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# HOUSE CONCURRENT RESOLUTION

REQUESTING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO CONVENE A MULTI-AGENCY AFFORDABLE HOUSING TASK FORCE TO DETERMINE A UNIFORM DEFINITION OF AFFORDABLE HOUSING IN THE STATE.

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

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

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

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

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

22  
23          WHEREAS, housing affordability in Hawaii is most often  
24 expressed as the housing price-to-income ratio where the price  
25 of an affordable home is expressed on a scale where one hundred  
26 forty percent area median income (AMI) or lower is considered a  
27 "below market" rate; and

28  
29          WHEREAS, the current formula used to set the sales price of  
30 affordable for-sale homes are outdated and do not take into



1 consideration other factors such as the high cost of living and  
2 high market prices of housing in Hawaii; and

3  
4 WHEREAS, the housing price guidelines set by the Department  
5 of Housing and Urban Development are not applicable to  
6 developments that do not use federal subsidies; and

7  
8 WHEREAS, the outdated formulas are based heavily on  
9 mortgage interest rates and, given the current low-interest rate  
10 environment, the sales prices may not be affordable to local  
11 area residents and, in many locations, often even exceed market  
12 prices where, for example, a two-bedroom home in the City and  
13 County of Honolulu with a maximum price of \$1,026,800 could  
14 potentially qualify as affordable under current guidelines; and

15  
16 WHEREAS, if the State and counties want to provide for-sale  
17 homes that local residents can afford on typical wages earned in  
18 Hawaii, the definition of affordable sales prices needs to more  
19 accurately reflect what local households can realistically  
20 afford, taking into consideration homeowners association fees,  
21 insurance, utilities, transportation, cost of living, access to  
22 low-interest rates, and other factors; and

23  
24 WHEREAS, the State, counties, and various housing agencies  
25 use different methods to define affordable sales prices, which  
26 creates confusion amongst consumers; and

27  
28 WHEREAS, potential homeowners and the public would be more  
29 likely to plan and obtain assistance with purchasing a home if  
30 there was an alignment of methodology in defining affordable  
31 housing, even though prices will vary by island and by  
32 neighborhood; and

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34 WHEREAS, a 2015 study by Danny Ben-Shahar, Stuart Gabriel,  
35 and Roni Golan found that using unconventional methodology can  
36 better define affordability based on more accurate metrics; now,  
37 therefore,

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39 BE IT RESOLVED by the House of Representatives of the  
40 Thirty-first Legislature of the State of Hawaii, Regular Session  
41 of 2021, the Senate concurring, that the Hawaii Housing Finance  
42 and Development Corporation is requested to convene a multi-  
43 agency affordable housing task force to determine a uniform  
44 definition of affordable housing in the State; and



1 BE IT FURTHER RESOLVED that the task force is also  
2 requested to:

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- 4 (1) Explore how affordable sales guidelines are calculated
- 5 in Hawaii; and
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- 7 (2) Review:
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- 9 (A) How maximum sales prices are determined;
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- 11 (B) Any restrictions on re-sale;
- 12
- 13 (C) Any equity sharing provisions; and
- 14
- 15 (D) Any other guidelines or rules that maximize the
- 16 affordable housing for a high-cost area; and
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18 BE IT FURTHER RESOLVED that the task force is requested to  
19 include the following members, or their designees:

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- 21 (1) The Executive Director of the Hawaii Housing Finance
- 22 and Development Corporation, who is requested to serve
- 23 as chairperson of the task force;
- 24
- 25 (2) The Director Planning;
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- 27 (3) The Executive Director of Hawaii Community Development
- 28 Authority;
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- 30 (4) The President of the Senate;
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- 32 (5) The Speaker of the House of Representatives;
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- 34 (6) A representative from each county's Department of
- 35 Planning and Permitting or other department that
- 36 implements programs providing below-market for-sale
- 37 homes;
- 38
- 39 (7) A local developer with experience in creating below-
- 40 market for-sale homes as part of its development
- 41 incentives; and
- 42
- 43 (8) A housing policy analyst from the Hawaii Budget &
- 44 Policy Center; and



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2 BE IT FURTHER RESOLVED that the task force may invite  
3 representatives from additional organizations or agencies to  
4 participate in the task force; and  
5  
6 BE IT FURTHER RESOLVED that the task force is exempt from  
7 chapter 92, Hawaii Revised Statutes; and  
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9 BE IT FURTHER RESOLVED that the task force is requested to  
10 submit a report of its findings and recommendations, including  
11 any proposed legislation, to the Legislature no later than  
12 twenty days prior to the convening of the Regular Session of  
13 2023; and  
14  
15 BE IT FURTHER RESOLVED that certified copies of this  
16 Concurrent Resolution be transmitted to the Director of  
17 Planning, Executive Director of the Hawaii Housing Finance and  
18 Development Corporation, Executive Director of the Hawaii  
19 Community Development Authority, mayors of each county, and  
20 Director of the Hawaii Budget & Policy Center.

