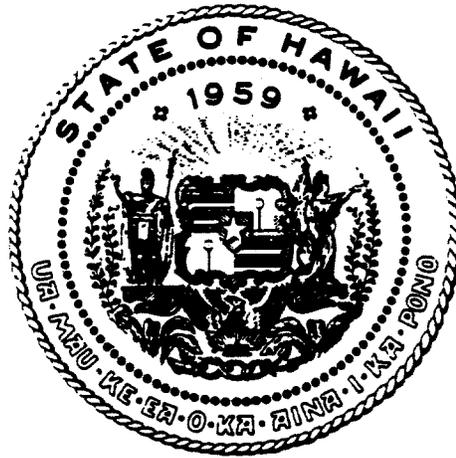


The Hawaii State Plan



Addendum to the
STATE HOUSING
FUNCTIONAL PLAN

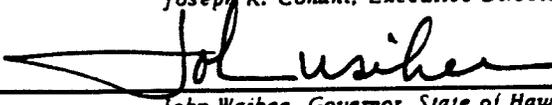
1990

The Hawaii State Plan



Addendum to the STATE HOUSING FUNCTIONAL PLAN

Submitted By  Date 1-23-91
Joseph K. Conant, Executive Director

Approved by  Date 3-6-91
John Waihee, Governor, State of Hawaii



EXECUTIVE CHAMBERS
HONOLULU

JOHN WAIHEE
GOVERNOR

FOREWORD

In May of 1989 I approved the State Housing Functional Plan. This plan is based on joint public and private efforts to finance, build, and maintain an adequate supply of affordable housing for Hawaii's people. This is not a goal that will be easily or quickly attained. We have, however, made an excellent start, as evidenced by the thousands of affordable homes throughout the state which are in the planning or construction stages.

We have also found that our plan has its shortcomings. It does not address to a sufficient degree those individuals and families who can least afford safe, decent shelter. This addendum focuses on that need. It contains amendments to the State Housing Functional Plan which will enable us to respond more effectively to the housing needs of very low and lower income families.

A handwritten signature in black ink, appearing to read "John Waihee".

JOHN WAIHEE

JOHN WAIHEE
GOVERNOR



JOSEPH K. CONANT
EXECUTIVE DIRECTOR

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PREFACE

In 1989, the Hawaii State Legislature adopted House Concurrent Resolution 92, House Draft 1 which requested the Housing Finance and Development Corporation to study the implications of the definition of "affordable housing" which is used in the State Housing Functional Plan. A subcommittee of the State Housing Functional Plan Advisory Committee responded to the request, deliberating the actual intent of the resolution -- making housing accessible to more of Hawaii's people.

The subcommittee found that very low and lower income households were not adequately sheltered. Further, their housing needs were not being satisfactorily addressed in planned residential developments. The subcommittee recommended, and the Advisory Committee as a whole, unanimously agreed that a greater emphasis must be placed on meeting the housing needs of persons and families of very low and lower income.

This Addendum to the State Housing Functional Plan presents the subcommittee's findings and recommendations for addressing the housing needs of Hawaii's very low and lower income households.


JOSEPH K. CONANT
Executive Director

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ACKNOWLEDGEMENTS

The Housing Finance and Development Corporation, as the Plan preparing agency, acknowledges the members of the State Housing Functional Plan Advisory Committee for their commitment to meeting the housing needs of Hawaii's people.

The HFDC extends a special mahalo to Mr. Norm Dyer and the members of his subcommittee for spearheading this Addendum to the State Housing Functional Plan.

State Housing Functional Plan Advisory Subcommittee

Norman Dyer	Clarence Liu
Dean Aoki	Richard Melton
Dan Davidson	Randolph G. Moore
Gordan Furutani	Edwin T. Okubo
Leonard Hoshijo	Mitsuo Shito
Gail Kaito	Chad Taniguchi
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Background

In 1989, the Hawaii State Legislature adopted House Concurrent Resolution 92, House Draft 1, entitled "Urging the Hawaii State Functional Plan for Housing be Amended by Amending the Definition of Affordable Housing." The concurrent resolution requests that the Housing Finance and Development Corporation (HFDC) carry out the following tasks:

1. Study the "implications of the present definition of affordable housing";
2. "Evaluate the ramifications of selected figures all the way from 50% or less of the median income up to 140% of the median income in order to see at which level the goal of meeting the shortfall of lower income housing can best be met, both in terms of construction costs and of the number in need so that all housing need groups are served in an equitable manner"; and
3. "Amend the State Housing Functional Plan as such study shows need."

In response to H.C.R. 92, H.D. 1, a subcommittee of the State Housing Functional Plan Advisory Committee was formed to study the implications of the present definition of affordable housing, which reads as follows:

"As used in this (State Housing Functional) Plan:

"Affordable housing" in the context of identifying the persons or families intended to be served by such housing, primarily includes housing for persons or families whose incomes are identified as one hundred forty percent or less of the area median income for each of the counties of Hawaii, Maui, Honolulu, and Kauai, as determined by the United States Department of Housing and Urban Development (HUD) from time to time, as adjusted by family size. For the purpose of this Plan, such persons or families include persons or families within the following income groups:

- (1) "Very low income" - those earning 50% of the area median income and below;

- (2) "Lower income" - those earning between 50% and 80% of the area median income;
- (3) "Moderate income" - those earning between 80% and 120% of the area median income; or
- (4) "Above-moderate income" - those earning between 120% and 140% of the area median income.

The term "affordable housing" is generally broken down into two sub-categories, namely "affordable rental housing" and "affordable for-sale housing".

A rule of thumb states that a family should not have to pay more than 30 percent of its adjusted gross annual income for rent and utilities. This being the case, a family with an adjusted gross annual income of \$20,000 should not have to pay more than \$500 a month for rent and utilities. The target group for affordable rental housing is guided by the income limits established by HUD and includes persons and families within income groups named in (1) and (2) above.

Since the income level for the affordable rental housing target group is capped at 80% of the HUD established median income, the income level for the affordable for-sale target group continues on from the 80% level and ranges upward to approximately 140% of the HUD established median income. This target group generally includes the above-referenced moderate and above-moderate income groups. However, families with earnings as low as 50% of the area median income could also be assisted utilizing programs such as the Farmers Home Administration 502 Program which subsidizes mortgage interest rates to as low as 1%.

It should be noted the definition of "affordable housing", particularly the definitions used to describe the four income groups, may conflict with definitions used in other documents or for other programs."

The subcommittee found that the present "affordable housing" definition implies that: households earning up to 140% of the median income need some form of government housing assistance; "affordable housing " means different things to different people; and households with a range of incomes should be served by "affordable housing" programs.

The subcommittee further found that because the housing functional plan's definition of "affordable housing" is shaped by the income guidelines set forth in existing government housing programs, the impact to existing public sector programs is limited. On the other hand, because the housing plan's definition is also used by the State Land Use Commission in framing its "affordable housing" condition for residential projects seeking State land use district boundary amendments, the impact to private developers is more substantial.

In addition to examining "affordable housing" from a definitional standpoint, the subcommittee deliberated the actual intent of the resolution -- making housing accessible to more of Hawaii's people. "Affordable housing", particularly for very low and lower income households was examined in the context of planned government and privately-sponsored residential developments.

The subcommittee found that the housing needs of households with very low and lower incomes would not be adequately met in the future residential developments. Projected activity in existing government housing programs which typically serve those in the lower income brackets (e.g. the Federal Low-Rent Public Housing Program) is notably low.

The subcommittee thus concluded that it was not necessary to amend the Housing Plan's definition of "affordable housing", per se. However, because prices for current and planned housing projects were skewed towards above-moderate (or higher) income households, the subcommittee recommended that a greater emphasis be placed on addressing the housing needs of very low and lower income families.

Larger subsidies would be required to meet these needs. Additionally, it was suggested that the current State and counties' master planned residential community development

programs be evaluated to provide more units affordable to these income groups.

Based on these findings, the State Housing Functional Plan Advisory Committee asked the subcommittee to reconvene for the purposes of examining how to better address the housing needs of very low and lower income persons and families, and to make specific recommendations for revising the State Housing Functional Plan. This report presents the subcommittee's findings and recommendations.

Scope of Study

The overall purpose of the study was to identify ways to better address the housing needs of very low and lower income households. Study objectives were as follows:

1. Estimate the need for rental housing for very low and lower income households.
2. Identify existing programs and resources for developing rental housing.
3. Identify obstacles to the development of low income rental housing.
4. Provide recommendations for addressing the housing needs of very low and lower income households.
5. Revise the State Housing Functional Plan as needed provided that proposed revisions are fair and equitable.

The subcommittee acknowledges that there are many other important issues which are related to the study that have not been addressed. For example, the study does not address carrying capacity, population control and population redistribution which definitely impact housing.

Housing Need for Very Low and Lower Income Households

There are a number of indicators of the growing need for rental housing for very low and lower income households. A study by the Center on Budget and Policy Priorities cites "long waiting lists of poor households that have applied and been found eligible -- but for whom there is no room in the programs."¹ There are approximately 22,000 applicants on waiting lists for housing assistance. This includes (1) State and County administered Section 8 Existing Housing Voucher and Certificate Programs; (2) the State Rent Supplement Program; (3) public housing and other affordable rental projects administered by the Hawaii Housing Authority and the counties; and (4) privately owned, federally-subsidized projects such as those developed under the Section 221(d)(3) mortgage insurance program. (Note that this is a duplicative count as many households have pending applications for assistance under more than one program.)

Another measure of the unmet need for affordable rental housing include the growing number of homeless individuals. SMS Research estimates that between 7,023 and 8,369 individuals are homeless in Hawaii on any given day. Further, in any given week, between 7,874 and 9,417 individuals are estimated to be homeless Statewide.^{2 3}

¹ Center on Budget and Policy Priorities, Holes in the Safety Nets - Poverty Programs and Policies in the States: Hawaii, Spring 1988, Washington, D.C.

² SMS Research & Marketing Services, Inc. prepared for the Hawaii Housing Authority, Hawaii's Homeless, July 2, 1990.

³ These figures, based on a sampling of 494 homeless persons, have been challenged on the basis that the samples, particularly for Kauai, Maui and West Hawaii, were so small that extrapolating from the data leads to erroneous conclusions. (Tom Dinnell and Kristi Dinnell, Office for Social Ministry, Catholic Diocese of Honolulu)

In order to define the magnitude of the problem, an attempt was made to estimate the number of persons and families that are in need of safe, decent and affordable rental housing. The number of households on waiting lists for various government-sponsored rental programs such as rent subsidy, public housing and privately owned but federally-subsidized rental housing was used to approximate existing rental housing need. Future demand for rental housing affordable to very low and lower income households was then estimated using state population projections and census data. As can be seen in table 1 below, total demand for affordable rental housing (existing plus future demand) to the year 2000 is estimated at approximately 35,100.

Table 1:

ESTIMATED RENTAL DEMAND TO THE YEAR 2000

<u>DEMAND</u>	<u>OAHU</u>	<u>HAWAII</u>	<u>KAUAI</u>	<u>MAUI</u>	<u>STATE</u>
Current shortfall*	12,300	2,600	400	1,200	16,500
Future demand (1990 - 2000)**	<u>9,200</u>	<u>4,500</u>	<u>1,700</u>	<u>3,200</u>	<u>18,700</u>
Total estimated rental need	21,500	7,100	2,100	4,400	35,100

* Based on waiting lists for the (1) State and County administered Section 8 Existing Housing Voucher and Certificate Programs; (2) State Rent Supplement Program; (3) public housing and other affordable rental projects administered by the Hawaii Housing Authority and the counties; and (4) privately owned, federally subsidized projects such as those developed under the Section 221(d)(3) mortgage insurance program.

Total applications on the various waiting lists has been adjusted by 25% to account for duplication. Although it may appear more appropriate to discount total applications by 50% to account for the large number of households who may be on 2 or more waiting lists, 25% was used since there may be an equally large number of eligible households who are not on any waiting list.

** Based on the projected number of very low and lower income households. (New household formation estimates are based on the State's M-K population projections. Assumes (1) 4% of the population will reside in group quarters; (2) an average household size of 2.9; and (3) the number of future households in the very low and lower income groups are proportionate to present estimates.

It should be noted that a portion of this rental housing need is comprised of special need groups which include the frail elderly,

the homeless, persons with severely disabling mental illnesses, single-parent families, abused spouses and children, and inmates. The provision of rental housing for these special need groups must be linked with social, medical and other services.

The number of affordable rental units to be developed by the year 2000 is not certain at this time. However, to get a general idea of the number of additional units that may be needed to accommodate demand, the planned production of units targeted for very low and lower income households was estimated. It should be noted that many of the planned units may not be developed and that production will probably extend beyond the year 2000. Table 2, below, provides an estimate of planned production for very low and lower income households.

Table 2:
PLANNED UNITS TARGETED FOR VERY LOW & LOWER INCOME HOUSEHOLDS

<u>SUPPLY</u>	<u>OAHU</u>	<u>HAWAII</u>	<u>KAUAI</u>	<u>MAUI</u>	<u>STATE</u>
Current planned production***	5,700	5,800	1,700	5,300	18,500

***Includes both rental and for-sale projects which are targeted for very low and lower income households. Figure has been adjusted by 25% to account for planned projects which may not materialize.

In comparing planned supply with estimated demand, it appears that approximately 16,600 additional units would be needed.

Programs for the Development of Affordable Rental Housing

A number of government-sponsored programs provide resources for the development of affordable rental housing. Active programs include the following:

1. The Low Income Housing Tax Credit Program provides federal and state tax credits to owners of qualified rental projects for a 10-year period. Approximately \$1,042,500 in federal tax credits are available for allocation in 1990. It is estimated that approximately 230 rental units could be developed with these resources.

While the program is scheduled to sunset on December 31, 1990, a congressional extension is likely. Assuming the program continues to the year 2000, it is estimated that approximately 3,100 more rental units could be developed.

2. The State's Rental Housing System (RHS) is able to finance several multi-family projects under a single bond debenture, enabling the HFDC to obtain lower financing costs for its rental projects. Approximately \$100.7 million of bonds have already been issued under this program for the development of 872 rental units. Additionally, with an uncommitted authorization of approximately \$175 million, it is estimated that another 1,500 rental units could be delivered under the RHS.
3. The State's Rental Assistance Program encourages private sector participation in the development and preservation of rental housing projects. Rental subsidies averaging \$175 per month are committed to qualified projects. To date, the State Legislature and other sources have contributed approximately \$43.4 million to the Rental Assistance Revolving Fund. Funds have already been committed for 983 rental units, of which 192 units are presently receiving assistance under this program. It is estimated that approximately 1,860 more units could be assisted (based on an average rent subsidy of \$175 per month).
4. The Hula Mae Multi-Family Program provides interim and permanent financing at below-market interest rates by issuing tax-exempt revenue bonds for eligible rental projects. This program is authorized at \$122.5 million.
5. The Federal government continues to provide limited funding for various construction programs, including the Section 202 program for elderly and handicapped persons; the Low-Rent Public Housing Program; the FmHA 515 Program for rental housing in rural areas; and the Community Development Block Grant Program.

The federal government also provides funding for the construction of military housing through such programs as the Military Housing Construction (MCA) Program and the Section 801 (Build to Lease) and Section 802 (Rental Guarantee) Programs.

6. In addition to funding provided by the federal government and the issuance of bonds, the counties' sources of funding include State and county capital improvement project (CIP) funds, fees from unilateral agreements, and fees from other sources such as parking garages.

Utilizing all existing uncommitted government resources, it is estimated that approximately 5,800 units for very low and lower income households could be produced (based upon an average development cost of \$110,000 per unit). Compared to the estimated need for approximately 16,600 affordable housing units, additional resources will be needed to produce the remaining 10,800 rental housing units.

Obstacles to the Development of Housing for Very Low and Lower Income Households

Subcommittee members and other experts identified major constraints to the development of rental housing for very low and lower income households, along with possible measures to overcome these constraints. Their observations are as follows:

Observation 1: Constraints to development on the neighbor islands include the lack of infrastructure (e.g., roads, utilities, water and sewerage systems), as well as higher development costs (coupled with lower income levels) compared to Oahu.

Private developers have suggested that the State/County should consider concentrating on the development of infrastructure so that more land can be economically developed for housing. It has also been suggested that consideration should be given to government absorbing the prorata share of infrastructure costs for affordable rental housing units. (This would require

additional CIP funding which can be left in the project, instead of existing funding (e.g., revolving funds or bond financing) which must be recouped.)

Observation 2: Constraints to development on Oahu include the high cost of zoned land, high development costs and the regulatory system. Delays and risks due to government regulation (e.g., state land use, general plan population constraints, county development plan amendment and zoning) reduce the developer's ability to build affordable housing.

Observation 3: Government policies also constrain housing supply. One of the major factors contributing to Hawaii's high price of housing is the historic shortage of urban land zoned for housing. Of Hawaii's total of 4.0 million acres of land, only four percent, or 150,000 acres is zoned urban. However, since 1987, the State Land Use Commission reclassified 10,640 acres of land for housing development statewide. This is over half of the total amount of land converted to urban uses in Hawaii since 1980.⁴

Nevertheless, Dr. Wali M. Osman, Director of Research at Monroe & Friedlander Inc. believes that "the Land Use Commission not only restricts the use of land, even by County governments, but imposes such red tape on developers that the additional cost is passed on to consumers." Dr. Osman recommends that we need to reconcile housing priorities with protection of the environment and open space. These priorities should incorporate current economic realities and still pay serious attention to the need for a balance between urban and non-urban land needs. An idea offered is the establishment of "urban land reserves." These would be land areas most appropriate for urbanization and

⁴ Dr. Gregory Pai

released for urban use in accordance with the demand for housing.⁵

It is important to note that simply redesignating more land for urban use without government controls will not automatically produce more housing for very low and lower income families. Because of the lack of profit incentives for private developers to develop affordable rental housing, government programs to provide housing services, particularly for those least able to pay, are essential. In that sense, government programs to provide housing services should increase as income levels of targeted families decrease.

Observation 4: The State and Counties lack sufficient funds to develop rental housing for very low and lower income households and special need groups. During the 1980s, federal housing programs, which were previously the primary funding source for development of rental projects for very low and lower income households, were significantly reduced. The production of housing for very low income families came to a near standstill, leading to a significant increase in homelessness and associated social ills. Additionally, changes in the federal tax laws eliminated many incentives to rental housing production. This puts much more obligation upon the State and Counties to assume the role of financier and developer of housing projects for very low and lower income families and special need groups.

Observation 5: Building codes and subdivision standards are a constraint to the use of innovative, cost-saving technologies. Additionally, current labor wage laws impose further constraints on the overall development of affordable housing. In a housing crisis, all feasible means of increasing the housing supply

⁵ Dr. Wali M. Osman, "Housing - An Economist's Perspective" in Maui Inc., November/December 1989.

should be employed.

Major Issues

While the aforementioned factors serve to constrain the supply of affordable housing, the maturing baby-boom generation and foreign investment have fueled housing demand.⁶

The late 1980s has seen the maturing of the baby-boom generation resulting in a strong increase in household formation and resident births. This has tended to increase the demand for housing in the last few years.

With regard to foreign investment, from 1986 to 1989 approximately 6 percent of the total purchases of single family homes and 20 percent of the value of those purchases were attributed to foreign buyers. Additionally, approximately 16 percent of apartments and condominiums purchased and 24 percent of the value of those purchases were attributed to foreign buyers. Added together, foreign purchasers of residential units accounted for 12 percent of total transactions; meaning that roughly 12 percent of the total housing stock that would have been available to residents in Hawaii was sold to non-U.S. citizens. While not all of the units purchased by non-U.S. citizens leave the available housing stock (as units may be rented to residents), this represents a significant reduction in the available housing stock in Hawaii and places upward pressure in prices both for single family units and apartment/condominiums.⁷

⁶ While foreign investment may not directly affect housing for lower income households, it does affect the types of housing units being built and sold.

⁷ Dr. Gregory Pai

Recommendations

Based upon the subcommittee's findings, the following are recommended actions to address the housing needs of very low and lower income households.

Recommendation 1: Where feasible, housing densities in residential developments should be increased to enable homes to be delivered in a more economical manner. This could allow more lower income families to become homeowners.

Higher densities would help to offset the high cost of site improvements, as well as check urban sprawl through the development of efficiently planned communities. Additionally, increased densities would help in lowering per unit development costs and could enable more lower income families to become homeowners with much smaller subsidies than would be required with single family dwelling units. A new implementing action under Policy A(1) could be added to encourage higher densities in residential developments.

Consideration must continue to be given to quality of life, as well as environmental, topographical and other constraints.

Recommendation 2: Give priority to very low and lower income households in the provision of rental housing.

Objective B of the State Housing Functional Plan seeks to achieve a "sufficient amount of affordable rental housing units by the year 2000 so as to increase the State's vacancy rate to at least 3%". While there is an overall need for more rental housing, priority should be given to very low and lower income households who are least able to pay for housing. Objective B should therefore be amended to reflect this priority.

Recommendation 3: Develop housing that actually costs less to build, or housing that very low and lower income households can afford to occupy with much smaller subsidies.

Due to the high cost of constructing new housing, smaller and more basic housing units should be developed for single persons and small families to make more efficient use of limited funds and land (provided that these units meet minimum standards of health and safety). New implementing actions under Policies B(1) and C(4) would encourage such development.

Single Room Occupancy (SRO) Hotels, for example, could offer units of approximately 150 square feet with shared bathroom facilities. A cafeteria is provided for all meals if no food service is available close by.

Minimal Living Units (MLUs) are another alternative. These units are small, typically 150 to 180 square feet. Each single room has a small attached room with a toilet and shower, as well as a compact kitchen with small microwave oven, refrigerator and sink.

Another alternative is to expand the self-help concept in all residential developments where feasible. Single family and multi-family units could be built on land set aside for this purpose provided design guidelines are met.

Other possibilities are to set up very minimal temporary, controlled shelters on appropriate vacant parcels of land.

Recommendation 4: The State and counties should provide more resources for the development of community based rental housing projects affordable to very low income families and special need groups.

The State Housing Functional Plan subcommittee found that approximately 1 percent of current and future residential projects to be developed by the private sector and government will be targeted specifically for households earning less than 50% of the median income. Yet it is estimated that this category of households account for approximately 21.4% of Hawaii's population. (It is unknown how many of these very low income households are adequately housed.)

Policy B(1) of the State housing plan "directs State, county and federal resources toward the financing and development of rental housing projects." An additional implementing action would call for more capital improvement project funds from the State and counties to be used to finance the development of rental housing for very low income families and special need groups. These moneys could be used as the sole source of financing or to supplement federal and other funds.

Another implementing action would call for the leasing of State land to private developers (both for profit and non-profit) to encourage the development of affordable rental housing.

Additionally, Policy C(6) of the housing plan seeks to provide an array of community based settings designed to offer comprehensive and coordinated rehabilitation and supportive services for persons with severe disabling mental illnesses (SDMI). As studies indicate that offenders would also benefit from an "array of community based settings", Policy C(6) should be expanded to include other special need groups including pre-parolees.

Recommendation 5: Pursue alternative sources of funding for the development of rental housing for very low and lower income families.

Policy B(2) of the housing plan encourages "increased private sector participation in the development of affordable rental housing." Private and public sector contributions into a rental housing trust fund could provide a reliable source of funding for rental housing. An additional implementing action would call for a study of this concept and possible funding sources.

Recommendation 6: The HFDC and the county housing agencies should encourage private developers to provide rental housing for very low and lower income households to satisfy their affordable housing conditions.

It has recently been the policy of the State Land Use Commission, in redesignating lands from agricultural to urban use, to impose on developers an affordable housing condition. This condition generally requires the developers to provide at least 60 percent of the units in a project at "affordable" prices (usually 30% affordable to those earning up to 120% of the area median income and the other 30% affordable to those earning from 120% to 140% of median). The affordable housing condition is generally flexible enough to allow for the provision of bonuses to developers who provide more housing at the lower end of the spectrum. Additionally, special credit is generally allowed for developers who provide housing for very low income families and special need groups.

The HFDC and the counties should encourage the development of rental housing for very low and lower income households by offering bonus credits to developers with land use conditions. An implementing action to this effect could also be added to Policy B(2).

Recommendation 7: The State should consider establishing a system of graduated and flexible subsidies which increase as income levels of targeted families decrease.

The State's Rental Assistance and Rent Supplement Programs were intended to provide "shallow" rent subsidies to households not being served by federal "deep" rent subsidy programs. However, given the critical need for rental housing affordable to very low income families and in light of cutbacks in federal funding, it appears that deeper state subsidies are needed. Policy B(4) of the State Housing Functional Plan calls for full utilization of government-funded rent subsidy programs. New implementing actions under this policy would call for the State to consider providing additional funding to the Rental Assistance Program in order to reach families earning less than 50% of the median income, as well as increase funding to the Rent Supplement Program in order to reach more lower income families. The amount of these subsidies should also be tied in to the type and quality of the living unit being subsidized.

AMENDMENTS TO THE STATE HOUSING FUNCTIONAL PLAN

Introduction

The following amendments to the State Housing Functional Plan are intended to guide State, county and private efforts in the expansion of housing opportunities for very low and lower income households. Greater emphasis is placed on increasing the supply of affordable rental housing through development and rent subsidy programs involving public/private efforts.

Revisions to existing objectives, policies or implementing actions are underscored. An asterisk (*) indicates that the implementing action is new.

OBJECTIVE B: SUFFICIENT AMOUNT OF AFFORDABLE RENTAL HOUSING UNITS BY THE YEAR 2000 SO AS TO INCREASE THE STATE'S RENTAL VACANCY RATE TO AT LEAST 3%, WITH PRIORITY GIVEN TO INCREASING THE SUPPLY OF UNITS AFFORDABLE TO VERY LOW AND LOWER INCOME HOUSEHOLDS.

***IMPLEMENTING ACTION B(1)(d):** Seek more capital improvement project funds to finance the development of rental housing for very low and lower income households including single room occupancy (SRO) hotels, minimal living units (MLU), and public housing developments.

Lead Organization: HHA

Assisting Organizations: HFDC, DHHL, County housing agencies

Starting Date: FY 1991-1992

Budget Estimate: \$19 million in FY 1991-1992 (for plans, design, and land acquisition)

\$49 million in FY 1992-1993 (for construction)

Measures of Effectiveness: Number of units developed which are affordable to households earning 50% of the area median income and below and to those earning between 50% and 80% of the area median income.

Comments: The funds appropriated should be sufficient to develop approximately 610 housing units (based on 1990 dollars).

*IMPLEMENTING ACTION B(1)(e): Encourage the development of housing that actually costs less to build, for example, SROs and MLUs.

Lead Organization: HHA
Assisting Organizations: HFDC, County housing agencies, non-profit entities, private developers
Starting Date: FY 1990-1991
Budget Estimate: Not applicable
Measures of Effectiveness: Number of units developed which are affordable to households earning 50% of the area median income and below and to those earning between 50% and 80% of the area median income; cost savings resulting from development of efficiency units.

Comments: Due to the high cost of constructing new housing, smaller and more basic housing units should be developed to make more efficient use of limited funds.

*IMPLEMENTING ACTION B(1)(f): Lease State-owned lands for \$1.00 a year to private developers of affordable rental projects.

Lead Organizations: DLNR, HFDC
Assisting Organizations: HHA, County housing agencies, private developers, non-profit entities
Starting Date: FY 1990-1991
Budget Estimate: Not applicable
Measure of Effectiveness: Number of units developed by private developers which are affordable to households earning 50% of the area median income and below and to those earning between 50% and 80% of the area median income.

*IMPLEMENTING ACTION B(2)(d): Pursue alternative sources of funding for the development of rental housing for very low and lower income households.

Lead Organization: HFDC
Assisting Organizations: County housing agencies, OSP, private sector
Starting Date: FY 1990-1991
Budget Estimate: \$100,000
Measure of Effectiveness: Identification of alternative funding sources and, if feasible, establishment of a rental housing trust fund.

Comments: Private and public sector contributions into a Rental Housing Trust Fund could provide a reliable source of funding for rental housing. Act 310, SLH 1990, appropriates \$100,000 for the HFDC to study existing housing trust fund programs in other jurisdictions, and to develop guidelines and necessary proposed legislation for the establishment and operation of a rental housing trust fund in Hawaii.

*Implementing Action B(2)(e): Encourage the development of rental housing for very low and lower income households by offering bonus credits to developers who are seeking to satisfy their State and county land use conditions for affordable housing.

Lead Organizations: HFDC, HHA
Assisting Organizations: SLUC, county land use decision-making bodies
Starting Date: FY 1990-1991
Budget Estimate: Not applicable
Measure of Effectiveness: Number of new rental units affordable to families earning less than 50% of the median income and from 50% to 80% of the median income.

*IMPLEMENTING ACTION B(4)(b): Establish a system of graduated and flexible subsidies which increase as income levels of targeted families decrease.

Lead Organization: HFDC
Assisting Organization: State Legislature
Starting Date: FY 1991-1992
Budget Estimate: \$11 million
Measure of Effectiveness: Number of additional households earning 50% and below of the area median income served.

Comments: The appropriated moneys would provide additional funding to the Rental Assistance Program in order to reach families earning less than 50% of the median income.

***IMPLEMENTING ACTION B(4)(c):** Pursue increased levels of funding for the Rent Supplement Program in order to reach more lower income families.

Lead Organization: HHA
Assisting Organization: State Legislature
Starting Date: FY 1991-1992
Budget Estimate: \$2,602,000 in FY 1991-1992; \$2,732,000 in FY 1992-1993
Measure of Effectiveness: Number of additional households earning 80% and below of the area median income served.

Comments: The appropriated moneys would provide additional funding to the Rent Supplement Program in order to reach families earning up to 80% of the median income.

***IMPLEMENTING ACTION C(4)(d):** If feasible, set up controlled, temporary emergency shelters on appropriate vacant parcels of land (e.g., undeveloped or underutilized government-owned park or beach lands, or lots under freeways) to accommodate the homeless.

Lead Organization: HHA, county housing agencies
Assisting Organizations: DLNR, DOT, DHS, DOH, HFDC, non-profit entities
Starting Date: FY 1991-1992
Budget Estimate: Undetermined
Measure of Effectiveness: Number of homeless persons and families who are sheltered.

Comments: These temporary, controlled shelters (such as tents or very basic stick-built structures) could provide immediate, but temporary housing solutions for homeless individuals and families.

ADDITIONAL AMENDMENTS TO THE STATE HOUSING FUNCTIONAL PLAN

***IMPLEMENTING ACTION A(1)(c):** Where appropriate, increase housing densities in residential developments to enable more lower income families to become homeowners.

Lead Organization: HFDC, DHHL, County housing agencies, private developers
Assisting Organizations: County planning and land use agencies
Starting Date: FY 1990-1991
Budget Estimate: Not applicable
Measures of Effectiveness: Use of cluster and other multi-family designs; number of lower income homebuyers.

Comments: Higher densities would help to offset the high cost of site improvements, as well as check urban sprawl through the development of efficiently planned communities. Additionally, increased densities would help in lowering per unit development costs and could enable more lower income families to become homeowners with much smaller subsidies than would be required with single family dwelling units.

Consideration must continue to be given to quality of life, as well as environmental, topographical and other constraints.

POLICY C(6): Provide an array of community based settings designed to offer comprehensive and coordinated rehabilitation and supportive services for special need groups including persons with severe disabling mental illnesses (SDMI) and pre-parolees.

*IMPLEMENTING ACTION C(6)(c): Acquire and rehabilitate existing homes and begin planning for the development/construction of new transitional housing units for pre-parolees.

Lead Organization: Dept. of Public Safety
Assisting Organization: HFDC, DHS, DOH, non-profit entities
Starting Date: FY 1991-1992
Budget Estimate: \$2.7 million
Measure of Effectiveness: Number of units acquired and rehabilitated or developed.

Comments: Until only recently, virtually every offender exited the Hawaii correctional system without the benefit of substance abuse education, treatment services, employment services, nor decompression which are essential to returning offenders to the community as law abiding citizens. A pilot community-based correction program could provide a transitional housing option to prepare offenders for return to the community. The transitional housing goals for offender units in the fiscal biennium 1991-1993 are as follows:

<u>Location</u>	<u>No. of Units</u>
Oahu	3
Hawaii	1
Kauai	1
<u>Maui</u>	<u>1</u>
STATE	6

(Each unit would house between 8 to 10 pre-parolees).

AGENCY COMMENTS

Copies of the draft Addendum to the State Housing Functional Plan were distributed to Functional Plan Managers in the following areas of statewide concern:

<u>Area</u>	<u>Coordinating Agency</u>
• Agriculture	DOA
• Conservation Lands	DLNR
• Education	DBED&T
• Employment	DLIR
• Energy	DBED
• Health	DOH
• Higher Education	UH
• Historic Preservation	DLNR
• Human Services	DHS
• Recreation	DLNR
• Tourism	DBED&T
• Transportation	DOT
• Water Resources	DLNR

Functional Plan Managers for Human Services and Transportation provided the attached comments. Other managers had no comments to offer.

JOHN WAIHEE
GOVERNORRECEIVED
H.F.D.O.

Nov 23 3 40 PM '90

WINONA E. RUBIN
DIRECTORALFRED K. SUGA
DEPUTY DIRECTORMERWYN S. JONES
DEPUTY DIRECTORSTATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

November 23, 1990

To: Debra Luning, Acting Plan Manager
State Housing Functional Plan

From: Conroy Chow, State Human Services *clhc*
Functional Plan Manager

Subject: Your Draft Addendum to the State Housing Functional Plan.

Your draft is well received. It fills a gap in current planning.

My only recommendation at this time is to recommend that you include the following analysis and targets regarding the homeless population:

- It is currently estimated that 200 families per month need emergency shelter. The State should therefore make plans to provide that approximately 400 geographically dispersed family units exist for emergency shelter. This number of units, encompassing current units and new units, should be in place within 1-2 years.
- It is currently estimated that 160 families per month need transitional housing. Staying an average of 18 months, that means a need of 2700 units. The State should therefore make plans to ensure that approximately 2700 geographically dispersed family units exist. This number of units, encompassing current units and new units, should be in place within 3-4 years.
- It is currently estimated that 100 families per month need permanent publicly-subsidized housing. The State should therefore make plans to ensure that approximately 1200 geographically dispersed permanent family units are created each year for each of the next five years.
- Further, to leverage public equity funds and provide for flexibility in addressing the needs of the homeless, the State should expand its Rent Supplement Program and create a new State §8 program to enhance

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Debra Luning
November 23, 1990

the rental payment ability of the homeless described above. The need would be the number of State §8 certificates needed to provide for the bulk of the families entering the transitional and permanent units described above.

