Kaka‘ako Community Development District
Reserved Housing Rules
Proposed Draft Amendments

Public Hearing
May 17, 2017
Process Overview & Required Hearings

- Affordable Housing Investigative Committee Formed
- Research
- Stakeholder Consultation
- Agency Consultation
- Outreach
- Draft Rule Proposal
- Collect and Evaluate Comments

Develop Proposed Rule

Hearing I*
May 17, 2017
- Presentation of Proposed Rules
- Collect Comments

Prepare Final Staff Report

Hearing II*
May 31, 2017
- Independent Economic Analysis
- Collect and Evaluate Comments
- Stakeholder Consultation
- Agency Consultation
- Outreach
- Final Staff Report
- Final Investigative Committee Report
- Decision-Making

* HRS § 206E-5.6, requires the Authority to render its decision at a public hearing separate from the hearing that the proposal is presented.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAY 7, 2014</td>
<td>Authority began process</td>
</tr>
<tr>
<td>AUG. 6, 2014</td>
<td>Reserved Housing Investigative Committee appointed</td>
</tr>
<tr>
<td>MAR. 1, 2015</td>
<td>Reserved Housing Investigative Committee presentation</td>
</tr>
<tr>
<td>MAY 6, 2015</td>
<td>Reserved Housing Investigative Committee Report presented</td>
</tr>
<tr>
<td>SEPT. 2, 2015</td>
<td>Amendment of Kaka‘ako Reserved Housing Rules presented</td>
</tr>
<tr>
<td>FEB. 3, 2016</td>
<td>Appointment of Affordable Housing Investigative Committee</td>
</tr>
<tr>
<td>JULY 6, 2016</td>
<td>Reserved Housing Investigative Committee Update</td>
</tr>
<tr>
<td>SEPT. 7, 2016</td>
<td>Reserved Housing Rules Proposed Draft Amendments</td>
</tr>
<tr>
<td>OCT. 5, 2016</td>
<td>Approved hire of a Hearings Officer</td>
</tr>
<tr>
<td>JAN 4, 2017</td>
<td>Reserved Housing Rules Proposed Amendments Update</td>
</tr>
<tr>
<td>MAR. 1, 2017</td>
<td>Presentation of the Proposed Amendments</td>
</tr>
<tr>
<td>MAR. 28, 2017</td>
<td>Public Hearing with Hearings Officer</td>
</tr>
<tr>
<td>MAY 3, 2017</td>
<td>Public Hearing</td>
</tr>
<tr>
<td>MAY 17, 2017</td>
<td>Pending Public Hearing</td>
</tr>
<tr>
<td>MAY 31, 2017</td>
<td>Public Hearing</td>
</tr>
</tbody>
</table>

**10 Public Meetings**

**4 Public Hearings**
Low Income Housing

For families making <80% AMI

$83,700 for a family of four

HCDA Contributed $23 million

1,189 Rentals were added since 1989

HCDA Partners with HHFDC

3 More projects planned adding 317 units.
For low to moderate income families 80-140% AMI

Family of Four
$83,700 to $121,250

- High School Teacher ($56,730) + Accountant ($60,440)
- Housekeeper ($35,630) + Administrative Assistant ($52,420)
- Childcare worker (19,980) + Crane Operator ($76,830)
Current Reserved Housing Program

Mandatory Program

20% of units in new projects

Bonus FAR 20%

No Public Facilities Dedication
requirement for Reserved Housing
Bonus FAR

Buyback and shared equity provisions
Current Workforce Housing Program

Voluntary Program

75% of units in new projects
Bonus FAR **100%**

**No** Public Facilities Dedication requirement for Reserved Housing

**No** buyback or shared equity provisions
Who does it affect?

The proposed amendments do not affect current home owners or developers with permits. It will only affect future projects in Kaka‘ako that do not have permits yet, and the future home owners in those projects.
Outline of Proposed Draft Amendments

Standardizes procedures for Reserved and Workforce Housing
• General qualifications for purchase
• Sale and rental
• Income
• Occupancy requirements
• Factors to be used for sale price determination
• Terms of sale
• Foreclosure
• Incorporation in deed

• Equity Sharing requirements
• Deferral of first option to purchase and equity sharing
• Terms for rent
• Factors to be used for determining monthly rent
• Rental by owner
• Cash-in-lieu
• Effects of subsequent rule amendments
1. Expand Source of Reserved/Workforce Housing
   • Require multi-family residential project with 10 or more units to provide 20% of the units to be Reserved Housing

2. Preserve Reserved/Workforce Housing Stock
   • Index Reserved Housing resale price to Honolulu Board of Realtors’ Median Annual Percent Price Change
   • Shared Equity provision if HCDA waives buy back
   • Continuous Buy Back provision
   • Rental Reserved Housing unit regulated for 30 years
Reserved Housing Task Force Recommendations

3. Encourage Housing Development

• **Rental Reserved Housing**: Establish a schedule of rental Reserved Housing at various affordability levels with a targeted weighted average rent at 120% AMI and a maximum allowable rent at 140% AMI

• **For-Sale Reserved Housing**: Establish a schedule for providing Reserved Housing at various affordability level with a targeted weighted average sales price at 120% AMI and maximum allowable sales price at 140% AMI

• Qualifying household income of 140% or less

• Provide flexibility with parking
Reserved Housing Task Force Recommendations

4. Create Consistency
   • City & County Affordable Housing Rules
   • HHFDC Rules

5. Provide Incentive for Larger Units
   • Establish a scale factor such as used by the City & County, based on the size of the unit, to give incentive to developers to provide larger units
Reserved Housing Task Force Recommendations

6. Shared Equity
   • Calculate as a % of market price

7. Cash-in-lieu Provision
   • Land dedication or cash payment calculated as a % of gross revenue

8. Create Mobility
   • Provide for a Reserved Housing owner to purchase another larger Reserved Housing unit based on changes in family size

9. Provide Certain Asset Exemptions
   • Exempt gift for down payment from asset limit

10. Exempt retirement accounts from asset limit
11. Workforce Housing

- Provide ‘for-sale’ as well as rental workforce housing
- Weighted average sales price or rent at 120% AMI with maximum allowable sales price or rent at 140% AMI.
- Qualifying household income of 140% or less
- Continuous Buy Back provision
- Buy Back price indexed to Honolulu Board of Realtors’ Median Annual Percent Price Change for Condominiums
- Floor Area Bonus
- No exemptions from provisions of the Mauka Area Rules
Create Consistency

General Provisions: Reserved Housing Requirements

§15-218-1,3,4,5
• Amended to provide more clarity

§15-218-5: Definitions: Adds definitions of new terms or modifies existing definitions.

• Area Median Income
• Fair Market Value
• Gross Revenue
• Household
• Household Income
• Low Income Household

• Moderate Income Household
• Workforce Housing Project
• HUD
Expand Source of Reserved Housing

$15-218-17 Requirement for Reserved Housing

- Amends Reserved Housing Requirements
  - 20% of total numbers of units in a multi-family residential development of 10 or more units
- Reserved Housing to begin construction prior to initial certificate of occupancy for the market project. Secured by the developer with a financial guaranty bond. Developer to provide HCDA an executed construction contract for construction of reserved housing.
- Allows Cash-in-lieu payment instead of providing Reserved Housing
- Other revisions for clarity
Encourage Housing Development

§ 15-218-18: Incentives

• Reserved Housing Unit Floor Area not included in FAR count
  • results in 20% FAR bonus
• 100% FAR bonus for Workforce Housing
• No Public Facilities Dedication requirements on Reserved Housing or Workforce Housing Floor Area

• Flexibility in
  • off-street parking requirement
  • building height
  • building setback
  • Loading
## Provide Incentive for Larger Units

### §15-218-19 Unit Type and Corresponding factor

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Bedroom</td>
<td>0.70</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>0.90</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>1.00</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>1.08</td>
</tr>
<tr>
<td>3+ Bedroom</td>
<td>1.16</td>
</tr>
</tbody>
</table>
Create Mobility

§15-218-20 Occupancy Guidelines for Sale or Rental of Reserved Housing Units

- Helps to ensure larger units are provided to larger families
- Guideline can be modified by the Authority, if necessary
- Based on the City and County of Honolulu Housing Code

<table>
<thead>
<tr>
<th>Reserved Housing Unit Type</th>
<th>Preferred Household Size</th>
<th>Minimum Household Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>1 person</td>
<td>1 person</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>2 person</td>
<td>1 person</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>3 person</td>
<td>2 person</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>4 person</td>
<td>2 person</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>5 person</td>
<td>3 person</td>
</tr>
</tbody>
</table>
§15-218-21 Workforce Housing Project(s)

• 75% of the units must be priced based on an AMI of 140% or below (Current Rule: between 100-140%)
• Eliminates unit size specifications
Create Mobility, Allow more Households in need to qualify for Reserved or Workforce Housing Purchase

§15-218-30: General Qualifications for Purchase of Reserved Housing or Workforce Housing Units
- Sufficient gross income to qualify for loan
- Provides for purchase of a larger Reserved Housing unit by a current Reserved Housing unit owner subject to certain conditions

§15-218-31: Sale and Rental of Reserved Housing & Workforce Housing Units
- Standardizes Workforce and Reserved Housing
- Authority may manage the sales program itself or allow the Developer to manage it
- Sales notice requirement- Information to be included in notice
- Priority given to applicant displaced from housing in Kakaʻako Community Development District

§ 15-218-32: Income
- Exemption of retirement account and gift for down payment from counting towards asset
§15-218-33: Occupancy Requirements

- Owner occupancy requirement
- Owner occupancy verification requirement
- Authority may exercise buyback option if owner occupancy requirement is violated
- Authority may require cancellation of rental lease if owner occupant requirement is violated
- Owner occupancy requirement included in the deed
- Occupancy verification by the Authority
- Verification required 30 calendar days from Authority notification
- Deletes existing provisions that are not applicable anymore
§15-218-34 Factors to be Used for Reserved Housing and Workforce Housing unit Sale Price Determination

- Establishes factors for Reserved Housing sale price determination
- Down payment (10% of sale price)
- Applicable AMI
- Monthly housing payment: (Not to exceed 33% of gross household income)
  - mortgage payment,
  - MIP,
  - AOAO dues
- 30 year mortgage interest rate published by Freddie Mac (6 month average)
- Unit type factor
- Maximum Allowable sales price based on 140% AMI
- Weighted Average sales price based on 120% AMI
- ED to establish and publish Reserved Housing sale price formula every year
Reserved/Workforce Housing Sales Price Calculation Formula

**Calculation of Reserved and Workforce Housing Maximum Affordable Price Points - FOR SALE**

<table>
<thead>
<tr>
<th>Current Median Income (2017)</th>
<th>$86,600</th>
<th>Adjustment for Unit Type</th>
<th>Monthly Reserves****</th>
<th>Assn Dues</th>
<th>MIP Pricing Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Factor</td>
<td>1</td>
<td>Unit Type</td>
<td>Unit Type Total</td>
<td>AD/RPI/MP</td>
<td>AD/RPI/MP</td>
</tr>
<tr>
<td>Future Median Income</td>
<td>$86,600</td>
<td>Studio</td>
<td>0.7</td>
<td>$386</td>
<td>AD/RPI/MP</td>
</tr>
<tr>
<td>Mortgage Term (years)</td>
<td>30</td>
<td>1 Bedroom</td>
<td>0.9</td>
<td>$658</td>
<td>AD/RPI/MP</td>
</tr>
<tr>
<td>Downpayment (% of MAP)</td>
<td>100%</td>
<td>2 Bedroom</td>
<td>1.08</td>
<td>$850</td>
<td>AD/RPI/MP</td>
</tr>
<tr>
<td>Housing Expense (% of Income)</td>
<td>33.0%</td>
<td>3 Bedroom</td>
<td>1.16</td>
<td>$900</td>
<td>AD/RPI/MP</td>
</tr>
</tbody>
</table>

**Source (Chapter 218):** [http://www.feddem.com/pmmrpsmmx30.htm](http://www.feddem.com/pmmrpsmmx30.htm)

### Input Inflation Factors:
- %/Year: 2.00%
- # of Years: 0

### Input Mortgage Rates****:
- 07/14-02/214
  - Month 1: 3.77%
  - Month 2: 4.02%
  - Month 3: 4.13%
  - Month 4: 4.17%
  - Month 5: 4.20%
  - Month 6: 4.05%
  - Average: 4.09%

**Calculation of Reserved and Workforce Housing Maximum Affordable Price Points - FOR RENT**

<table>
<thead>
<tr>
<th>Current Median Income (2016)</th>
<th>$86,600</th>
<th>Adjustment for Unit Type</th>
<th>Unit Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Expense (% of Applicable AMI)*</td>
<td>30.0%</td>
<td>Studio</td>
<td>0.7</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$244,831</td>
<td>0.9</td>
<td>1 Bedroom</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$277,468</td>
<td>1.08</td>
<td>2 Bedroom</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$262,569</td>
<td>1.16</td>
<td>3 Bedroom</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>$268,450</td>
<td>1.16</td>
<td>4 Bedroom</td>
</tr>
</tbody>
</table>

**For Chapter 218**

**Gross rent to include all utilities and building operating costs, excluding telephone/cable/internet/parking**

### Maximum Allowable Rent (MAR)

<table>
<thead>
<tr>
<th>Percent of Median Income</th>
<th>80%</th>
<th>90%</th>
<th>100%</th>
<th>105%</th>
<th>110%</th>
<th>115%</th>
<th>120%</th>
<th>140%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>$1,212</td>
<td>$1,364</td>
<td>$1,516</td>
<td>$1,591</td>
<td>$1,667</td>
<td>$1,743</td>
<td>$1,819</td>
<td>$2,212</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$1,559</td>
<td>$1,754</td>
<td>$1,949</td>
<td>$2,046</td>
<td>$2,149</td>
<td>$2,241</td>
<td>$2,338</td>
<td>$2,728</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$1,732</td>
<td>$1,949</td>
<td>$2,165</td>
<td>$2,273</td>
<td>$2,382</td>
<td>$2,490</td>
<td>$2,598</td>
<td>$3,031</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$1,871</td>
<td>$2,104</td>
<td>$2,338</td>
<td>$2,455</td>
<td>$2,572</td>
<td>$2,689</td>
<td>$2,808</td>
<td>$3,273</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>$2,009</td>
<td>$2,260</td>
<td>$2,511</td>
<td>$2,637</td>
<td>$2,763</td>
<td>$2,888</td>
<td>$3,014</td>
<td>$3,516</td>
</tr>
</tbody>
</table>
§15-218-35 Terms of Reserved Housing & Workforce Housing for Sale

- Establishes 1st option to purchase the Reserved Housing/Workforce Housing Unit by the Authority

- Establishes formula for buy back purchase price
  - Buyback Price = Original Fair Market Value appreciated annually by HBR annual median sales price percentage change for condominium minus HCDA equity

- Regulates any subsequent mortgage placed on the Reserved Housing/Workforce Housing Unit
  - Subsequent mortgage not to exceed 80% of original purchase price

### BUYBACK PRICE CALCULATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Original Sale Price</th>
<th>Original Fair Market Value</th>
<th>HCDA Equity Sharrin %</th>
<th>HBR Annual Median Sales Price Change</th>
<th>Change in Sales Price</th>
<th>HCDA Equity</th>
<th>Buyback Price</th>
<th>Owner's Profit</th>
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<tr>
<td>2011</td>
<td>$408,122</td>
<td>$457,200</td>
<td>10.7%</td>
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<td>$49,078</td>
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<td>2012</td>
<td></td>
<td></td>
<td></td>
<td>5.8%</td>
<td>$483,718</td>
<td>$51,925</td>
<td>$431,793</td>
<td>$23,671</td>
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<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td>4.6%</td>
<td>$511,773</td>
<td>$54,936</td>
<td>$456,837</td>
<td>$48,715</td>
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<td>2014</td>
<td></td>
<td></td>
<td></td>
<td>5.4%</td>
<td>$535,315</td>
<td>$57,463</td>
<td>$477,852</td>
<td>$69,730</td>
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<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td>2.9%</td>
<td>$564,222</td>
<td>$60,566</td>
<td>$503,656</td>
<td>$95,534</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td>8.3%</td>
<td>$580,584</td>
<td>$62,323</td>
<td>$518,262</td>
<td>$110,140</td>
</tr>
</tbody>
</table>
Clean Up Amendments

Deletions

§15-218-36 First Option to Purchase
• Deletes section: No longer necessary

§15-218-37 Sale or Transfer of Reserved Housing
• Deletes section: No longer necessary
Protection for Lenders

§15-218-38: Foreclosure
• Requirement to Notify the Authority
• Authority party to any foreclosure action
• Authority in 2nd position after the Lender and entitled to any remaining proceeds up to a maximum of its share of equity in the unit
• Owner entitled to any remaining proceeds after payment of Authority's share of equity

§15-218-39: Foreclosure Sale
• Provisions of §15-218-35 (Terms of Reserved and Workforce Housing For Sale) and §15-218-41 (Equity Sharing) automatically extinguished and shall not attach to subsequent transfers of title pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action in commenced
Preserving Affordability, Shared Equity

§ 15-218-40: Incorporation in Deed
• Provisions of §15-218-35 and §15-218-41 incorporated in the deed

§15-218-41 Equity Sharing Requirements
• Amends equity sharing requirements
• Amends equity sharing formula
• Makes allowance for cost of Owner’s improvements
• Deletes provisions for the developer to buy out equity sharing

Proposed Equity Sharing Formula

\[
\text{Resale fair market value} \times \frac{\text{Original fair market value} - \text{Original sales price}}{\text{Original fair market value}}
\]

Example:

\[
\begin{align*}
\text{Resale fair market value} &= $700,000 \\
\text{Original fair market value} &= $500,000 \\
\text{Original sale price} &= $400,000
\end{align*}
\]

\[
\text{HCDA's Equity Share} = $700,000 \times \frac{$500,000 - $400,000}{$500,000} = $140,000
\]

No equity sharing requirement if the Authority’s share of equity sharing in less than 0.5% or if the resale fair market value is less than original sale price.
§15-218-42: Deferral of 1st Option to Purchase and Equity Sharing

- Provides for deferral of 1st option to purchase
- Adds conditions to deferral of first option to purchase and equity sharing
Encourage Rental Housing

§15-218-43 Terms of Reserved Housing and Workforce Housing for Rent
- Maximum allowable rent based on 140% of AMI
- Weighted average rent based on 120% of AMI
- Regulated for 30 years

§15-218-44 Factors to be used for Determining Monthly Rent for Reserved and Workforce Housing Unit for Rent
- Rent = 30% of Applicable AMI
- Includes all utilities
- Exempts parking, telephone, television & Internet
- ED to establish and publish formula

§15-218-45 Rental of Reserved or Workforce Housing Unit by Owner
- Section added to address rental of a Reserved Housing or Workforce Housing Unit by the owner

<table>
<thead>
<tr>
<th>Current Median Income (2021)</th>
<th>$85,600</th>
<th>Adjustment for Unit Type</th>
<th>Monthly Reserves***</th>
<th>Ass Dues AD/BPT/MP</th>
<th>MP Pricing Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Factor</td>
<td>1</td>
<td>0.7</td>
<td>Studio</td>
<td>$563</td>
<td>AD/BPT/MP</td>
</tr>
<tr>
<td>Future Median Income</td>
<td>$86,600</td>
<td>0.0</td>
<td>1 Bedroom</td>
<td>$658</td>
<td>AD/BPT/MP</td>
</tr>
<tr>
<td>Annual Mortgage Rate</td>
<td>4.09%</td>
<td>1.08</td>
<td>2 Bedroom</td>
<td>$700</td>
<td>AD/BPT/MP</td>
</tr>
<tr>
<td>Mortgage Term (years)</td>
<td>30</td>
<td></td>
<td>3 Bedroom</td>
<td>$830</td>
<td>AD/BPT/MP</td>
</tr>
<tr>
<td>Downpayment (% of MAP)</td>
<td>10.0%</td>
<td>1.16</td>
<td>3+ Bedroom</td>
<td>$900</td>
<td>AD/BPT/MP</td>
</tr>
<tr>
<td>Housing Expense (% of Income)</td>
<td>33.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Source (Chapter 15B)
http://www.fairlessravens.com/arsamaa2.htm

<table>
<thead>
<tr>
<th>Percent of Median Income</th>
<th>80%</th>
<th>80%</th>
<th>100%</th>
<th>105%</th>
<th>110%</th>
<th>115%</th>
<th>120%</th>
<th>140%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Affordable (MAP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio</td>
<td>$1,444,831</td>
<td>$1,423,211</td>
<td>$1,215,391</td>
<td>$1,050,760</td>
<td>$956,970</td>
<td>$758,160</td>
<td>$651,350</td>
<td>$475,110</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$1,584,415</td>
<td>$1,507,759</td>
<td>$1,377,144</td>
<td>$1,231,747</td>
<td>$1,046,460</td>
<td>$841,313</td>
<td>$647,805</td>
<td>$474,496</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$1,777,466</td>
<td>$1,672,796</td>
<td>$1,567,124</td>
<td>$1,414,518</td>
<td>$1,214,193</td>
<td>$916,167</td>
<td>$796,781</td>
<td>$569,437</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$1,650,369</td>
<td>$1,517,389</td>
<td>$1,401,799</td>
<td>$1,240,405</td>
<td>$1,040,012</td>
<td>$849,189</td>
<td>$667,636</td>
<td></td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>$1,650,410</td>
<td>$1,528,031</td>
<td>$1,435,852</td>
<td>$1,274,832</td>
<td>$1,075,133</td>
<td>$841,053</td>
<td>$657,855</td>
<td></td>
</tr>
</tbody>
</table>

### Calculation of Reserved and Workforce Housing Maximum Affordable Price Points - For RES

<table>
<thead>
<tr>
<th>Current Median Income (2016)</th>
<th>$85,600</th>
<th>Adjustment for Unit Type</th>
<th>Unit Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Factor</td>
<td>10.0%</td>
<td>0.7</td>
<td>Studio</td>
</tr>
<tr>
<td>Future Median Income</td>
<td>$86,600</td>
<td>0.0</td>
<td>1 Bedroom</td>
</tr>
<tr>
<td>Annual Mortgage Rate</td>
<td>4.09%</td>
<td>1.08</td>
<td>2 Bedroom</td>
</tr>
<tr>
<td>Mortgage Term (years)</td>
<td>30</td>
<td>1.16</td>
<td>3 Bedroom</td>
</tr>
</tbody>
</table>

### Worksheet Assumptions
- Input Inflation Factor: 2.00%
- Input Mortgage Rates: 07/14-01/14
- Month 1: 3.77%
- Month 2: 4.20%
- Month 3: 4.15%
- Month 4: 4.17%
- Month 5: 4.20%
- Month 6: 4.05%
- Average: 4.09%

### Calculation of Reserved and Workforce Housing Maximum Affordable Price Points - For RENT

<table>
<thead>
<tr>
<th>Percent of Median Income</th>
<th>80%</th>
<th>80%</th>
<th>100%</th>
<th>105%</th>
<th>110%</th>
<th>115%</th>
<th>120%</th>
<th>140%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum Allowable Rent (MAR)</td>
<td>$2,421</td>
<td>$2,364</td>
<td>$2,318</td>
<td>$2,093</td>
<td>$1,967</td>
<td>$1,743</td>
<td>$1,217</td>
<td>$0</td>
</tr>
<tr>
<td>Studio</td>
<td>$1,559</td>
<td>$1,794</td>
<td>$1,949</td>
<td>$2,086</td>
<td>$2,134</td>
<td>$2,182</td>
<td>$2,241</td>
<td>$2,317</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$1,732</td>
<td>$1,949</td>
<td>$2,165</td>
<td>$2,375</td>
<td>$2,582</td>
<td>$2,840</td>
<td>$3,039</td>
<td>$3,091</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$1,871</td>
<td>$2,134</td>
<td>$2,338</td>
<td>$2,415</td>
<td>$2,577</td>
<td>$2,860</td>
<td>$3,275</td>
<td>$3,516</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$1,931</td>
<td>$2,260</td>
<td>$2,511</td>
<td>$2,697</td>
<td>$3,014</td>
<td>$3,516</td>
<td>$4,019</td>
<td>$5,316</td>
</tr>
</tbody>
</table>

* For Chapter 218
** Gross rent to include all utilities and building operating costs, excluding telephone/cable/internet/parking
§15-218-46 Cash-in-Lieu

- Establishes formula for calculating cash in lieu
- Higher of:
  - (1) 7% of Gross revenue, or
  - (2) difference of average fair market value and average Reserved Housing sales price multiplied by the number of Reserved Housing Units

Example:
244 unit project
Reserved Housing requirement = 49 unit
Gross revenue of the project = $197,640,000
Cash in lieu = 0.07 X $197,640,000 = $13,834,800

Average fair market value of unit = $810,000
Average Reserved Housing unit sale price = $500,000
Difference = $810,000 - $500,000 = $310,000
Cash in lieu = $310,000 X 49 = $15,190,000
Provide Options to Current Reserved Housing Owners

§15-218-47 Effects of Subsequent Rule Amendments

• Option to remain under the rules in effect at the time of purchase or be governed by the new rules
• Notification requirement by the Authority
Mahalo