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KAK 13-091

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HAWAII COMMUNITY  
DEVELOPMENT  
AUTHORITY



October 21, 2015

Mr. Anthony Ching  
Executive Director  
Hawaii Community Development Authority  
547 Queen Street  
Honolulu, Hawaii 96813

Dear Mr. Ching:

I am writing to request approval of the proposed reserved housing credit program contained herein for the 803 Waimanu development, permit number KAK 13-091. Per Section II of the development permit: "The Applicant may submit a reserved housing credit program for additional reserved housing credit for the Authority's consideration at a later time."

The staff report dated January 8, 2014 which accompanied the development permit request, states the following concerning the Reserved Housing credit program:

"The Applicant is also requesting the option to designate additional reserved housing units in the Project than what is required for the Project and obtain credits for these additional reserved housing units that can be utilized to satisfy reserved housing requirement for other residential projects within the KCDD. Due to the off-street parking requirement for reserved housing units, only sixty-seven (67) units in the Project will be eligible for consideration as additional reserved housing units. Since the residential units in the Project are predominantly studio units, staff believes that any credit for the units needs to reflect the fact that actual units that are associated with the credits are studio units. Therefore, a multiplier of less than one (1) will have to be utilized to convert reserved housing units into reserved housing credits. Typically, reserved housing units reflect the mix of unit types in a particular project with some combination of studio, one-bedroom, two-bedroom, and three-bedroom units. In considering credits for additional reserved housing for this Project, it is not possible at this time to predict the unit mix of a future project for which these reserved housing credits will be utilized. Therefore, it is reasonable to assign a scaled value for a studio unit such that if the studio unit credit is utilized to meet a studio reserved housing unit in a future project the credit value will be one hundred percent (one studio unit per one studio unit). If a studio credit is utilized to meet a one-bedroom reserved housing unit in a future project, the credit value will be seventy-five percent (0.75 one bedroom unit/studio unit), if a studio credit is utilized to meet a two-bedroom reserved housing

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**Exhibit A**

in a future project, the credit value will be sixty-six percent (0.66 two-bedroom unit/studio unit), if a studio credit is utilized to meet a three-bedroom reserved housing unit in a future project, the credit value will be fifty percent (0.50 three-bedroom unit/studio unit).

The weighted average of the scaled credit value that may be applied towards future one-bedroom, two-bedroom, and three-bedroom units is sixty-three percent (63%). Based on this analysis, staff believes that providing sixty-three percent (63%) credit for any additional reserved housing would be considered reasonable. For example, using this formula, the Applicant could receive sixty-three (63) units reserved housing credit for providing 100 studio units in the Project as additional reserved housing units, and the credit could be used on a one-to-one basis towards a future residential development regardless of the unit mix.”

The following table summarizes the Reserved Housing units required under our development permit and agreement, and those we are proposing to restrict as Reserved Housing in exchange for credit. Per HCDA staff’s guidance, both the required and proposed Reserved Housing units will have an average affordability of no more than 120% of Area Median Income (“AMI”).

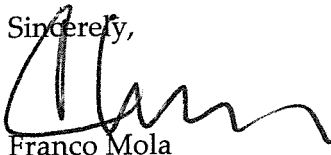
	Required per Development Permit/Agreement	Proposed for RH Credit	Total
Studio	6	40	46
1-Bedroom	17	12	29
2-Bedroom	1		1
Total	24	52	76

We propose that the credit could be used in one of the two following ways (at the developer’s discretion):

- 1) The credit may be used on a one to one basis to offset a future need for 40 studios and 12 1-bedrooms, or
- 2) The credit may be used to offset the need for 33 units of any type. Per the staff recommendation cited above,  $63\% \times 52 \text{ units} = 32.76$ ; we feel it is appropriate to round up to 33 since 12 of the units are 1-bedrooms and not studios.

Thank you very much for your consideration of this request. We look forward to providing additional high quality affordable housing in Kaka’ako.

Sincerely,



Franco Mola