

Housing Needs Assessment and Implementation Plan

West Hawaii Business Park Honokohau, North Kona, Hawaii

Prepared for:

West Hawaii Business Park, LLC

Prepared by:

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October 2006

Exhibit 9

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A. Introduction

This Housing Needs Assessment report has been prepared in compliance with a condition of approval by the State Land Use Commission (LUC) incorporated as part of its Decision and Order of September 26, 2003, reclassifying approximately 336.984 acres of land from the Conservation District to the Urban District at Honokohau, North Kona, Island of Hawaii, identified as Tax Map Key No. (3) 7-4-8; portion of 13 and 30. (See Exhibit A – Location Map)

Condition No. 8 of the Findings of Fact, Conclusion of Law, and Decision and Order for Docket No. A00-730 entitled Affordable Housing provides that:

"The Petitioner shall submit a housing needs assessment and implementation plan to the Commission and appropriate County housing agency for their review and approval within six months of the issuance of this decision and order and comply with the County of Hawai'i affordable housing policy. The housing needs assessment shall be based on an analysis of the jobs generated by the Project, the projected number of qualified households which may be entitled to housing assistance as specified by the County of Hawai'i, the number and availability of affordable housing units and rentals in the West Hawai'i area (both planned and built), the projected number of employees from the development who might be expected to commute from East Hawai'i, the number of owner occupants (within the Petition Area) who reside in the West Hawai'i area and the number of employees who might already reside in the West Hawai'i area."

Subsequently, Change of Zone Ordinance No. 04 110, effective on October 12, 2004, amended the zoning district classification for 196.631 acres of the subject property from Open (O) to Industrial-Commercial Mixed (MCX-20) and an additional 85.733 acres to General Industrial (MG-1a). The rezoned area encompasses a total of 282.354 acres, with 54.62 acres subject to a future rezoning action (See Exhibit B – Zoning Amendments)

Ordinance No. 04-110 included condition S which stipulates that:

"To ensure that the Goals and Policies of the Housing Element of the General Plan are implemented, the applicant shall comply with the requirements of Chapter 11, Article 1, Hawaii County Code, relating to Affordable Housing Policy."

The foregoing conditions establish two requirements relating to affordable housing:

- 1) The preparation of a housing needs assessment and implementation plan; and,
- 2) Compliance with the County of Hawaii Affordable Housing Policy.

The housing needs assessment has been prepared to address the factors specifically listed in the LUC condition and an implementation plan has been prepared in response to the requirements of Chapter 11, Article 1, Hawaii County Code, relating to Affordable Housing Policy.

B. County of Hawaii Affordable Housing Policy

The County of Hawaii's Affordable Housing Policy was amended in 2005 by Ordinance No. 05 23 which became effective on February 9, 2005, and Ordinance No. 05 111, effective as of July 13, 2005. Neither of these amendments to the Affordable Housing Policy materially affected the parameters for this housing needs assessment.

Two objectives of the Affordable Housing Policy relevant to the subject project are:

- *"Implement the goals and policies of the General Plan;"*
- *"Require large resort and industrial enterprises to address related affordable housing needs as a condition of rezoning approvals, based upon current economic and housing conditions."*

Section 11-4(d) of the County's Affordable Housing Policy specifies the affordable housing requirements for industrial uses as follows:

"Requirements for Industrial Uses. The industrial uses that must fulfill the affordable housing requirements are any uses allowed as of right in an ML or MG district, except for home improvement centers, and any uses that are also allowed as of right in a CG district. Individual industrial enterprises generating more than 100 employees on a full-time equivalent basis must earn one affordable housing credit for every four full-time equivalent jobs created."

The basis for the County's Affordable Housing Policy as it pertains to industrial projects is the Hawaii County General Plan. A specific policy of the General Plan relative to affordable housing states, "Large industries which create a demand for housing shall provide employee housing based upon a ratio to be determined by an analysis of the locality's needs." The key phrase in this policy is "large industries which create a demand for housing". This policy is intended to address the needs generated by primary industries, those that generate income by producing goods and services that are purchased mainly by nonresident individuals and businesses. Essentially, primary industries import capital to the County by selling goods and services to external parties. Examples of primary economic sector industries include agricultural products produced for export, technology industries, travel (tourist) industry, federal government (military and civilian expenditures) and scientific research.

Secondary industries which produce goods and services that are purchased for consumption predominantly by the primary industries and resident individuals.

Secondary industries are induced by economic growth and the requirements of primary income generators and are merely responding to the needs generated by growth already occurring in the region. Secondary economic industries include the following sectors: retail, wholesale, finance, insurance, real estate, utilities, communication, transportations, manufacturing (nonexport), construction, service industries, state and local government.

The County's Affordable Housing Policy makes a clear distinction between primary and secondary industries by exempting any uses allowed as of right in the General Commercial (CG) District from a requirement for affordable housing. In this regard, note that thirty-six (36) of the forty-eight (48) permitted uses listed for the Industrial-Commercial Mixed Use (MCX) District (the zoning designation that comprises 69.5% of the subject project) are allowed as of right in the CG district. In addition, the intent of the General Plan is to only impose an affordable housing requirement on large industries is maintained by the County's Affordable Housing Policy which limits application to individual industrial enterprises having more than 100 employees.

As a point of reference, the attached Phasing Plan for the project illustrates the intent to develop the highly desirable retail commercial areas along Honokohau Street (Phase 1a), Kamanu Street (Phase 2) and Kanalani Street adjacent to the Queen Kaahumanu Highway (Phase 3 and a portion of Phase 4) as a priority. (See Exhibit C – Phasing Plan) The existing quarry operation located within the MG zoned area is anticipated to continue for another 4 to 5 years. The MG zoned area and other interior portions on the Business Park will be developed as market conditions for light and heavy industrial space warrant.

C. Housing Needs Assessment

1. Jobs generated by the development

The development of the West Hawaii Business Park will occur incrementally over an approximate period of 15 to 20-years as the industrial-commercial and industrial lots are sold and built-out. The initial phase of the West Hawaii Business Park is expected to commence in 2007 and will consist of lots ranging in size from ½ to 3+ acres within Phase 1a. Phase 1a (TMK: 7-4-8: 30) is a subdivided lot with access and utilities available directly from Honokohau Street.

A Market Study and Economic Impact Analysis was prepared by the Hallstrom Group in May 2000 for the subject project. The study projected that upon completion of the project there could be up to 3,895 permanent on- and off-site jobs related to the businesses situated in the Business Park (adjusted for current layout). This projection is based on 1 worker per 350 square feet of finished floor area in the MCX zoned area and 5 workers per acre in the MG zoned area. On average employment opportunities could increase by approximately 200 jobs/year.

Ongoing quarry operations and related uses have existed on the site since 1967 and were previously approved by Conservation District Use Permit HA-66/6/12-35. The quarry operations and related uses such as concrete pre-casting and concrete batching operations will continue to be accommodated within the MG zoned area, but the quarrying of rock is projected to be completed by mid-2010. Existing and anticipated uses in the MG zoned area are secondary industries responding to the growing needs of the region stretching from North Kohala to South Kona.

The bulk of the West Hawaii Business Park zoned Industrial-Commercial Mixed District (MCX-20) is anticipated to be utilized by retail commercial and/or service related enterprises similar to those existing within the present industrial-commercial mixed projects serving the North Kona region. No primary industries having more than 100 employees are anticipated within the West Hawaii Business Park. The project, in and of itself, is not anticipated to be a generator of growth, but will respond to the needs of the growth that is already occurring in the region. Therefore, the number of jobs generated by primary industries in the proposed project is anticipated to be zero.

2. Projected number of qualified households which may be entitled to housing assistance as specified by the County of Hawaii

Information on affordable housing needs in West Hawaii was obtained primarily from two sources: the *Hawaii Housing Policy Study, 2003* prepared for the County of Hawaii by SMS Research and Marketing Services, Inc., August 28, 2003, and the *Market Assessment for the Proposed Waikoloa Employee Housing Project* prepared for the County of Hawaii Office of Housing and Community Development by Mikiko Corporation, April 30, 2004. Additional information was also obtained from the Waikoloa Workforce Housing Survey Report prepared by SMS for the County of Hawaii in August, 2006.

In 2004, Mikiko Corporation prepared a 15-year projection of households for the County of Hawaii as part of its Waikoloa study, incorporating projections by Claritas, Inc. and SMS. Growth rates in households of between 2.0% to 2.5% per year are projected. The study notes that West Hawaii generally and Waikoloa in particular are poised to host much of this growth from an economic standpoint and in terms of major planned developments.

The target group for affordable housing is the range from 50% to 140% of median family income. The U.S. Housing and Urban Development guidelines specify a 2004 median income of \$51,000 for a family of four in the County of Hawaii. For the housing target groups of 50% to 140% of the median family income, 28,500 households (50% of all households) fall in this range. By 2017, this number of target households is projected to increase to 38,900 households, an increase of 10,400 from 2003. (See attached Exhibit 6-1 from the study by Mikiko Corporation.)

For those households in the targeted 50% to 140% for affordable housing, it is estimated that there is an existing pent-up demand for some 1,020 housing units County-wide. The SMS Housing Policy Study estimated a pent-up demand for 2,333 housing units in 2003, with all income ranges included. (See attached Exhibit D - Affordable Guidelines for the County of Hawaii)

The Waikoloa Workforce Housing Survey estimated that 28% of all Hawaii Island Households or 15,800 households, are expecting to move in the future. Approximately 39% or 6,132 of those households expecting to move had incomes within the affordable housing target group (50% to 140% of the median income). Assuming a proportionate share of 35% of the total, based upon current population distribution in Hawaii County, the West Hawaii households within the affordable housing target group expecting to move in the future is approximately 2,146 families.

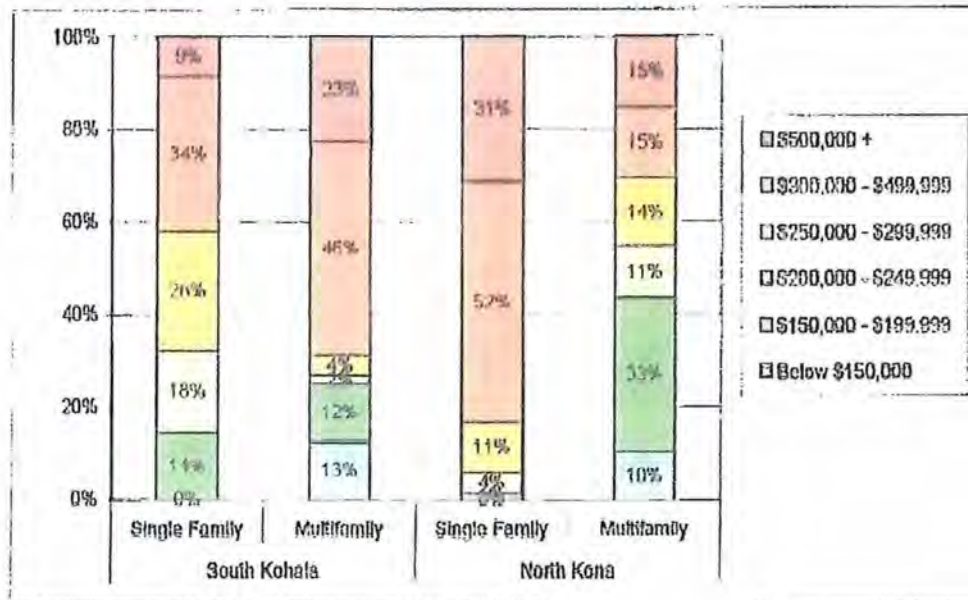
3. Number and availability of affordable housing units and rentals in the West Hawaii area (both planned and built)

SMS provided estimates of housing supply in the North Kona area as part of their 2003 Housing Policy Study, as shown in the table below. Of 12,073 housing units in North Kona, there were 5,626 units, or 47%, in the 50% to 140% target income group. It should be noted that these figures represent the income characteristics of the families occupying the existing inventory of units and do not reflect the price of these units in relation to their ability to pay.

2003 Housing Characteristics: North Kona		
	Count	Percent
Total Housing Units	12,073	100%
Household Income as % of HUD Median		
30% or less	97	0.8%
Over 30% to 50%	801	6.6%
Over 50% to 80%	1,122	9.3%
Over 80% to 100%	1,944	16.1%
Over 100% to 120%	1,406	11.6%
Over 120% to 140%	1,154	9.6%
Over 140% to 180%	2,151	17.8%
Over 180%	3,398	28.1%
2003 Household Characteristics: North Kona		
Rented, or no cash	3,277	27.1%
Owner Occupied	8,795	72.9%
<i>Source: SMS Research, "Hawaii County Policy Study, 2003", August 28, 2003.</i>		

The availability of housing units in the North Kona area for the affordable housing income range can be illustrated by reviewing recent sales data. The chart below shows a tabulation of residential sales data from July 2003 to February 2004

from the Mikiko Corporation study which provides some indication of the relative affordability of available units. For those earning up to 140% of the median income, housing prices of up to \$250,000 would be affordable. (Also see attached Exhibit 4-3 from the Mikiko Corporation)



The median sold multi-family unit in North Kona was \$228,250; this price level would be affordable to households earning 120% to 140% of the median income. There were 117 multi-family homes sold for less than \$250,000, which is 55% of the total number of multi-family units sold. There were 13 single-family homes sold for less than \$250,000, or 6% of the total number of single-family units sold.

Regarding the rental market, SMS surveyed advertised rentals on the Island of Hawaii for the period from 1995 to 2002. It was found that West Hawaii listings have declined significantly, and fell again at the end of 2002. West Hawaii rents were up significantly in 2002, rising dramatically since 1994. A typical West Hawaii one-bedroom apartment was renting for about \$800 to \$899 in 2002, while a two-bedroom apartment was asking \$1,100 to \$1,199. Anecdotal information regarding the rental market situation in West Hawaii indicates that the trend of rising rental rates has continued since 2002 and shows no sign of leveling off.

The 2006 Waikoloa Workforce Housing Survey found housing characteristics consistent with both the U.S. Census data and County of Hawaii research conducted previously. The report noted that, "Overall, shelter payments were very close to the distribution measured in the Housing Policy Study Update, 2003." The report further stated that, "The shelter-to-income ratio (percentage of household income paid as rent or mortgage payments) reflects the impact of

Hawaii's high housing costs on residents. The ratio also suggests something about how well prospective homeowners may be prepared for new units. Many owners (56%) have low ratios. They are realizing the American Dream, buying in at a low price, paying off smaller mortgages and accumulating appreciation while achieving higher family incomes. Still, 12 percent of the owners have shelter-to-income ratios above .33. Renters have much higher shelter-to-income ratios. Over 35 percent of them are paying more than a third of their incomes for shelter, and 28 percent pay more than 40 percent."

The SMS Survey Report also provided information on other affordable housing projects scheduled for completion within the next five years. The report states that "Over the next five years at least 638 for-sale units may be available from competing developments for less than \$380,000. This total includes 108 units from Sea Scape Condos, 300 units from Kaloko Heights and 177 units from Wehilani at Waikoloa, along with other smaller housing developments. The report further notes that the Department of Hawaiian Home Lands (DHHL) plans to develop more than 600 affordable units from 2009 to 2011 in their Villages of La'opua project.

Finally, the County of Hawaii's Waikoloa Workforce Housing project will produce approximately 1,000 affordable units over the next eight years. Phase I is scheduled for completion in 2008 with 200 units. Approximately half of the units will be developed as affordable rentals, with the balance as affordable for sale units.

4. Projected number of employees from the development who might be expected to commute from East Hawaii

In 2001, a survey was conducted by Peter Young, former County Managing Director, of North Kona and South Kohala resort workers to determine their area of residence and hence commuting distances. The survey revealed that approximately 60% of resort workers lived in the North Kona-South Kohala area, while the balance commuted from areas beyond this region. Approximately 20% commuted from East Hawaii areas, including 13% from Hamakua, 2% from North Hilo, and 5% from South Hilo. We believe that the commercial and service industry related jobs generated by the West Hawaii Business Park will result in a similar percentage of workers commuting from East Hawaii.

The 2006 Waikoloa Workforce Housing Survey included data on employee characteristics and found that, "Among all the workers, more than 88 percent are employed on the same side of the island on which they live. That means that 12 percent of all employed persons are commuting from one side of the island to the other. The number of those who travel to and from East Hawaii and West Hawaii is nearly the same."

5. Number of owner occupants who reside in the West Hawaii area

The SMS Housing Policy Study provided occupancy data for single-family and condominium housing units. Statewide, 64% of single-family units and 30% of condominium units are owner occupied. For the Island of Hawaii, 56% of single-family and 15% of condominium units are owner-occupied.

For all housing units in North Kona, 37% were owner-occupied (4,842 units of 13,132 units total). For single-family units, 52% were owner-occupied (4,157 of 8,049 units). For condominiums, 15% were owner-occupied (685 of 4,515 units).

6. Conclusions from the Housing Needs Assessment

There is a near-term need for approximately 2,000 affordable housing units in the County of Hawaii. Of this total, there is an estimated need for approximately 800 affordable housing units in the West Hawaii regions of North and South Kona and South Kohala. Several projects that are currently under construction or scheduled to break ground shortly will address the need for affordable housing units in North Kona and South Kohala over the next several years. These projects include the Sea Scape Condos (108 units), Kaloko Heights (300 units) and the Wehilani at Waikoloa Project (177 units) along with a number of other smaller housing developments. The inventory of affordable housing units in West Hawaii will also increase significantly over the next eight years with the County's Waikoloa Workforce Housing Project, which will produce approximately 1,000 affordable units as well as the DHHL's Villages of Laiopua Project which will produce approximately 600 units.

The population growth and household formation rates projected in the Market Assessment Report prepared earlier for the County's Affordable Housing Project at Waikoloa reflects a demand for additional housing units regardless of whether the West Hawaii Business Park is built or not. No primary industries having more than 100 employees are anticipated within the West Hawaii Business Park. As such, the proposed project will not serve as a generator of growth, but is meeting the commercial and service needs of the growth that is already occurring in the region. The secondary industries will not constitute "large industries which create a demand for housing" as described in the General Plan policy relative to affordable housing. Based on the foregoing, the West Hawaii Business Park is not anticipated to generate the type of industrial activity that would trigger the requirements of the County's Affordable Housing Policy.

Nevertheless, as a long-standing member of the Kona Community, West Hawaii Business Park and its affiliate, Lanihau Properties, LLC, understands the impacts generated by the growth occurring within the North Kona District. Over the years, the Greenwell family, the landowner of the property, has cooperated with the County of Hawaii in providing land for essential public improvements benefiting the North Kona community. The landowner recognizes that the

County Housing Agency is concerned about benefits to the community based upon the rezoning of the West Hawaii Business Park property (like the adjacent Kaloko Industrial Park). In this regard, however, it is important to recognize that the community has in fact benefited from the landowner's participation in the development of the Hualalai Elderly Housing Projects (Phases I, II and III) which is providing 96 very low income elderly rental units at a time when there was no requirement to produce affordable housing. Phase I of the Hualalai Elderly Housing Project was completed in 1999, Phase II in 2003 and Phase III will be completed shortly.

D. Implementation Plan

The development of the West Hawaii Business Park will occur incrementally over approximately a 20-year period as the commercial and industrial lots are sold and built-out. The initial phase of the West Hawaii Business Park is expected to commence in late 2007 and will consist of lots ranging in size from ½ to 3+ acres within a 9.9 acre parcel zoned MCX. The second phase of development will follow the construction of the Kamanu Street Extension, projected for late 2007 with completion in 2008. Development of future phases will be undertaken as market conditions warrant. The specific businesses to be pursued on the lots will be left up to the purchasers, and are limited only by the allowable zoning and the additional restrictions imposed by the LUC.

Although the West Hawaii Business Park is not anticipated to generate the type of industrial activity that would trigger the requirements of the County's Affordable Housing Policy, the landowner will voluntarily enter into an agreement with the Office of Housing and Community Development to apply 32 affordable housing credits, earned through its participation in the development of Phases I & II of the Hualalai Elderly Housing Project, in satisfaction of any affordable housing requirement imposed under Chapter 11, Hawaii County Code, as amended, as it relates to (i) the landowner/developer of the West Hawaii Business Park and (ii) the subsequent purchasers of the individual lots within the project.

EXHIBITS

Exhibit A – Location Map

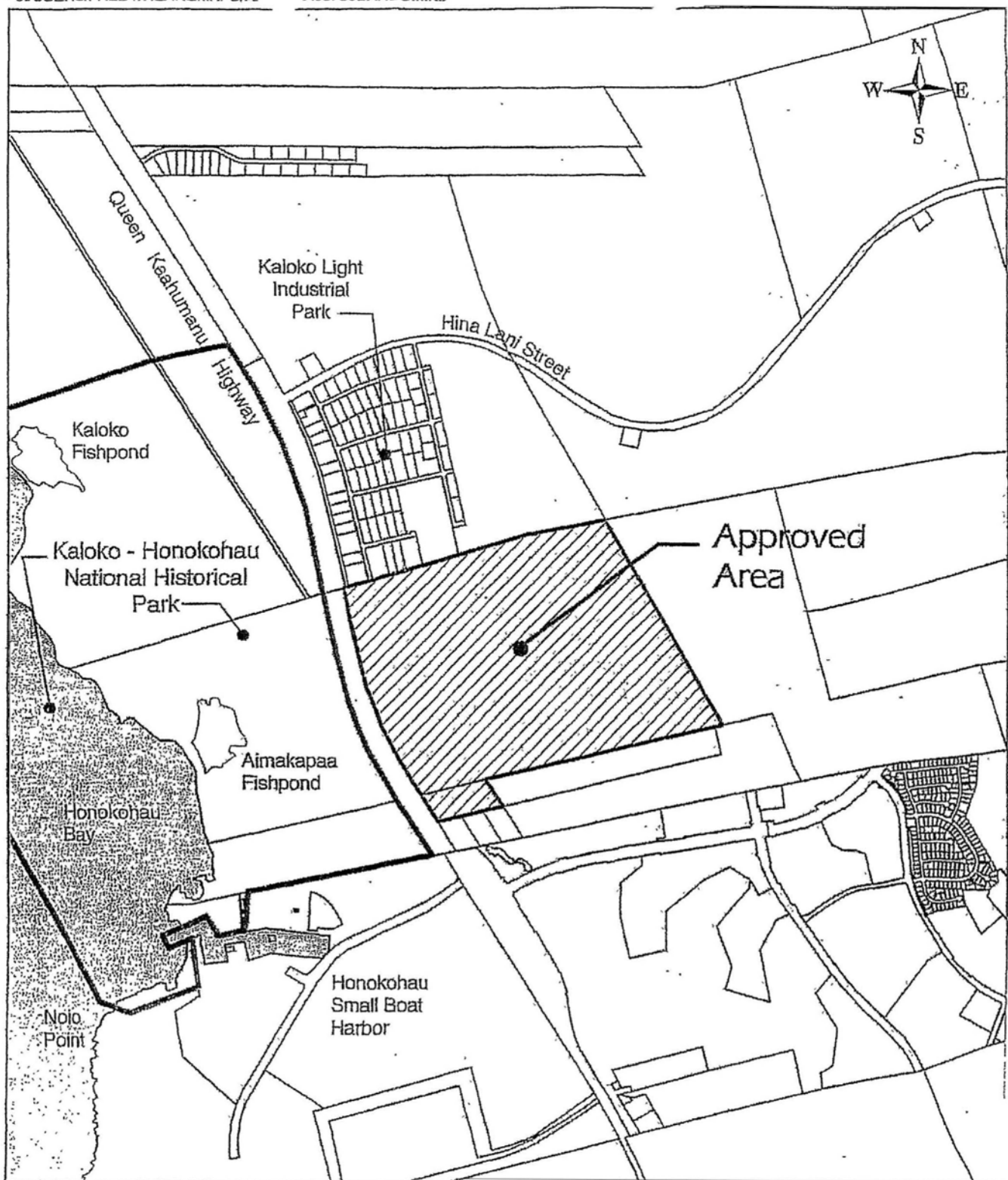
Exhibit B – Zoning Amendments

Exhibit C – Phasing Plan

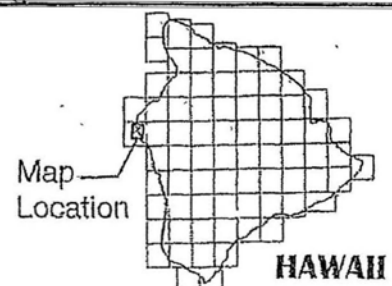
Exhibit 6-1 Projected Households by Income in County, 2003 to 2017

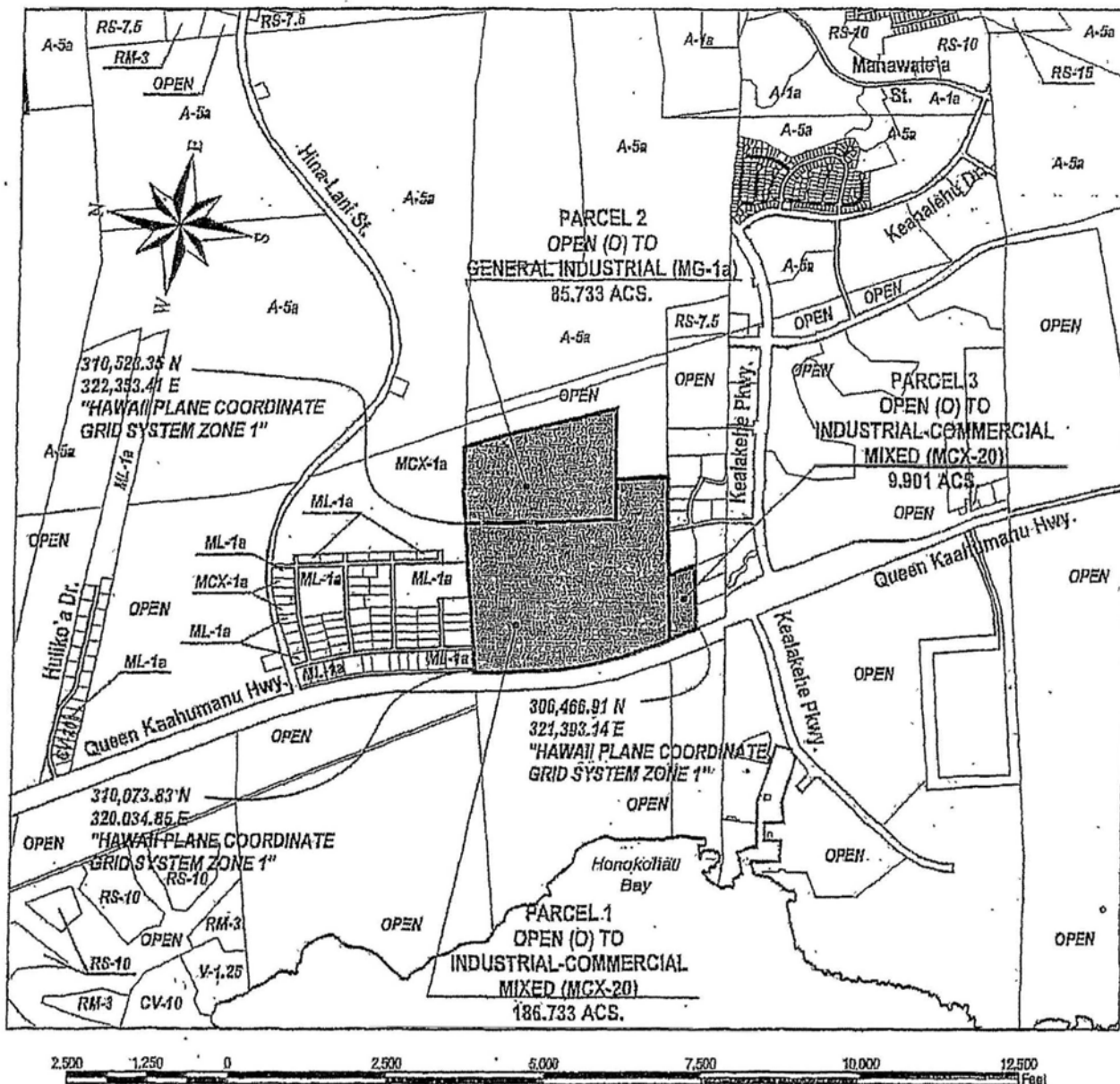
Exhibit D – Affordable Guidelines for the County of Hawaii

Exhibit 4-3 Home Sales by Price in the South Kohala and North Kona Districts,
July 1, 2003 to February 4, 2004

**A00-730 LANIHAIU PROPERTIES, LLC****LOCATION MAP**

Tax Map Key: 7-4-08: por. 13 & 30
Honokohau 1st & 2nd, North Kona, Hawaii
Scale: 1" = 2,000 ft.

EXHIBIT "A"



AMENDMENT TO THE ZONING CODE

AMENDING SECTION 25-8-3 (NORTH KONA ZONE MAP)
 ARTICLE 8, CHAPTER 25 (ZONING CODE) OF THE HAWAII COUNTY CODE,
 BY CHANGING THE DISTRICT CLASSIFICATION
 FROM OPEN (O)
 TO INDUSTRIAL-COMMERCIAL MIXED (MCX-20)
 AND GENERAL INDUSTRIAL (MG-1a)
 AT HONOKOHAU 1st, NORTH KONA, HAWAII

PREPARED BY: PLANNING DEPARTMENT
 COUNTY OF HAWAII

Exhibit C

PHASING 1b

PLAN (QUARRY)

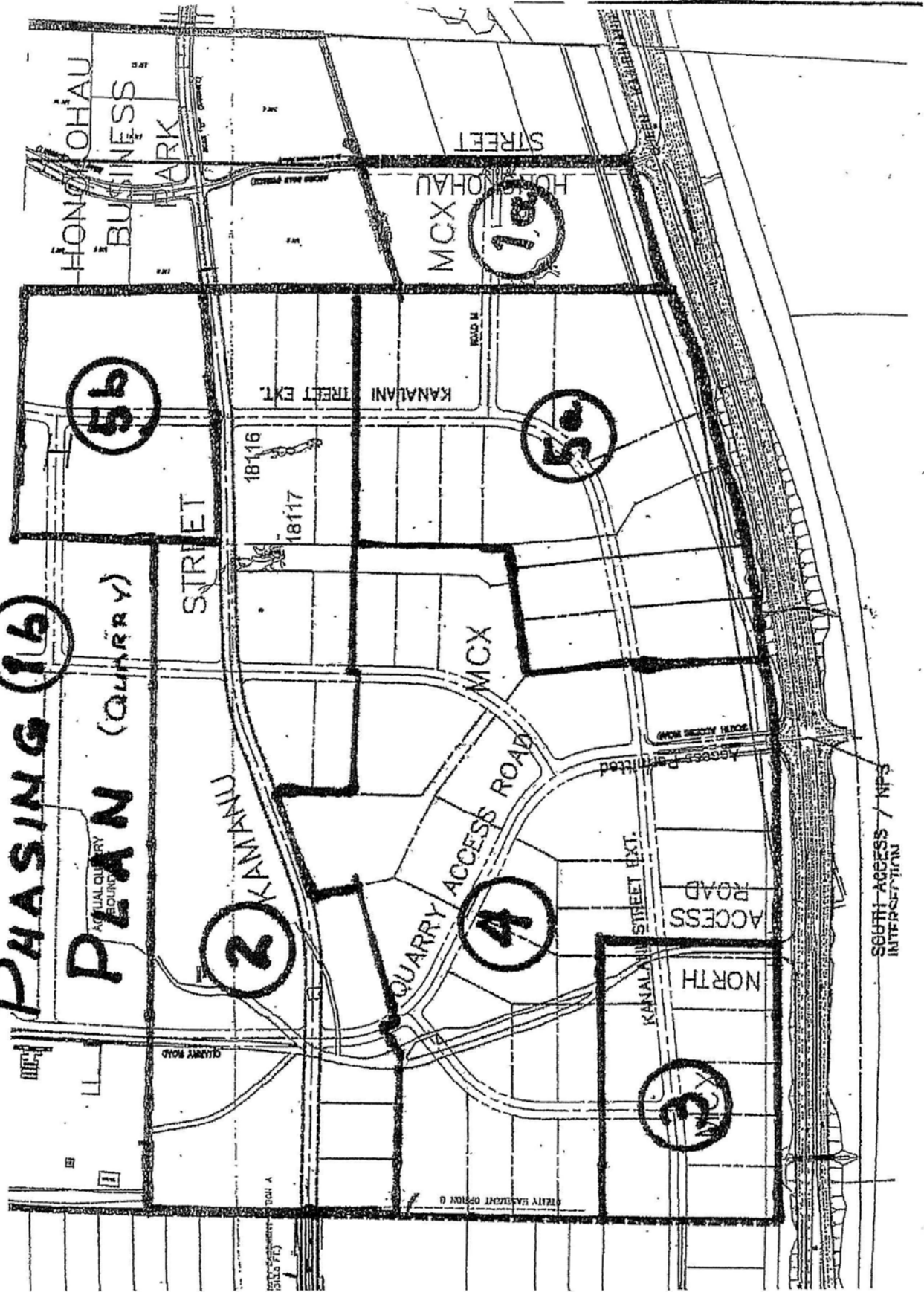


Exhibit 6-1:

Projected Households by Income in County
2003 to 2017

Projected households ¹ :	Projected annual growth			Estimated														
	2003-08	2008-13	2013-17	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Hawaii County	2.5%	2.2%	2.0%	57,076	58,491	59,940	61,424	62,945	64,504	65,923	67,373	68,855	70,370	71,918	73,357	74,824	76,320	77,847

30-mile households by % of County median income:	Distribution ³			2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Max	Incr-	Cumul-															
	income, 2004 ²	ment	ative															
30% or less	\$15,300	14%	14%	7,991	8,189	8,392	8,599	8,812	9,031	9,229	9,432	9,640	9,852	10,069	10,270	10,476	10,685	10,899
Between 30% and 50%	\$25,500	12%	26%	6,849	7,019	7,193	7,371	7,553	7,740	7,911	8,085	8,263	8,444	8,630	8,803	8,979	9,158	9,342
Between 50% and 80%	\$40,800	15%	41%	6,652	6,774	6,891	7,014	7,142	7,276	7,408	7,538	7,667	7,795	7,922	8,049	8,175	8,301	8,427
Between 80% and 100%	\$51,000	9%	50%	5,137	5,284	5,405	5,520	5,635	5,755	5,873	5,984	6,097	6,213	6,333	6,447	6,562	6,679	6,795
Between 100% and 120%	\$61,200	14%	64%	7,991	8,160	8,332	8,509	8,682	8,851	9,029	9,202	9,372	9,540	9,707	9,873	10,039	10,205	10,371
Between 120% and 140%	\$71,400	12%	76%	6,849	7,019	7,193	7,371	7,553	7,740	7,911	8,085	8,263	8,444	8,630	8,803	8,979	9,158	9,342
Between 140% and 160%	\$81,600	10%	86%	5,708	5,840	5,974	6,112	6,255	6,400	6,542	6,687	6,835	6,987	7,133	7,282	7,432	7,582	7,735
160% or more	\$91,800	14%	100%	7,991	8,189	8,392	8,599	8,812	9,031	9,229	9,432	9,640	9,852	10,069	10,270	10,476	10,685	10,899
Total		100%		57,076	58,491	59,940	61,424	62,945	64,504	65,923	67,373	68,855	70,370	71,918	73,357	74,824	76,320	77,847

Households in targeted groups (50% to 140% of median, rounded):	See shaded areas above																	
Total number	28,500	29,200	30,000	30,700	31,500	32,300	33,000	33,700	34,400	35,200	36,000	36,700	37,400	38,200	39,000	39,800	40,600	
Percent of County	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	

Increase since 2003, households in targeted income groups:																		
Annual	700	800	700	800	800	700	700	700	700	800	800	700	700	800	700	800	700	
Cumulative	700	1,500	2,200	3,000	3,800	4,500	5,200	5,900	6,700	7,500	8,200	8,900	9,700	10,400	11,200	12,000	12,800	

Note: Totals and cumulatives may not add due to rounding.

¹ Household estimates or projections to 2008 provided by Claritas, Inc., March 28, 2004. See Exhibit 2-2.

² Based on 2004 HUD median income of \$51,000 for a family of four, as shown on www.huduser.org/Datasets/IL/LG4/hud04hl.pdf

³ Considers distribution of County household incomes by dollar amount, as estimated for 2003 estimates by Claritas, Inc., 2004 and SMS Inc., "Hawaii Housing Policy Study 2003," with reallocation to correspond to assumed median of \$51,000. See Exhibits 2-5, 2-6, 3-4 and 3-5.

Exhibit D

AFFORDABLE GUIDELINES FOR THE COUNTY OF HAWAII

SALES GUIDELINES

This information is based on 2006 median income established by the U.S. Department of Housing and Urban Development (HUD) for various family sizes. Adjustments to the very low- (50%) and low-income (80%) limits are made by HUD for areas with unusually high or low family income or housing costs. Most income limits are proportionately based on very low-income limits. Thus, the four-person (60%) income limit is 120% (60/50ths) of the four-person very low-income limit.

The figures considers (1) a 30-year conventional fixed mortgage; (2) a fixed interest rate of 6%*; (3) housing expenses equal to 28% of gross annual income; and (4) a down payment equal to 5% of the sales price.

* The interest rate used is the annual average interest rate for a 30-year conventional fixed mortgage, for the twelve months ending in the previous year, as published by the Federal Home Loan Mortgage Corp (www.freddiemac.com/news/factbook). The rate is rounded up to the nearest whole percent.

% of Median	50%	60%	70%	80%	90%	100%	110%	120%	130%	140%
FAMILY SIZE: 1										
Income	\$ 20,950	\$ 25,140	\$ 29,330	\$ 33,550	\$ 37,710	\$ 38,710	\$ 42,580	\$ 46,450	\$ 50,320	\$ 54,190
Sales price	\$ 85,800	\$ 103,000	\$ 120,200	\$ 137,400	\$ 154,600	\$ 158,600	\$ 174,400	\$ 190,300	\$ 206,100	\$ 222,000
FAMILY SIZE: 2										
Income	\$ 23,950	\$ 28,740	\$ 33,530	\$ 38,300	\$ 43,110	\$ 44,240	\$ 48,660	\$ 53,090	\$ 57,510	\$ 61,940
Sales price	\$ 98,100	\$ 117,700	\$ 137,400	\$ 156,900	\$ 176,600	\$ 181,200	\$ 199,900	\$ 217,500	\$ 235,600	\$ 253,700
FAMILY SIZE: 3										
Income	\$ 26,950	\$ 32,340	\$ 37,730	\$ 43,100	\$ 48,510	\$ 49,770	\$ 54,750	\$ 59,720	\$ 64,700	\$ 69,680
Sales price	\$ 110,400	\$ 132,500	\$ 154,600	\$ 176,600	\$ 198,700	\$ 203,900	\$ 224,300	\$ 244,700	\$ 265,100	\$ 285,500
FAMILY SIZE: 4										
Income	\$ 29,950	\$ 35,940	\$ 41,930	\$ 47,900	\$ 53,910	\$ 55,300	\$ 60,830	\$ 66,360	\$ 71,890	\$ 77,420
Sales price	\$ 122,700	\$ 147,200	\$ 171,800	\$ 196,200	\$ 220,800	\$ 226,500	\$ 249,200	\$ 271,900	\$ 294,500	\$ 317,200
FAMILY SIZE: 5										
Income	\$ 32,350	\$ 38,820	\$ 45,290	\$ 51,750	\$ 58,230	\$ 59,720	\$ 65,700	\$ 71,670	\$ 77,640	\$ 83,610
Sales price	\$ 132,500	\$ 159,000	\$ 185,500	\$ 212,000	\$ 238,500	\$ 244,700	\$ 269,100	\$ 293,600	\$ 318,100	\$ 342,500
FAMILY SIZE: 6										
Income	\$ 34,750	\$ 41,700	\$ 48,650	\$ 55,550	\$ 62,550	\$ 64,150	\$ 70,560	\$ 76,980	\$ 83,390	\$ 89,810
Sales price	\$ 142,400	\$ 170,800	\$ 199,300	\$ 227,800	\$ 256,200	\$ 262,800	\$ 289,100	\$ 315,400	\$ 341,600	\$ 367,900

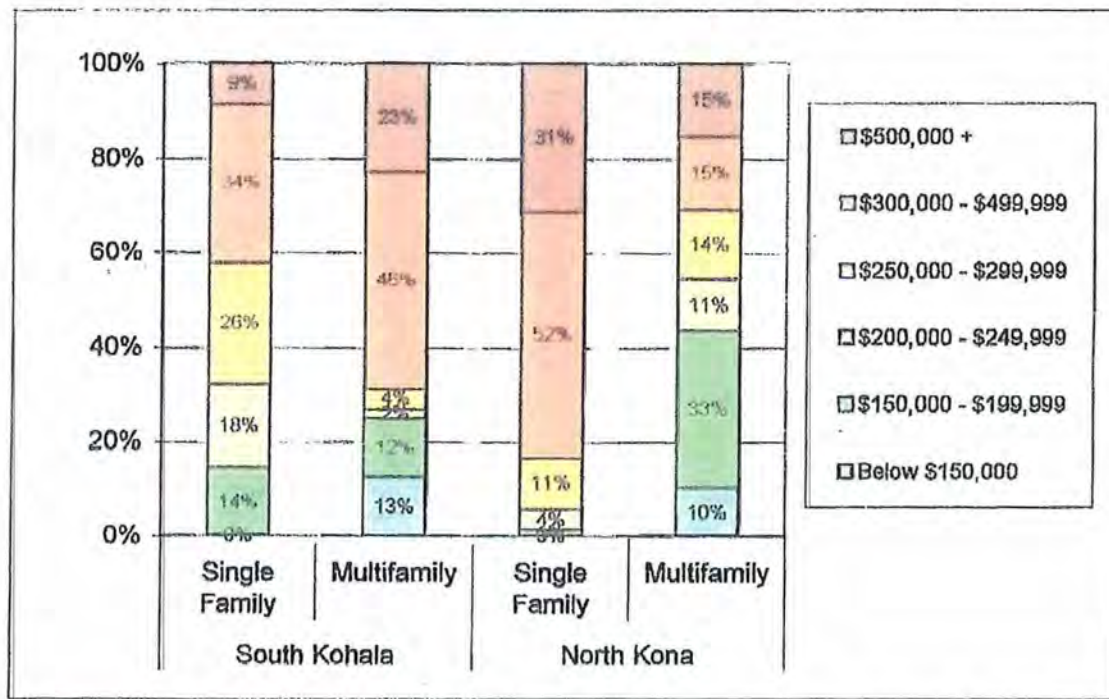
RENT GUIDELINES

Affordable rents are based on 30% of gross monthly income, including utilities (water, sanitary sewage service, electricity and/or gas). Please refer to form HUD-52667 (Allowances for Tenant-Furnished Utilities and Other Services) for utilities for either single- and/or multi-family units.

Bedroom Size		Studio		One		Two		Three		Four	
% of Median Income	30%	\$	313	\$	336	\$	403	\$	466	\$	520
	50%	\$	523	\$	561	\$	673	\$	778	\$	868
	60%	\$	628	\$	673	\$	808	\$	935	\$	1,042
	80%	\$	838	\$	898	\$	1,077	\$	1,245	\$	1,388
	100%	\$	967	\$	1,036	\$	1,244	\$	1,437	\$	1,603
	120%	\$	1,161	\$	1,244	\$	1,493	\$	1,725	\$	1,924
	140%	\$	1,354	\$	1,451	\$	1,742	\$	2,012	\$	2,245

**Exhibit 4-3: Home Sales by Price in the South Kohala
and North Kona Districts**
July 1, 2003 to February 4, 2004

	South Kohala (Zone 6)		North Kona (Zone 7)	
	Single Family	Multifamily	Single Family	Multifamily
Average sales price	\$403,066	\$410,851	\$514,699	\$541,294
Median sales price	\$285,000	\$390,500	\$405,000	\$228,250
Number of sales:				
Below \$125,000	0	17	0	6
\$125,000 - \$149,999	0	15	0	16
\$150,000 - \$174,999	6	16	2	46
\$175,000 - \$199,999	14	15	1	25
\$200,000 - \$224,999	15	0	1	11
\$225,000 - \$249,999	10	5	9	13
\$250,000 - \$274,999	19	7	9	17
\$275,000 - \$299,999	17	4	15	14
\$300,000 - \$349,999	19	21	30	16
\$350,000 - \$499,000	28	96	86	17
\$500,000 +	12	58	70	33
Total	140	254	223	214



Note: Sample excludes units reported to be less than 500 square feet net interior; also excludes waterfront properties in Kailua-Kona, defined as Alii Drive, Kahakai Road, Kaiolu Road and Ke'alahi Kai Place.

Source: Hawaii Information Service.