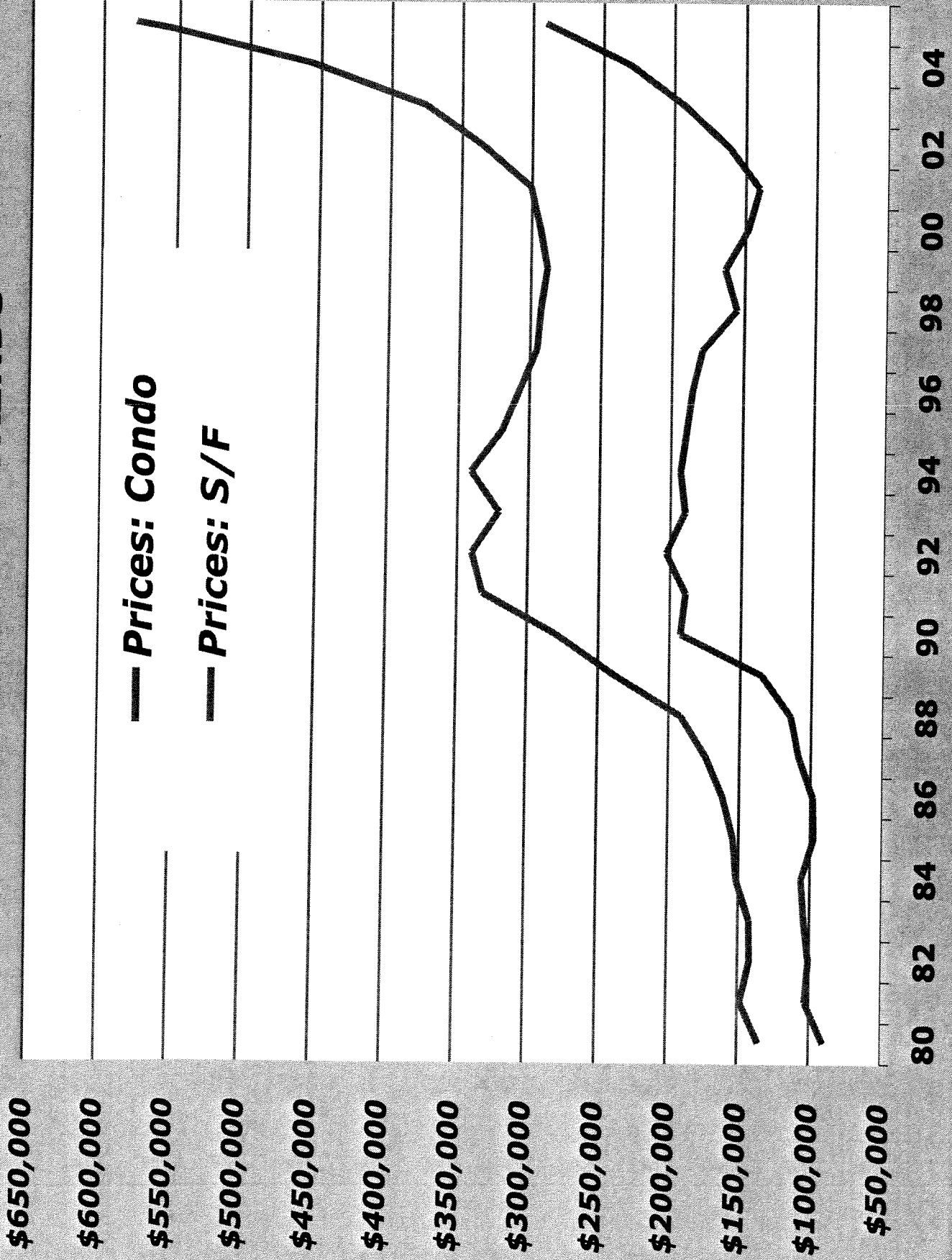
RESIDENTIAL PERMITS PULLED



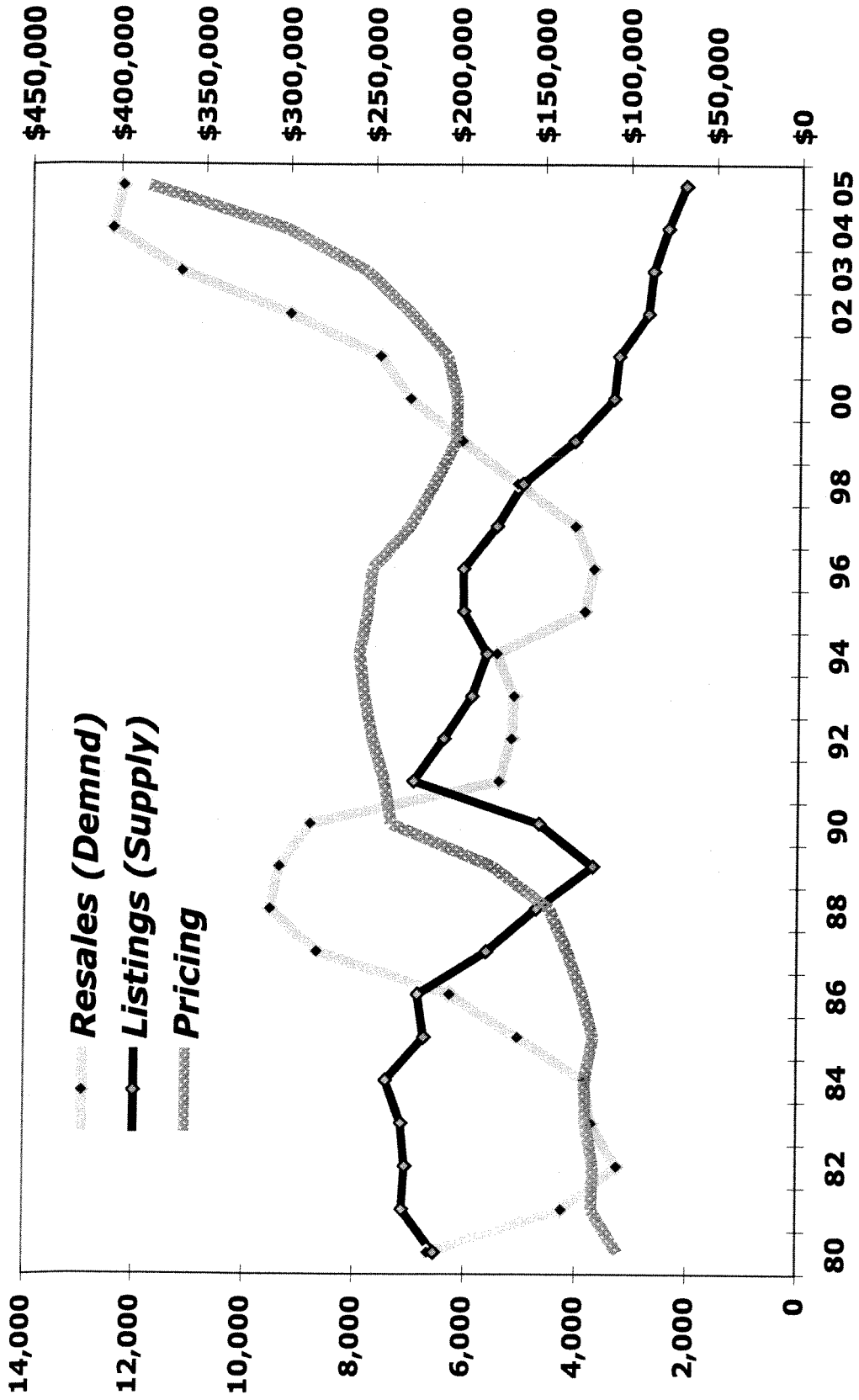
Total Supply, Demand and Balance

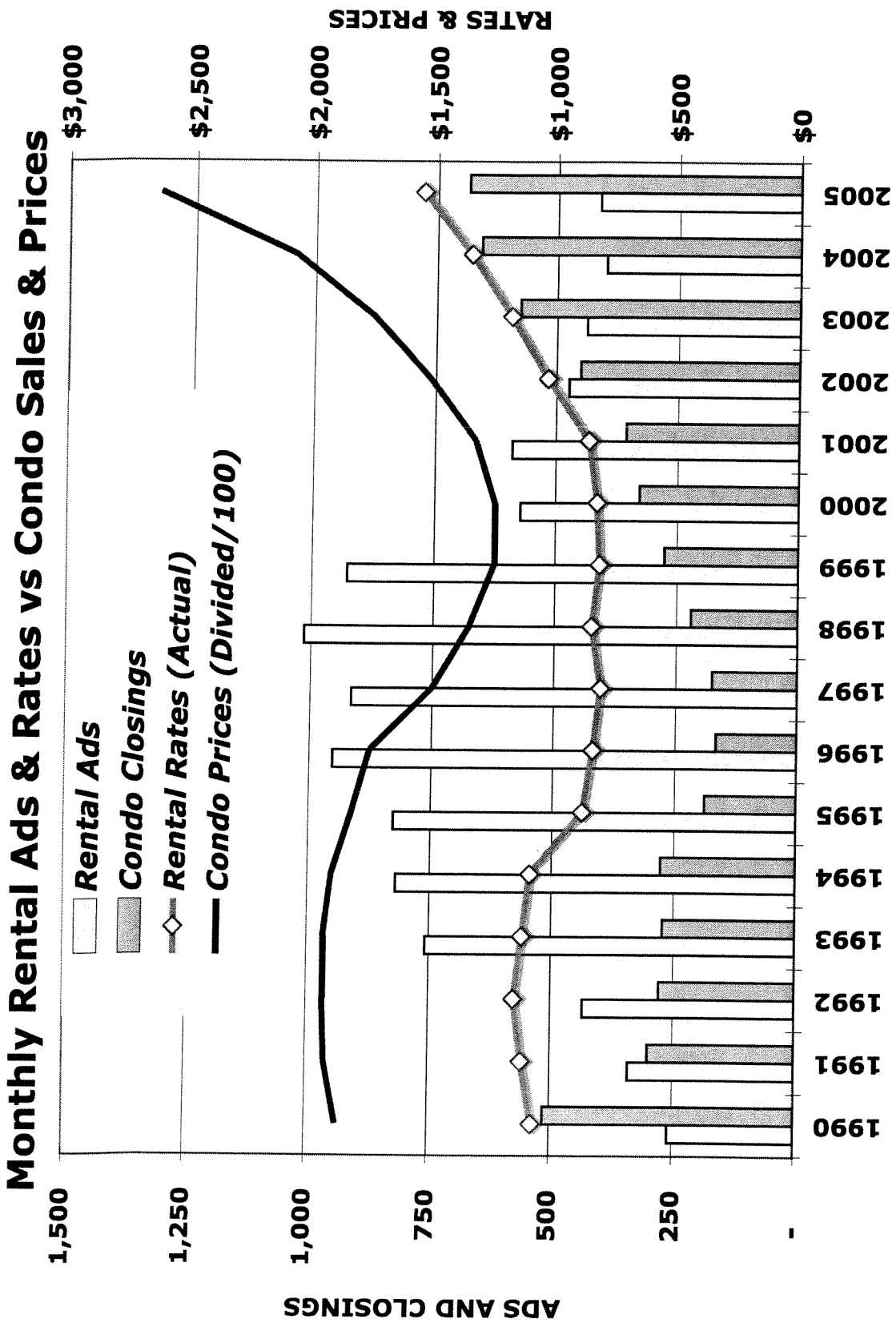


MEDIAN PRICE TRENDS

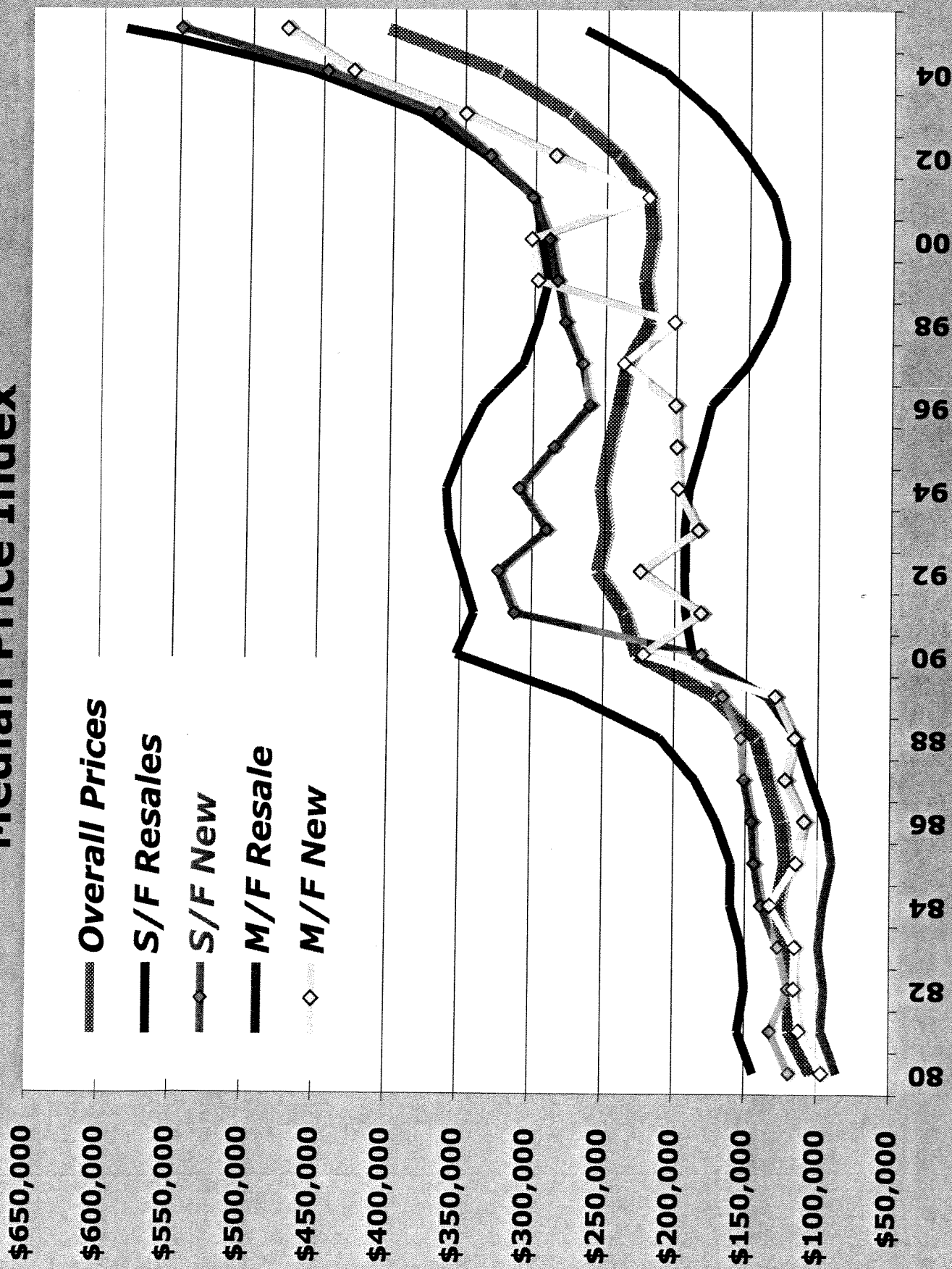


Demand, Supply & Prices

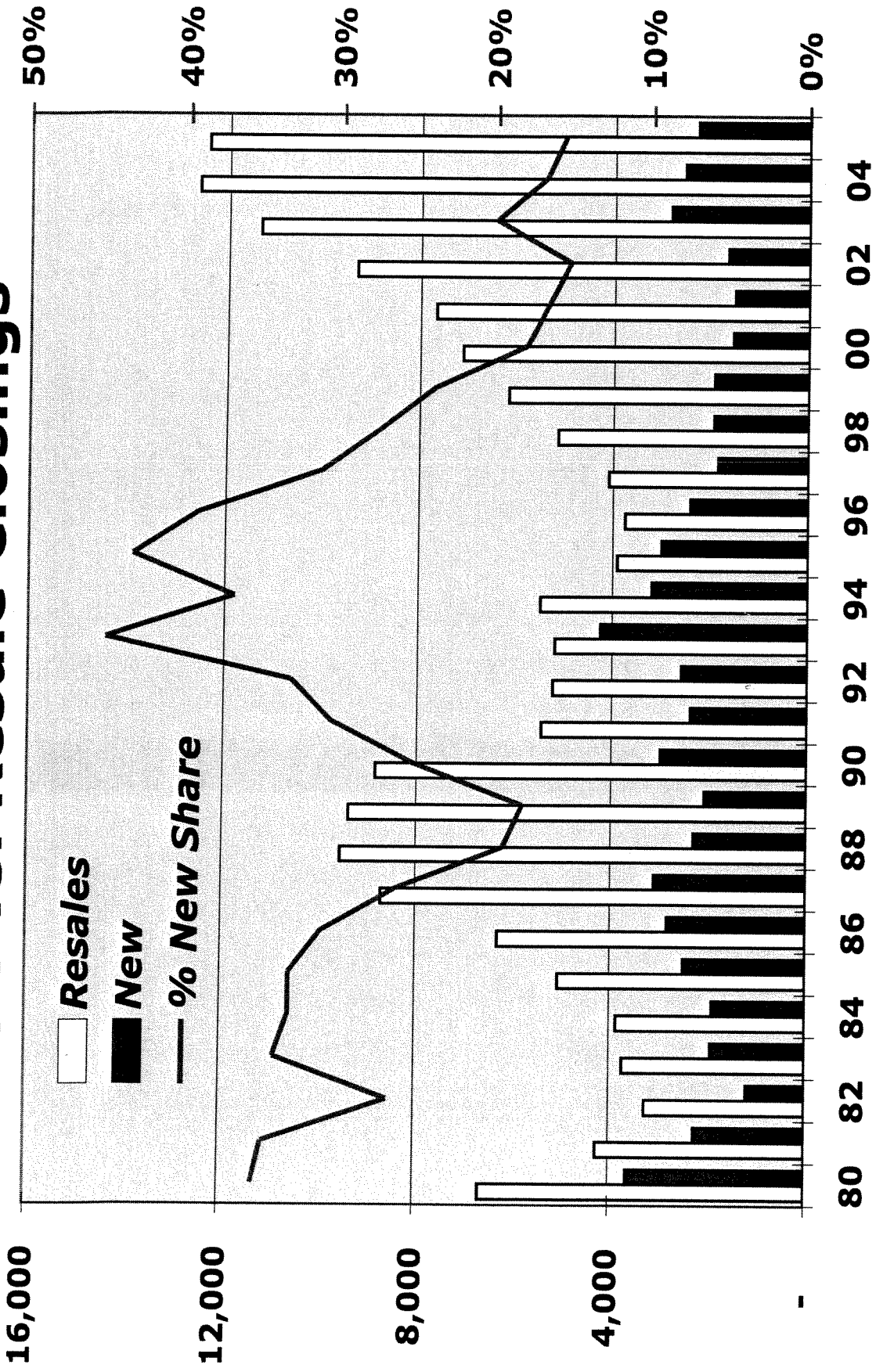




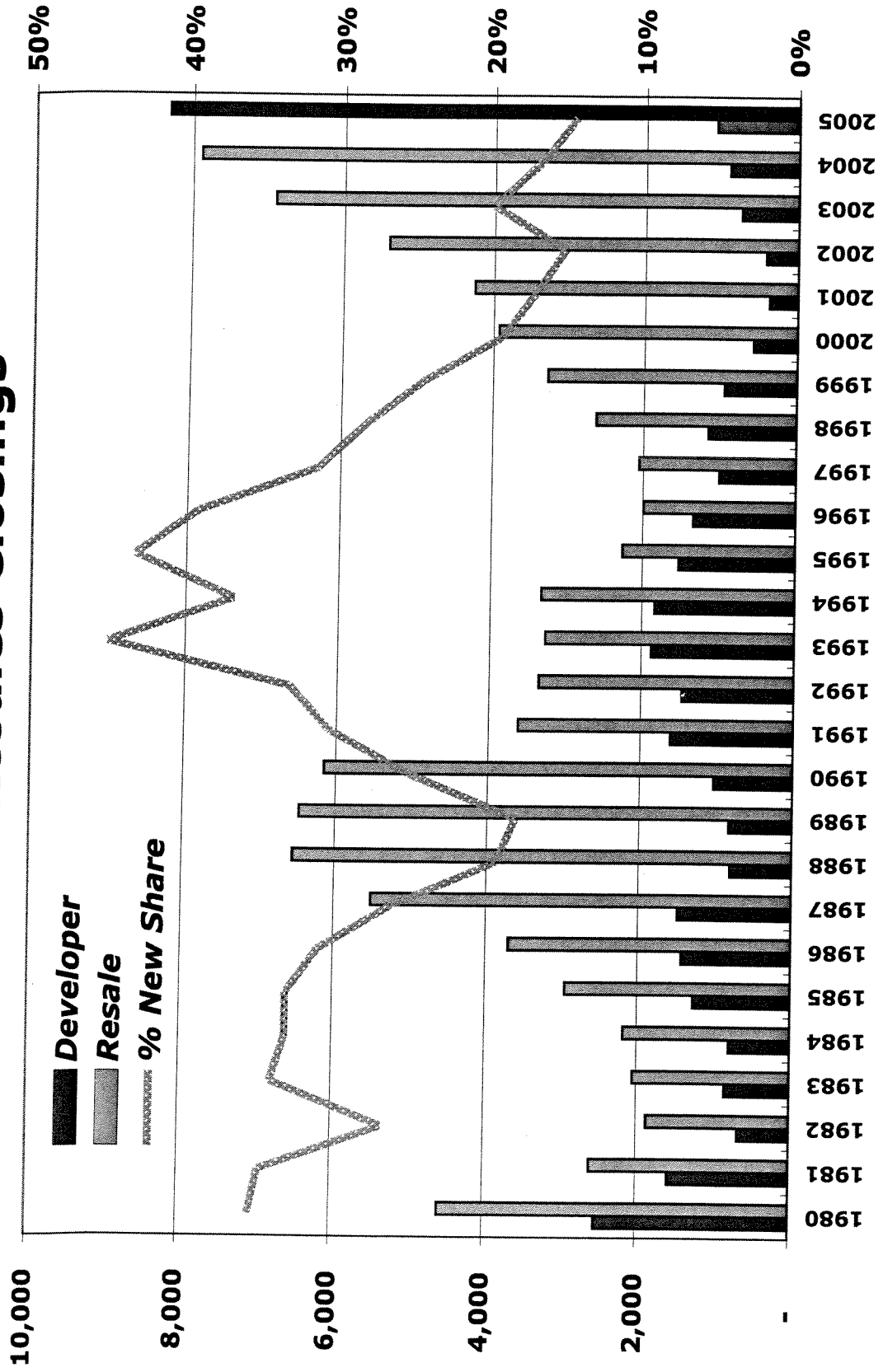
Median Price Index



New vs. Resale Closings



New Vs Resales Closings



**AFFORDABLE HOUSING
ADVISORY COMMITTEE**

ADDENDUM 6

2006 Bills by General Category

2006 Bills by General Category

Category: *Housing*

HB1368 HD2	RELATING TO LAND USE.	Alive
<i>Nani</i>	WLA <i>Status:</i> S 3/31/06 - The committee(s) on WLA has scheduled a public hearing on 04-03-06 at 1:00 pm in conference room 212. Amends provisions relating to permissible uses within the agricultural districts. Provides that the construction of single family dwellings on lots existing on the effective date of this Act; or created within projects approved by county zoning ordinance where the developer has obtained final subdivision approval for at least a portion of the project, commenced construction of project infrastructure, and sold individual lots, prior to the effective date of this Act. Such projects, including all components thereof, shall be deemed an approved use in the agricultural district; provided that not more than 10 per cent of the project area consists of soils classified as A or B. -- HB1368 HD2 <i>MediaSum:</i>	
HB2240	RELATING TO AFFORDABLE HOUSING.	Alive
<i>Nani</i>	CPH/TGO, WAM <i>Status:</i> S 3/24/06 - Report adopted; Passed Second Reading and referred to WAM. Requires the department of accounting and general services and the Hawaii housing finance and development administration to work collaboratively to develop a plan for the State to enter into public / private partnerships to construct affordable housing units on or adjacent to public state facilities that are being planned for future construction. Partnership to plan, design, construct, and furnish at least 100 affordable housing units on state owned property in Iwilei, provided that state owned offices may be included in the affordable housing structure. -- HB2240 <i>MediaSum:</i>	
HB2368 HD2 SD1	RELATING TO PUBLIC HOUSING.	Alive
<i>Nani</i>	CPH, JHW <i>Status:</i> S 3/24/06 - Report adopted; Passed Second Reading, as amended (SD 1) and referred to JHW. Amends Act 227, session laws of 2002, relating to the housing and community development corporation. Repeals the sunset date. Appropriation to the Hawaii public housing authority for 2 full time equivalent resident services program specialist positions. -- HB2368 SD1 <i>MediaSum:</i>	
HB2503 HD2 SD1	RELATING TO DERELICT VEHICLE.	Alive
<i>Nani</i>	TGO/IGA <i>Status:</i> S 3/28/06 - Received notice of disagreement (Hse. Com. No. 366). Amends provisions relating to derelict vehicle. Provides that a vehicle shall be deemed a derelict vehicle by the executive director or a representative of the director of the Hawaii public housing administration in the case of a vehicle that has been abandoned on property owned, managed, or administered by the administration. Removes the requirement that the vehicle be 10 model years old or older to be considered derelict. -- HB2503 SD1 <i>MediaSum:</i>	
HB2566 HD1 SD1	RELATING TO HOUSING.	Alive
<i>Nani</i>	CPH/WLA, WAM <i>Status:</i> S 3/24/06 - Report adopted; Passed Second Reading, as amended (SD 1) and referred to WAM. Establishes provisions relating to Kakaako affordable housing development program; established; purpose. Establishes the program within the Hawaii community development authority to provide affordable housing in the Kakaako development district to create and preserve affordable housing units within Honolulu's urban core. Establishes to the Kakaako affordable housing development fund. Provides that the fund appropriated and all moneys received or collected by the authority, for the purpose of the fund shall be deposited in the fund. Provides that activities eligible for subsidies and other assistance from Kakaako affordable housing development fund shall include new construction, rehabilitation, acquisition, or preservation of multi family ownership housing units for persons and families with incomes at or below 140 per cent of the median family income as determined by the US Department of Housing and Urban Development that meet the criteria for eligibility. Appropriation. Repealed on June 30, 2011 (sunset). (\$\$) -- HB2566 SD1 <i>MediaSum:</i>	

**HB2964 HD1
SD1**

RELATING TO AFFORDABLE HOUSING.

Alive

Nani CPH/WLA, WAM *Status:* S 3/31/06 - The committee(s) on WAM recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in WAM were as follows: 11 Aye(s): Senator(s) Taniguchi, Tsutsui, Espero, Hooser, Inouye, Kanno, Kokubun, Nishihara, Sakamoto, Hemmings, Slom; Aye(s) with reservations: none ; 0 No(es): none; and 4 Excused: Senator(s) English, Fukunaga, Kim, Trimble.

Establishes provisions relating to land leases to nonprofit organizations providing affordable housing. Authorizes the Hawaii housing finance and development administration to lease land to any qualified nonprofit organization providing affordable housing. -- HB2964 SD1

MediaSum:

**HB2966 HD2
SD1**

RELATING TO HOUSING.

Alive

Nani CPH, WAM *Status:* S 3/31/06 - The committee(s) on WAM will hold a public decision making on 04-04-06 at 9:15 pm in conference room 211.

Amends Act 196, session laws of 2005. Changes the Hawaii housing finance and development administration law to the Hawaii housing finance and development corporation law. Establishes the Hawaii public housing authority. Changes the term Hawaii housing finance and development administration to Hawaii housing finance and development corporation. Changes housing and community development corporation of Hawaii to the authority. Changes housing and community development corporation of Hawaii to the Hawaii housing and finance development corporation. Annual report to the legislature. Appropriation to the Hawaii housing finance and development corporation to purchase a computer network, printers, and faxes and for staff. Appropriation out of the general obligation bond fund to the authority to renovate the Hawaii public housing authority's school street office. Appropriation out of federal funds to the authority for staff. (\$\$) -- HB2966 HD2

MediaSum:

**HB2991 HD2
SD1**

RELATING TO SPECIAL PURPOSE REVENUE BONDS.

Alive

Nani CPH, WAM *Status:* S 3/31/06 - The committee(s) on WAM recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in WAM were as follows: 11 Aye(s): Senator(s) Taniguchi, Tsutsui, Espero, Hooser, Inouye, Kanno, Kokubun, Nishihara, Sakamoto, Hemmings, Slom; Aye(s) with reservations: none ; 0 No(es): none; and 4 Excused: Senator(s) English, Fukunaga, Kim, Trimble.

Establishes provisions relating to assisting public instrumentalities and their qualified affiliates in the development of low and moderate income housing. Defines project party to mean a public instrumentality, or qualified affiliate engaged in the development of low and moderate income housing. Authorizes the department of budget and finance to enter into and carry out a project agreement, or an amendment or supplement to an existing agreement, with a project party and to enter into and carry out any agreement where the obligation of a project party will be unconditionally guaranteed by a person other than a project party, upon approval of the governor; issue special purpose revenue bonds; and lend the proceeds of the bonds for a project to the project party. -- HB2991 SD1

MediaSum:

**SB1854 SD1
HD2**

RELATING TO THE STATE RENT SUPPLEMENT PROGRAM.

Alive

Nani HSG, FIN *Status:* S 3/30/06 - Received from House (Hse. Com. No. 385).

Amends provisions relating to rent supplements. Repeals the maximum amount of rent supplement that housing and community development corporation of Hawaii may pay. Provides that the qualified tenant's income shall not exceed 60 per cent of the area median income. -- SB1854 HD2

MediaSum: The purpose of this measure is to raise the rent supplement payment that may be made by the Housing and Community Development Corporation of Hawaii to a housing owner on behalf of a qualified tenant. New amount remains unspecified.

**SB2229 SD2
HD1**

RELATING TO TEACHERS' HOUSING.

Alive

Nani

EDN, FIN

Status: H 3/31/06 - The committees on FIN recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 16 Ayes: Representative(s) Takamine, Kawakami, Carroll, Chong, Evans, Lee, Magaoay, Nakasone, Nishimoto, Tanaka, Wakai, Yamane, Yamashita, Moses, Pine, Stevens; Ayes with reservations: none; 0 Noes: none; and 2 Excused: Representative(s) Tsuji, Meyer.

Amends Act 204, session laws of 2005, relating to teachers' housing. Amends provisions relating to expenditures from the teachers' housing revolving fund. Authorizes the use of funds for the repayment of downpayment loans to teachers. Establishes provisions relating to downpayment loans. Allows the department of education to make downpayment loans for the purchase of residential property to teachers and provides that the interest on the loans may range from 0 to 8 per cent. -- SB2229 HD1

MediaSum:

SB2332 SD2

RELATING TO HOUSING.

Alive

Nani

HSG, JUD

Status: H 3/28/06 - The committees on JUD recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 10 Ayes: Luke, B. Oshiro, Caldwell, Kanoho, Karamatsu, Morita, Sonson, Souki, Marumoto, Thielen; Ayes with reservations: none; 0 Noes: none; and 0 Excused: none.

Amends provisions relating to public housing eviction. Redefines public housing project or complex to mean a low income federal assisted housing project as established by the US Housing Act of 1937. Reduces the time that a tenant has to request a grievance hearing to 10 business days. -- SB2332 SD2

MediaSum:

**SB2474 SD1
HD1**

RELATING TO POST-FOSTER CARE.

Alive

Nani

HUS, FIN

Status: H 3/24/06 - Passed Second Reading as amended in (HD 1) and referred to the committee(s) on FIN with none voting no (0) and Carroll, Harbin, Takamine, Thielen excused (4).

Appropriation to the department of human services, office of youth services to provide assistance to former foster children between the ages of 18 and 24 in the areas of job placement, skills training, education, and housing. (\$\$) -- SB2474 HD1

MediaSum:

SB2572 SD2

RELATING TO SPECIAL PURPOSE REVENUE BONDS.

Alive

Nani

HSG, JUD, FIN

Status: H 3/28/06 - Bill scheduled to be heard by FIN on Friday, 03-31-06 at 7:15 pm in House conference room 308.

Establishes provisions relating to assisting not for profit private organizations, in the development of low and moderate income housing. Authorizes the department of budget and finance to enter into and carry out a project agreement, or an amendment or supplement to an existing agreement, with a project party and to enter into and carry out any agreement where the obligation of a project party will be unconditionally guaranteed by a person other than a project party, upon approval of the governor; issue special purpose revenue bonds; and lend the proceeds of the bonds for a project to the project party. Defines project party to mean a private organization, public instrumentality, or qualified affiliate engaged in the development of low and moderate income housing. -- SB2572 SD1

MediaSum:

SB2630 SD2

MAKING AN APPROPRIATION FOR DEVELOPMENTAL DISABILITIES.

Alive

Nani

HLT/HUS, FIN

Status: H 3/31/06 - Bill scheduled to be heard by FIN on Tuesday, 04-04-06 at 2:00 pm in House conference room 308.

Appropriation to the department of health to provide for continued operation of developmental disabilities domiciliary homes and apartment complexes for persons with developmental disabilities. (\$\$) -- SB2630 SD2

MediaSum:

SB2762 SD1**RELATING TO PUBLIC HOUSING.**

Alive

Nani

HSG, JUD

Status: H 3/28/06 - The committees on JUD recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 10 Ayes: Luke, B. Oshiro, Caldwell, Kanoho, Karamatsu, Morita, Sonson, Souki, Marumoto, Thielen; Ayes with reservations: none; 0 Noes: none; and 0 Excused: none.

Amends provisions relating to rentals and tenant selection. Requires the Hawaii housing finance and development administration to allow any person to appeal to the board of directors of the administration a denial of eligibility for public housing based on an eviction that occurred 10 years or more prior to the current application for public housing. Provides that upon appeal, the administration may reverse the earlier denial and may allow admittance to public housing at its discretion following the recommendation of the executive director, provided that the person shall not be subject to any prohibition under federal law against admission to public housing; not have any outstanding liability for unpaid rent or damages; and have written verification of responsible behavior since the eviction, including but not limited to favorable landlord references and completion of drug rehabilitation or anger management when required by a competent authority. -- SB2762 SD1

*MediaSum:***SB2773 SD3
HD1****RELATING TO HOUSING.**

Alive

Nani

HSG, FIN

Status: H 3/28/06 - Bill scheduled to be heard by FIN on Friday, 03-31-06 at 7:15 pm in House conference room 308.

Establishes the Kunia camp housing revolving fund. Establishes in the State treasury the Kunia camp housing revolving fund to provide low interest loans or grants for the acquisition, rehabilitation, or reconstruction of existing homes in Kunia camp by pineapple workers who are displaced by the closure of Del Monte fresh produce and who have been denied loans from traditional financial institutions. Provides that the fund shall be administered by the Hawaii housing and finance and development administration. Appropriation. -- Establishes the Kunia camp rental housing fund. Establishes in the State treasury the Kunia camp rental housing fund to make annual payments to a landlord to provide rent subsidies for eligible Del Monte pineapple workers and their families seeking safe, decent, and sanitary housing in the private market. Provides that the fund shall be administered by the Hawaii housing finance and development administration. Appropriation. -- Establishes the Kunia camp homeownership counseling program. Establishes within the Hawaii housing and finance and development administration a homeownership counseling program to provide displaced pineapple workers with homebuyer education and counseling. Appropriation. (\$\$) -- SB2773 SD3

*MediaSum:***SB2958 SD2
HD1****RELATING TO HOUSING.**

Alive

Nani

HSG, FIN

Status: H 3/28/06 - Bill scheduled to be heard by FIN on Friday, 03-31-06 at 7:15 pm in House conference room 308.

Appropriation to the Hawaii public housing administration for the design and construction of new transitional shelters and the maintenance and repair of existing transitional shelters and emergency shelters. -- Appropriation to the Hawaii public housing administration for support services for the homeless population located at homeless shelters. -- Appropriation to the Hawaii public housing administration for the shelter care plus program. -- Appropriation to Hawaii public housing administration for housing placement programs for the housing placement programs for the homeless population. -- Establishes provisions relating to public housing; grandparents raising grandchildren. Defines relative caregiver as a relative of a minor child by blood or marriage, who is a resident of the State and lives with the child; and is the child's primary caregiver, whether formally or informally, because the biological or adoptive parents are unwilling or unable to serve as the primary caregiver for the child. Redefines elder or elderly households to include, provided that it may also include households in which an elder is the relative caregiver for 1 or more minor children. Such a child shall cease to be a resident of the household upon attaining the age of majority, or upon the removal for the project of the elder. -- Amends provisions relating to housing, tenant selection; grandparents. Provides that 5 per cent of State low income public housing units shall be set aside as rentals for grandparents who are the primary caregiver for 1 or more of their grandchildren. Authorizes the Hawaii housing finance and development administration to use State rent supplement program funds for project based operating subsidies for State low income housing units that are transferred by the corporation to private organizations for the purpose of managing and operating the units; provided that 50 per cent of the units are rented to persons or families whose income does not exceed 50 per cent of the median family income as determined by the US department of housing and urban development; and provided further that the remainder of the units are rented to persons or families whose income does not exceed 80 per cent of the median family income as determined by the US department of housing and urban development. -- Amends provisions relating to low income housing income tax credit. Provides that the construction of new affordable housing units and rehabilitation of existing affordable housing units qualify a taxpayer for the low income housing tax credit. -- Establishes provisions relating to mortgage credit certificates under income tax laws. Provides an income tax credit in an amount equal to the product of the certificate rate and the interest paid or accrued by the taxpayer during the taxable year on the remaining principal of the certified indebtedness amount. Appropriation. (\$\$) -- SB2958 SD2

MediaSum:

**SB2984 SD1
HD1**

MAKING AN APPROPRIATION TO THE KIKALA-KEOKEA HOUSING REVOLVING FUND.

Alive

Nani HSG, FIN *Status:* H 3/28/06 - Bill scheduled to be heard by FIN on Friday, 03-31-06 at 6:30 pm in House conference room 308.

Appropriation to the Hawaii housing finance development administration for deposit into the Kikala Keokea housing revolving fund to provide low interest home construction loans for Kikala Keokea leaseholders and to fund related activities. (\$\$) -- SB2984 SD1

MediaSum:

SB3000 SD2

RELATING TO HOUSING.

Alive

Nani HSG/WLO, FIN *Status:* H 3/28/06 - Bill scheduled to be heard by FIN on Friday, 03-31-06 at 7:15 pm in House conference room 308.

Amends provisions relating to maximum time period for business or development related permits, licenses, or approvals; automatic approval; extensions. Provides that any agency that reviews and comments upon an application for a business or development related permit, license, or approval for a housing project shall respond within 45 days of receipt of the application, or the application shall be deemed approved as submitted to the agency. -- Amends provisions relating to housing development; exemption from statutes, ordinances, charter provisions, rules. Allows approval with modifications. -- SB3000 SD2

MediaSum: