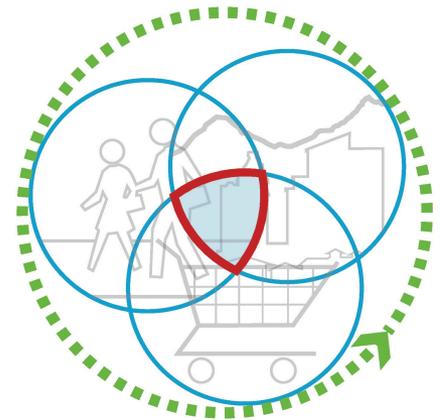


Will Development in Kakaako Include Affordable Housing?

The HCDA Relies on Federal Housing Urban Development (HUD) Formula to Determine What is Affordable Housing

- **Current HUD Formula**
- **The Housing Ladder**
- **Distribution of Qualified Income Housing Units**
- **HCDA Reserved Housing Program**



2013 HUD Area Median Family Income Estimate

The FY 2013 median family income is estimated as follows:

| Area | ACS ₂₀₁₀ 1-Year Estimate | CPI Update Factor | Trending 1.66% for 1.25 years | FY 2013 Area MFI Estimate |
|------------------|-------------------------------------|-------------------|----------------------------------|---|
| Honolulu, HI MSA | \$81,177 | 1.04117 | $1.0166^{1.25}$ = 1.02074 | $(\$81,177 * 1.04117 * 1.02074)$ = \$86,271.51 |

In keeping with HUD policy, the median family income estimate is rounded to the nearest \$100:

| Area | Unrounded FY 2013 MFI Estimate | Rounded FY 2013 MFI Estimate |
|------------------|--------------------------------|------------------------------|
| Honolulu, HI MSA | \$86,271.51 | \$86,300 |

2012 HUD Calculation for Honolulu Area Median Income (AMI) = \$82,700



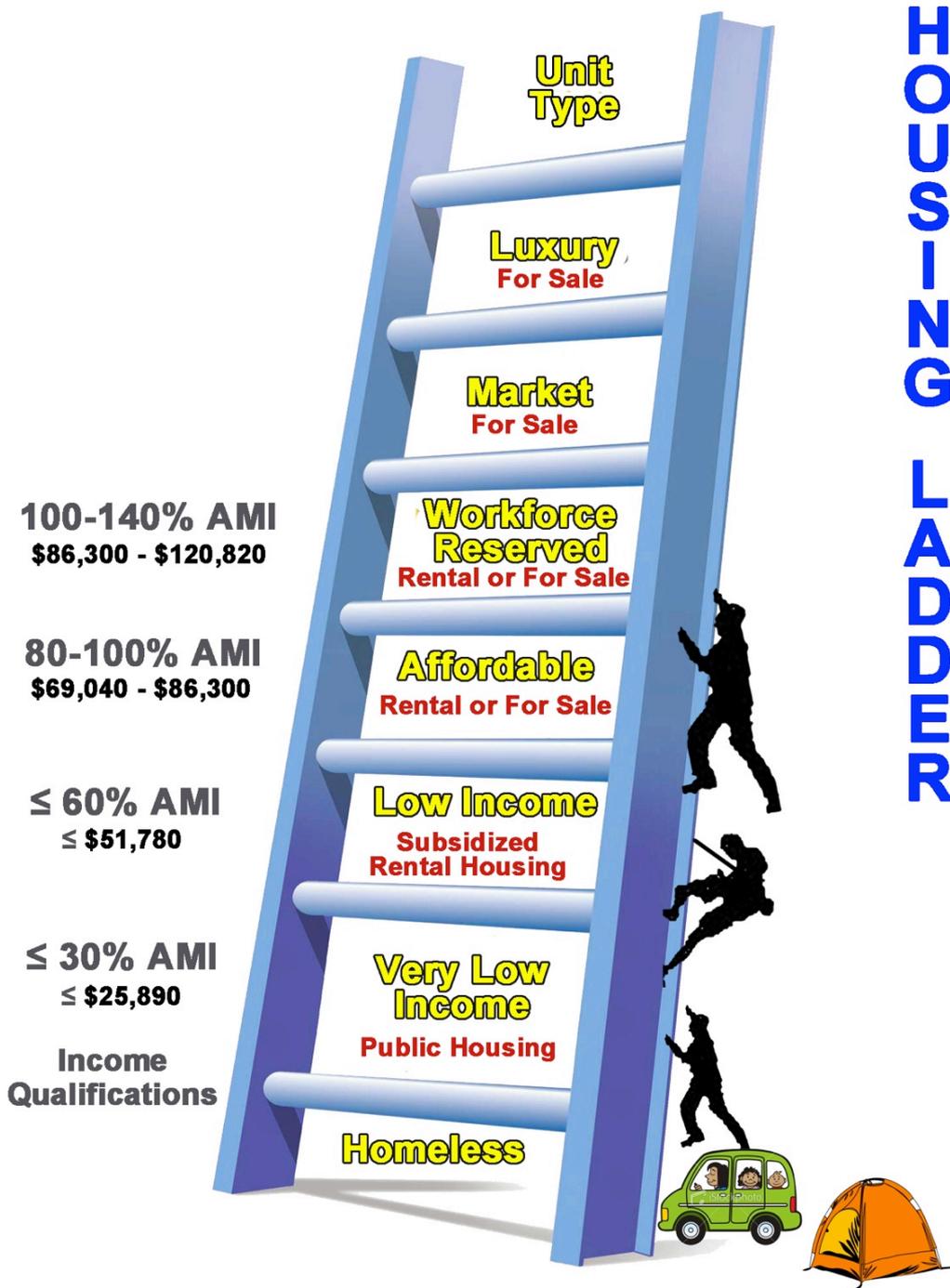
HONOLULU COUNTY INCOME SCHEDULE BY FAMILY SIZE

2012

THE FOLLOWING TABLE PRESENTS INCOME LIMITS BY FAMILY SIZE AND BY PERCENTAGES OF THE MEDIAN INCOME ESTABLISHED BY HUD. THESE INCOME LIMITS SERVE AS GUIDELINES TO ESTABLISH SALES/RENTAL PREFERENCES.

| | | LIMITS BY FAMILY SIZE | | | | | | | |
|-----------------------------|----------|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| MEDIAN | | 1 PERSON | 2 PERSON | 3 PERSON | 4 PERSON | 5 PERSON | 6 PERSON | 7 PERSON | 8 PERSON |
| \$82,700 | | | | | | | | | |
| Adjustments for family size | | 0.7000 | 0.8000 | 0.9000 | 1.0000 | 1.0800 | 1.1600 | 1.2400 | 1.3200 |
| % of Income | 10% | \$7,210 | \$8,240 | \$9,270 | \$10,300 | \$11,130 | \$11,950 | \$12,780 | \$13,600 |
| | 20% | \$14,420 | \$16,480 | \$18,540 | \$20,600 | \$22,260 | \$23,900 | \$25,560 | \$27,200 |
| | 30% | \$21,630 | \$24,720 | \$27,810 | \$30,900 | \$33,390 | \$35,850 | \$38,340 | \$40,800 |
| | 40% | \$28,840 | \$32,960 | \$37,080 | \$41,200 | \$44,520 | \$47,800 | \$51,120 | \$54,400 |
| | 50% | \$36,050 | \$41,200 | \$46,350 | \$51,500 | \$55,650 | \$59,750 | \$63,900 | \$68,000 |
| | 60% | \$43,260 | \$49,440 | \$55,620 | \$61,800 | \$66,780 | \$71,700 | \$76,680 | \$81,600 |
| | 70% | \$50,470 | \$57,680 | \$64,890 | \$72,100 | \$77,910 | \$83,650 | \$89,460 | \$95,200 |
| | 80% | \$57,680 | \$65,920 | \$74,160 | \$82,400 | \$89,040 | \$95,600 | \$102,240 | \$108,800 |
| | 90% | \$57,790 | \$66,040 | \$74,300 | \$82,550 | \$89,180 | \$95,770 | \$102,400 | \$108,980 |
| | 100% | \$57,890 | \$66,160 | \$74,430 | \$82,700 | \$89,320 | \$95,930 | \$102,550 | \$109,160 |
| | 110% | \$63,680 | \$72,780 | \$81,870 | \$90,970 | \$98,250 | \$105,520 | \$112,810 | \$120,080 |
| | 120% | \$69,470 | \$79,390 | \$89,320 | \$99,240 | \$107,180 | \$115,120 | \$123,060 | \$130,990 |
| | 130% | \$75,260 | \$86,010 | \$96,760 | \$107,510 | \$116,120 | \$124,710 | \$133,320 | \$141,910 |
| 140% | \$81,050 | \$92,620 | \$104,200 | \$115,780 | \$125,050 | \$134,300 | \$143,570 | \$152,820 | |

HUD determines the median (100%), very low (50%) and 60% income limits. Adjustments are made by HUD for areas with unusually high or low family income or housing cost to income relationships. Pursuant to rules for the Low Income Housing Tax Credit Program, the 60% income limit is calculated as 120% (60/50) of the very low income limit for each family size. The income limits for other income groups of 80% or less are calculated in the same way. The remaining income limits are calculated as a percentage of the median income for a family of four (the base) with adjustments for family size (i.e., income for a 3-person family is 90% of the base, income for a 2-person family is 80% of the base, etc.).



HOUSING LADDER

Market Housing = Willing Buyer and Willing Seller

Workforce Housing = Non-Subsidized For Sale Units

Reserved Housing = Either For-Sale or Rental Units

- **For Sale Units Subject to Buy Back and Shared Equity Payments**
- **Rental Units for 15 years**

Affordable & Low Income Units are Subsidized or Built by Government

Very Low Income & Homeless Shelters Are Built by Government

FOR RENT
 FOR SALE
 PERMITTED
 PIPELINE

 = 100 units

FOR RENT
 690 Pohukaina (390)

FOR SALE
 Royal Capitol (28)
 Pacifica (124)
 1133 Waimanu (275)
 Keola Lai (63)

FOR RENT
 Pohulani Elderly (262)
 Kamakee Vista (225)
 Kauhale Kakaako (267)
 680 Ala Moana (54)

FOR RENT
 Honuakaha (150)
 Na Lei Hulu Kupuna (76)

FOR SALE
 Honuakaha (93)
 Halekauwila Place (203)
 Artspace/Pa'i (80)
 Waihonua 2 (72+)

Symphony (100)
 Pagoda Terrace (167)
 801 South St (635)
 801 South St Phase 2 (410)
 HH Block 5 Project 1 (375)



Next Step
 (200)

No Current
 Developments

HCDA Reserved Housing Program

Chapter 206E-33(8) HRS

- **“Residential development may require a mixture of densities, building types and configurations in accordance with appropriate urban design guidelines; integration both vertically and horizontally of residents with varying incomes, ages, and family groups; and an increased supply of low- or moderate-income may be required as a condition of redevelopment in residential use.”**

HCDA Reserved Housing Program

Chapter 15-218 HAR

- **Requirement for Reserved Housing Where Developer seeks to construct multi-family units on a lot >20,000 sf**
 - **20% of total residential floor area – FS units**
 - **15% if for rental units**
- **Household Income \leq 140% AMI**
- **Regulated Term**
 - **For Sale = 5 Years**
 - **Rental = 15 years**
- **First Option to Purchase**
- **Equity Sharing Requirement**

HCDA Reserved Housing Program

| Project | # of Units | AMI | Rental/ Sale |
|----------------------------|-------------------|-----------------|-------------------------|
| Royal Capital Plaza | 28 | 64%-140% | Sale |
| 1133 Waimanu | 282 | 97-117% | Sale |
| Pacifica | 124 | 100-140% | Sale |
| Keola Lai | 63 | 104-130% | Sale |
| 680 Ala Moana | 54 | 100% | Rental |
| Na Lei Hulu Kupuna | 76 | 60% | Rental |
| Honuakaha | 93 | 60% | Rental |
| Halekauwila Place | 203 | 60% | Rental |
| Pohulani | 262 | 80% | Rental |
| Kauhale Kakaako | 267 | 80% | Rental |
| Kamakee Vista | 225 | 80% | Rental |

HCDA Workforce Housing Program

15-218 Subchapter 4 HAR

- **Definition**
 - **>75% of residential units set aside as for sale units for purchase by families earning 100-140% AMI**
 - **Development does not require financial assistance from government**
 - **Which meets specified unit size**
- **Exempt From Buyback & Equity Sharing, Public Facility Dedication Fees**
- **Authority May Consider Exemptions to Mauka Area Rules**