

# What is “affordable” housing

Housing costs (either owned or rented) that is no more than 30% of a household's income.

## Who is eligible?

An individual or a household (based upon the number of occupants) within defined income ranges that are percentages of the Area Median Income (“AMI”).

Income from all adult members within a household is included.

## Available Subsidy Programs

Anything lower than 60% of area median income are eligible to receive subsidies.

Any project that caters to the 80% of AMI to 140% of AMI are usually private projects that do not receive direct public subsidies.

## Workforce Housing is for *Essential Workers*

Most cities, States, as well as planning groups refer to workforce housing as housing for “essential workers.” In Honolulu and Maui this group should include those within 60% of AMI - 140% of AMI.

# Maui County Housing Ladder

Each segment of housing has different types of developers with different skillsets. Some specialize in low-income housing and others specialize in workforce housing. Each segment also requires a different set of public policy solutions. There is no "one size fits all" solution that will supply housing at different AMI levels.

**Luxury and market rate developers**  
(NO government subsidies)

**Workforce housing developers**  
(NO government subsidies)

(Housing for the community's essential workforce, which includes teachers, nurses, police, government employees, etc.)

Should be deed restricted for a period of time because it does not receive direct subsidies (10-30 years)

**Low-income housing developers**  
(Federal and State subsidies and often times free land required)

Should be deed restricted in perpetuity but currently only for 30-60 years because of direct subsidies

**State and County public housing**

**We need to focus on housing production because increasing the housing stock is fundamental to bringing down the cost of housing at all income levels.**

**Income Qualifications**  
Income Figures=2017 HUD Family of 4

**101%-160% AMI**  
≤ \$103,740

**81%-100% AMI**  
≤ \$74,100

**51%-80% AMI**  
≤ \$59,280

**31%-50% AMI**  
≤ \$37,050

**≤ 30% AMI**  
≤ \$22,230

**Unit Type**

**Luxury**  
For Sale

**Market**  
For Sale

**Workforce Reserved**  
Rental or For Sale

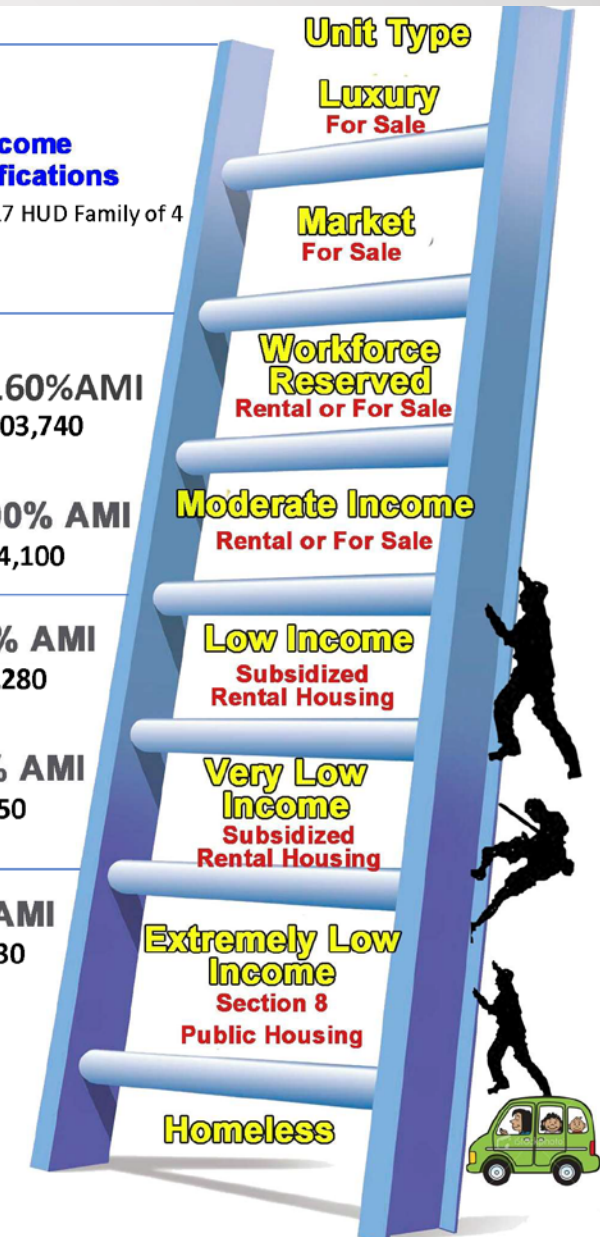
**Moderate Income**  
Rental or For Sale

**Low Income**  
Subsidized  
Rental Housing

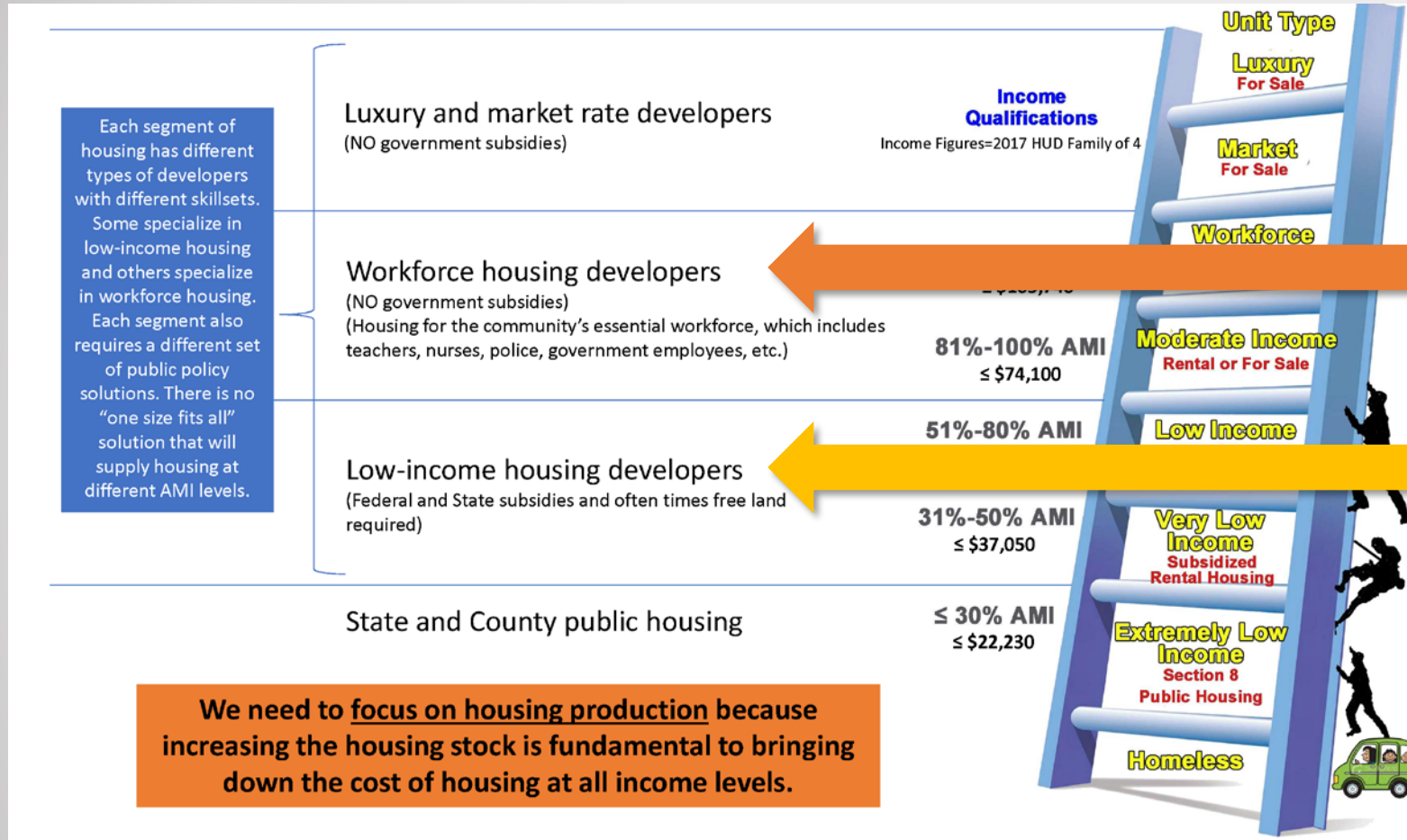
**Very Low Income**  
Subsidized  
Rental Housing

**Extremely Low Income**  
Section 8  
Public Housing

**Homeless**



# Past and Current Production of Units Based on Subsidy



No direct subsidies

150-225 units per year across all islands with federal tax credits and state grants and loans

With the current tax reform bill passed corporate tax rates went from 35% to 21% which lowers the value of the low-income housing tax credit which means less money flowing into these projects. This will yield an even lower rate of production per year in Hawaii



# What does our essential workforce do and what can they afford?

How many job holders by occupation does it take to afford a Median home by city for May 2017

Occupation: Elementary School Teachers, Except Special Education (SOC code 252021)						
Income Period: May 2016						
Area name	Employment (1)	Annual mean wage(2)	Loan Amount Mean Wage Can Afford (3)	Loan Amount at 10% Down (3)	May 2017 median single family home	Number of this occupation (job holders) it takes to purchase median home
Atlanta-Sandy Springs-Marietta, GA	25,880	\$55,690	\$283,012	\$166,050	\$184,500	0.59
Austin-Round Rock, TX	9,340	\$54,390	\$276,406	\$255,600	\$284,000	0.92
Baltimore-Towson, MD	14,350	\$63,210	\$321,228	\$227,700	\$253,000	0.71
Chicago-Naperville-Joliet, IL Metropolitan Division	37,260	\$64,840	\$329,512	\$211,410	\$234,900	0.64
Dallas-Fort Worth-Arlington, TX	34,570	\$57,410	\$291,753	\$204,390	\$227,100	0.70
Denver-Aurora, CO	10,980	\$52,980	\$269,240	\$345,870	\$384,300	1.28
Honolulu, HI	4,660	\$57,540	\$292,414	\$670,500	\$745,000	2.29
Kansas City, MO-KS	9,670	\$54,190	\$275,389	\$163,170	\$181,300	0.59
Las Vegas-Paradise NV	7,510	\$54,110	\$274,983	\$214,020	\$237,800	0.78
Orlando-Kissimmee, FL	10,230	\$47,310	\$240,426	\$201,600	\$224,000	0.84
Philadelphia, PA Metropolitan Division	16,490	\$66,440	\$337,643	\$202,860	\$225,400	0.60
Phoenix-Mesa-Scottsdale, AZ	16,720	\$43,730	\$222,232	\$209,430	\$232,700	0.94
Portland-Vancouver-Hillsboro OR-WA	7,010	\$65,250	\$331,595	\$316,080	\$351,200	0.95
Seattle-Tacoma-Bellevue, WA	12,650	\$62,250	\$316,350	\$373,050	\$414,500	1.18
Maui	520	\$54,450	\$276,711	\$630,000	\$700,000	2.28

# One Wage Earner Household on Maui

Only 1 out of 33 Bureau of Labor Statistic (BLS) job categories earn more than 120% of the area median income

Number in Family	1
Number of Wage Earners	1.0
Additional Wage Earner Salary %	50%

Table Key	
0-30% - Extremely Low Income	30%
30%-60% - Very Low to Low Income	60%
60%-80% - Moderate Income	80%
80%-120% - Workforce	120%
>120%	121%

		TOT_EMP	A_PCT10	A_PCT25	A_MEDIAN	A_PCT75	A_PCT90	Year
21-1011	Substance Abuse and Behavioral Disorder Counselors	190	\$36,549	\$42,082	\$46,629	\$51,166	\$58,448	2017.00
21-1012	Educational, Guidance, School, and Vocational Counselors	70	\$36,740	\$42,093	\$58,194	\$66,918	\$77,984	2017.00
21-1021	Child, Family, and School Social Workers	180	\$43,513	\$50,816	\$62,169	\$74,910	\$112,699	2017.00
21-1091	Health Educators	40	\$32,457	\$37,662	\$46,990	\$71,370	\$112,699	2017.00
21-1093	Social and Human Service Assistants	190	\$25,175	\$29,542	\$35,552	\$41,329	\$49,544	2017.00
21-1094	Community Health Workers	50	\$25,101	\$28,366	\$32,722	\$41,372	\$62,593	2017.00
21-1099	Community and Social Service Specialists, All Other	80	\$23,415	\$41,117	\$52,290	\$65,296	\$78,249	2017.00
21-2011	Clergy	0	\$19,652	\$25,832	\$45,803	\$61,183	\$113,579	2017.00
25-2011	Preschool Teachers, Except Special Education	120	\$24,433	\$31,090	\$41,679	\$53,657	\$66,441	2017.00
25-2021	Elementary School Teachers, Except Special Education	520	\$42,326	\$48,177	\$57,843	\$66,810	\$78,302	2017.00
25-2022	Middle School Teachers, Except Special and Career/Technical Education	230	\$31,821	\$53,615	\$60,473	\$67,543	\$79,330	2017.00
25-2031	Secondary School Teachers, Except Special and Career/Technical Education	260	\$49,248	\$55,883	\$61,416	\$67,056	\$79,256	2017.00
25-3021	Self-Enrichment Education Teachers	280	\$24,857	\$30,899	\$42,400	\$55,947	\$81,631	2017.00
25-3097	Teachers and Instructors, All Other, Except Substitute Teachers	270	\$26,214	\$42,167	\$46,417	\$50,679	\$53,223	2017.00
25-4021	Librarians	50	\$28,217	\$42,379	\$58,120	\$66,112	\$78,461	2017.00
25-9031	Instructional Coordinators	50	\$45,442	\$53,753	\$65,794	\$87,143	\$108,205	2017.00
25-9041	Teacher Assistants	560	\$20,267	\$23,468	\$28,026	\$31,535	\$35,987	2017.00
29-1141	Registered Nurses	730	\$55,109	\$77,825	\$93,365	\$103,710	\$110,982	2017.00
31-1011	Home Health Aides	260	\$17,935	\$19,197	\$26,850	\$30,327	\$32,415	2017.00
31-1014	Nursing Assistants	520	\$27,115	\$29,616	\$34,249	\$38,446	\$40,958	2017.00
31-9091	Dental Assistants	180	\$26,860	\$30,528	\$37,248	\$44,774	\$50,000	2017.00
31-9092	Medical Assistants	280	\$23,182	\$27,581	\$35,510	\$39,867	\$44,647	2017.00
31-9099	Healthcare Support Workers, All Other	90	\$33,390	\$37,694	\$42,972	\$48,527	\$51,749	2017.00
33-0000	Protective Service Occupations	0	\$24,369	\$33,772	\$44,319	\$59,487	\$76,384	2017.00
33-1099	First-Line Supervisors of Protective Service Workers, All Other	70	\$42,845	\$49,279	\$52,618	\$60,738	\$73,840	2017.00
33-3051	Police and Sheriff's Patrol Officers	280	\$54,272	\$57,198	\$63,038	\$71,888	\$80,284	2017.00
33-9032	Security Guards	780	\$22,546	\$25,048	\$34,047	\$41,828	\$48,993	2017.00
33-9092	Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	200	\$25,080	\$33,909	\$40,163	\$47,615	\$52,428	2017.00
33-9093	Transportation Security Screeners	180	\$33,772	\$38,784	\$38,955	\$42,358	\$44,637	2017.00
33-9099	Protective Service Workers, All Other	0	\$20,278	\$21,953	\$24,507	\$42,305	\$59,614	2017.00
43-5051	Postal Service Clerks	70	\$34,471	\$42,188	\$60,197	\$61,448	\$62,625	2017.00
43-5052	Postal Service Mail Carriers	120	\$36,718	\$45,357	\$60,653	\$62,858	\$63,780	2017.00
43-5061	Production, Planning, and Expediting Clerks	70	\$43,110	\$46,799	\$52,968	\$62,264	\$70,925	2017.00

64%	65%	84%	83%	66%
64%	65%	79%	82%	89%
76%	78%	85%	92%	94%
57%	58%	84%	88%	128%
44%	45%	48%	51%	56%
44%	44%	45%	51%	71%
41%	63%	71%	80%	89%
34%	40%	62%	75%	129%
43%	48%	57%	66%	75%
74%	74%	79%	82%	89%
56%	82%	82%	83%	90%
86%	86%	84%	88%	90%
44%	47%	58%	68%	93%
46%	65%	63%	69%	60%
49%	65%	79%	81%	89%
80%	82%	90%	107%	123%
36%	36%	38%	39%	41%
97%	119%	127%	120%	126%
31%	29%	37%	37%	37%
48%	45%	47%	47%	47%
47%	47%	51%	55%	57%
41%	42%	48%	49%	51%
59%	58%	59%	60%	59%
43%	52%	60%	73%	87%
75%	76%	72%	75%	84%
95%	88%	86%	88%	91%
40%	38%	46%	51%	56%
44%	52%	55%	58%	60%
59%	59%	53%	52%	51%
36%	34%	33%	52%	68%
60%	65%	82%	75%	71%
64%	70%	83%	77%	72%
76%	72%	72%	76%	81%

1 out of 33  
BLS  
categories  
make more  
than 120%  
of AMI

# Two Wage Earner Household on Maui

Only 2 out of 33 Bureau of Labor Statistic (BLS) job categories earn more than 120% of the area median income

Number in Family	4
Number of Wage Earners	2.0
Additional Wage Earner Salary %	50%

Table Key	
0-30% - Extremely Low Income	30%
30%-60% - Very Low to Low Income	60%
60%-80% - Moderate Income	80%
80%-120% - Workforce	120%
>120%	121%

		TOT_EMP	A_PCT10	A_PCT25	A_MEDIAN	A_PCT75	A_PCT90	Year
21-1011	Substance Abuse and Behavioral Disorder Counselors	190	\$54,823	\$63,123	\$69,944	\$76,749	\$87,673	2017.00
21-1012	Educational, Guidance, School, and Vocational Counselors	70	\$55,109	\$63,139	\$67,291	\$100,377	\$116,976	2017.00
21-1021	Child, Family, and School Social Workers	180	\$65,270	\$76,225	\$93,254	\$112,365	\$124,084	2017.00
21-1091	Health Educators	40	\$48,686	\$56,493	\$70,485	\$107,055	\$169,049	2017.00
21-1093	Social and Human Service Assistants	190	\$37,763	\$44,313	\$53,329	\$61,994	\$74,317	2017.00
21-1094	Community Health Workers	50	\$37,651	\$42,548	\$49,083	\$62,058	\$93,890	2017.00
21-1099	Community and Social Service Specialists, All Other	80	\$35,123	\$61,676	\$78,435	\$97,944	\$117,374	2017.00
21-2011	Clergy	0	\$29,479	\$38,748	\$68,704	\$91,775	\$170,369	2017.00
25-2011	Preschool Teachers, Except Special Education	120	\$36,650	\$46,635	\$62,519	\$80,486	\$99,661	2017.00
25-2021	Elementary School Teachers, Except Special Education	520	\$63,489	\$72,266	\$86,464	\$99,916	\$117,453	2017.00
25-2022	Middle School Teachers, Except Special and Career/Technical Education	230	\$47,732	\$80,422	\$90,710	\$101,315	\$118,996	2017.00
25-2031	Secondary School Teachers, Except Special and Career/Technical Education	260	\$73,871	\$83,825	\$92,125	\$100,583	\$118,884	2017.00
25-3021	Self-Enrichment Education Teachers	280	\$37,286	\$46,349	\$63,600	\$83,920	\$122,446	2017.00
25-3097	Teachers and Instructors, All Other, Except Substitute Teachers	270	\$39,321	\$63,250	\$69,626	\$76,018	\$79,834	2017.00
25-4021	Librarians	50	\$42,326	\$63,588	\$87,180	\$99,168	\$117,692	2017.00
25-9031	Instructional Coordinators	50	\$68,163	\$80,629	\$98,691	\$130,714	\$162,307	2017.00
25-9041	Teacher Assistants	560	\$30,401	\$35,203	\$42,040	\$47,303	\$53,981	2017.00
29-1141	Registered Nurses	730	\$82,664	\$116,738	\$140,047	\$155,566	\$166,473	2017.00
31-1011	Home Health Aides	260	\$26,903	\$28,795	\$40,275	\$45,490	\$48,622	2017.00
31-1014	Nursing Assistants	520	\$40,672	\$44,425	\$51,373	\$57,669	\$61,438	2017.00
31-9091	Dental Assistants	180	\$40,291	\$45,792	\$55,873	\$67,162	\$75,000	2017.00
31-9092	Medical Assistants	280	\$34,773	\$41,372	\$53,265	\$59,800	\$66,971	2017.00
31-9099	Healthcare Support Workers, All Other	90	\$50,085	\$56,540	\$64,459	\$72,790	\$77,624	2017.00
33-0000	Protective Service Occupations	0	\$36,554	\$50,657	\$66,478	\$89,231	\$114,575	2017.00
33-1099	First-Line Supervisors of Protective Service Workers, All Other	70	\$64,268	\$73,919	\$78,928	\$91,107	\$110,759	2017.00
33-3051	Police and Sheriff's Patrol Officers	280	\$81,408	\$85,796	\$94,557	\$107,532	\$120,427	2017.00
33-9032	Security Guards	780	\$33,819	\$37,572	\$51,071	\$62,741	\$73,490	2017.00
33-9092	Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	200	\$37,619	\$50,864	\$60,245	\$71,423	\$78,641	2017.00
33-9093	Transportation Security Screeners	180	\$50,657	\$58,146	\$58,433	\$63,536	\$66,955	2017.00
33-9099	Protective Service Workers, All Other	0	\$30,417	\$32,929	\$36,761	\$63,457	\$89,422	2017.00
43-5051	Postal Service Clerks	70	\$51,707	\$63,282	\$90,296	\$92,172	\$93,937	2017.00
43-5052	Postal Service Mail Carriers	120	\$55,078	\$68,036	\$90,980	\$94,287	\$95,670	2017.00
43-5061	Production, Planning, and Expediting Clerks	70	\$64,665	\$70,199	\$79,452	\$93,397	\$106,387	2017.00

67%	77%	86%	94%	108%
68%	77%	107%	123%	144%
80%	94%	114%	138%	152%
60%	69%	86%	131%	207%
46%	54%	65%	76%	91%
46%	52%	60%	76%	115%
43%	76%	96%	120%	144%
36%	48%	84%	113%	209%
45%	57%	77%	99%	122%
78%	89%	106%	123%	144%
59%	99%	111%	124%	146%
91%	103%	113%	124%	146%
46%	57%	78%	83%	150%
48%	78%	85%	123%	98%
52%	78%	107%	160%	144%
84%	99%	121%	180%	199%
37%	43%	52%	66%	66%
101%	143%	172%	204%	204%
33%	35%	49%	56%	60%
50%	55%	63%	71%	75%
49%	56%	69%	82%	92%
43%	51%	65%	73%	82%
61%	69%	79%	89%	95%
45%	62%	82%	109%	141%
79%	91%	97%	112%	136%
100%	105%	116%	132%	148%
41%	46%	63%	77%	90%
46%	62%	74%	88%	96%
62%	71%	72%	78%	82%
37%	40%	45%	78%	110%
63%	78%	111%	113%	115%
68%	83%	112%	116%	117%
79%	86%	97%	115%	131%

1 out of 33  
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# The Reality of a Household on Maui

An Elementary school teacher who is in the median income strata with one child and has a spouse who is perhaps a Bank Teller will have a combined income of 103% of AMI.

A Firefighter with same the household size would also be 103% of AMI, where as a Policeman would be 102%.

In our community, it is increasingly a reality that there are single-person households as well. For a single person household, a Teacher is 88% of AMI and Firefighter is at 81% of AMI and a Policeman is at 97% of AMI.



# Occupations that Make Up the Essential Workforce (80%-140%AMI)

The resulting list is made up of occupations averaging from \$17,935 to \$113,579 (lowest strata to the highest).

Workforce Occupations		
Substance Abuse and Behavioral Disorder Counselors	Educational, Guidance, School, and Vocational Counselors	Marriage and Family Therapists
Mental Health Counselors	Rehabilitation Counselors	Rehabilitation Counselors
Child, Family, and School Social Workers	Healthcare Social Workers	Mental Health and Substance Abuse Social Workers
Social Workers, All Other	Health Educators	Probation Officers and Correctional Treatment Specialists
Social and Human Service Assistants	Community Health Workers	Community and Social Service Specialists, All Other
Clergy	Directors, Religious Activities and Education	Preschool Teachers, Except Special Education
Kindergarten Teachers, Except Special Education	Elementary School Teachers, Except Special Education	Middle School Teachers, Except Special and Career/Technical Education
Secondary School Teachers, Except Special and Career/Technical Education	Special Education Teachers, Preschool	Special Education Teachers, Kindergarten and Elementary School
Special Education Teachers, All Other	Adult Basic and Secondary Education and Literacy Teachers and Instructor	Self-Enrichment Education Teachers
Substitute Teachers	Teachers and Instructors, All Other, Except Substitute Teachers	Library Technicians
Instructional Coordinators	Teacher Assistants	Preschool Teachers, Except Special Education
Kindergarten Teachers, Except Special Education	Elementary School Teachers, Except Special Education	Middle School Teachers, Except Special and Career/Technical Education
Secondary School Teachers, Except Special and Career/Technical Education	Special Education Teachers, Preschool	Special Education Teachers, Kindergarten and Elementary School
Special Education Teachers, All Other	Adult Basic and Secondary Education and Literacy Teachers and Instructor	Self-Enrichment Education Teachers
Substitute Teachers	Teachers and Instructors, All Other, Except Substitute Teachers	Library Technicians
Instructional Coordinators	Teacher Assistants	Physical Therapist Assistants
Physical Therapist Aides	Massage Therapists	Dental Assistants
Medical Assistants	Medical Equipment Preparers	Medical Transcriptionists
Phlebotomists	Healthcare Support Workers, All Other	First-Line Supervisors of Fire Fighting and Prevention Workers
First-Line Supervisors of Protective Service Workers, All Other	Correctional Officers and Jailers	Fish and Game Wardens
Police and Sheriff's Patrol Officers	Private Detectives and Investigators	Security Guards
Lifeguards, Ski Patrol, and Other Recreational Protective Service Workers	Transportation Security Screeners	Postal Service Clerks

# Subsidies Required to Ensure Housing is Affordable in Maui

Subsidies required by area median income levels using a 100-unit garden style rental (wood frame, 3 stories) with surface parking and a unit mix with studios, 1, 2, and 3 bedrooms in Maui County

	Government Subsidized Housing (Tax Credits)	These AMI Levels are Workforce Housing and <u>Do Not Receive Government Subsidies</u>				
Area Median Income Rent Levels	30%-50% AMI Rents	80% AMI Rents	100%AMI Rents	120%AMI Rents	80%-140%AMI Rents	140% AMI Rents
Unit Mix	5% at 30%AMI 95% at 50%AMI	100% at 80%AMI	100% at 100%AMI	100% at 120%AMI	20% at 80%AMI Rents 20% at 100%AMI Rents 20% at 110%AMI Rents 20% at 120%AMI Rents 20% at 140%AMI Rents	100% at 140%AMI
Project Cost	\$28,400,000	\$28,400,000	\$28,400,000	\$28,400,000	\$28,400,000	\$28,400,000
Required State Direct Subsidy	\$216,286 to \$128,000 /unit	\$173,000/unit	\$119,700/unit	\$66,000/unit	\$98,000/unit	None needed
Subsidy Loan or Equity to Loan Cash Required:		\$10,630/unit	\$15,732/unit	\$21,220/unit	\$17,818/unit	\$38,939/unit
Total Subsidy Required per Unit <u>WITHOUT</u> Low-income Housing Tax Credits	\$262,963/unit* \$451/sf*	\$183,630/unit* \$294/sf*	\$111,323/unit* \$178/sf*	\$87,220/unit* \$140/sf*	\$115,818/unit* \$185/sf*	None
Subsidy Loan or Equity Required per Unit <u>WITH</u> 9% Low-income Housing Tax Credits	\$59,513/unit* \$95/sf*	N/A	N/A	N/A	N/A	N/A
Subsidy Loan or Equity Required per Unit <u>WITH</u> 4% Low-income Housing Tax Credits	\$191,953/unit* \$117/sf*	N/A	N/A	N/A	N/A	N/A

\*Note: All-in project cost to build a unit is \$284,275/unit or approximately \$455/sf. This also assumes a 15% cash on cash return and no land cost.

# Subsidies Required to Ensure Housing is Affordable in Maui

Workforce Pro Forma Analysis for 80% to 140% of Area Median Income - 100-unit Garden Style with Surface Parking

		None	Per Unit	Per Squar foot
		Scenario 3	Scenario 3	Scenario 3
AMI	30	0%		
	50	0%		
	60	0%		
	80	20%		
	100	20%		
	110	20%		
	120	20%		
	140	20%		
	Total	100%		
Unit Count	Total Units	100		Size Squar foot
	Studio	20%		400
	% 1 Bedroom	40%		560
	% 2 Bedroom	30%		760
	% 3 Bedroom	10%		925
	% 4 Bedroom	0%		1000
	Total Units	100		62,450
	Revenue	\$2,171,268	\$21,713	\$34.77
	Expenses	\$775,927	\$7,759	\$12.42
	NOI	\$1,395,341	\$13,953	\$22.34
	Max Debt	\$16,845,733	\$168,457	\$269.75
	Debt Service	-\$1,116,273	-\$11,163	-\$18
	Cash Flow	\$279,068	\$2,791	\$4.47
Check LTV DCR or LTC DCR	Build Cost *	\$28,427,500	\$284,275	\$455.20
	State cash subsidy	\$9,800,000	\$98,000	\$156.93
	Subsidy Loan or Equity to Loan Cash Required:	\$1,781,767	\$17,818	\$28.53
	Total	\$11,581,767	\$115,818	\$185
	ROI (Cash Flow)	15.66%		
	developer cap	4.91%		
	Value	\$23,255,690	\$232,557	
	Cost to Value	(\$5,171,810)	(\$51,718)	
Profit on Cost		-18%		

# Subsidies Required to Ensure Housing is Affordable in Maui

Workforce Pro Forma Analysis for 30% and 50% of Area Median Income - 100-unit Garden Style with Surface Parking							
		9% Tax Credit	4% Tax Credit	No Tax Credits	9% Tax Credit	4% Tax Credit	No Tax Credits
AMI		Scenario 1	Scenario 2	Scenario 3	Per Unit Scenario 1	Per Unit Scenario 2	Per Unit Scenario 3
	30	5%	5%	5%			
	50	95%	95%	95%			
	60	0%	0%	0%			
	80	0%	0%	0%			
	100	0%	0%	0%			
	110	0%	0%	0%			
	120	0%	0%	0%			
	140	0%	0%	0%			
	Total	100%	100%	100%			
Unit Count							
	Total Units	100	100	100			
	Studio	20%	20%	20%			
	% 1 Bedroom	40%	40%	40%			
	% 2 Bedroom	30%	30%	30%			
	% 3 Bedroom	10%	10%	10%			
	% 4 Bedroom	0%	0%	0%			
	Total Units	100	100	100			
	Revenue	\$748,302	\$748,302	\$748,302	\$7,483	\$7,483	\$7,483
	Expenses	\$601,981	\$601,981	\$601,981	\$6,020	\$6,020	\$6,020
Check LTV DCR or LTC DCR	NOI	\$146,321	\$146,321	\$146,321	\$1,463	\$1,463	\$1,463
	Max Debt	\$1,925,204	\$1,925,204	\$1,925,204	\$19,252	\$19,252	\$19,252
	Debt Service	-\$117,057	-\$117,057	-\$117,057	-\$1,171	-\$1,171	-\$1,171
	Cash Flow	\$29,264	\$29,264	\$29,264	\$293	\$293	\$293
	Build Cost *	\$28,427,500	\$28,427,500	\$28,221,500	\$284,275	\$284,275	\$282,215
	Tax Credit % 9 or 4%	\$20,550,950	\$7,307,005	\$0	\$205,510	\$73,070	\$0
	Subsidy Loan or Equity to loan: Cash required	\$5,951,346	\$19,195,292	\$26,296,296	\$59,513	\$191,953	\$262,963
	Total	\$26,502,296	\$26,502,296	\$26,296,296	\$265,023	\$265,023	\$262,963
	ROI (Cash Flow)	0.49%	0.15%	0.11%			
	developer cap Value	\$2,438,681	\$2,438,681	\$2,438,681	\$24,387	\$24,387	\$24,387
	Cost to Value	(\$25,988,819)	(\$25,988,819)	(\$25,782,819)	(\$259,888)	(\$259,888)	(\$257,828)
	Profit on Cost	-91%	-91%	-91%			



# Subsidies Required to Ensure Housing is Affordable in Honolulu

Subsidies required by area median income levels using a 100-unit garden style rental (wood frame, 3 stories) with surface parking and a unit mix with studios, 1, 2, and 3 bedrooms in Honolulu County

	Government Subsidized Housing (Tax Credits)	These AMI Levels are Workforce Housing and <u>Do Not Receive Government Subsidies</u>				
Area Median Income Rent Levels	30%-50% AMI Rents	80% AMI Rents	100%AMI Rents	120%AMI Rents	80%-140%AMI Rents	140% AMI Rents
Unit Mix	5% at 30%AMI 95% at 50%AMI	100% at 80%AMI	100% at 100%AMI	100% at 120%AMI	20% at 80%AMI Rents 20% at 100%AMI Rents 20% at 110%AMI Rents 20% at 120%AMI Rents 20% at 140%AMI Rents	100% at 140%AMI
Project Cost	\$28,427,500	\$28,427,500	\$28,427,500	\$28,427,500	\$28,427,500	\$28,427,500
Required State Direct Subsidy	<del>\$200,497</del> to <del>\$112,222</del>	\$123,000/unit	\$58,000/unit	\$13,500/unit	\$32,000/unit	None needed
Subsidy Loan or Equity to Loan Cash Required:		\$15,969/unit	\$22,380/unit	\$43,355/unit	\$24,644/unit	\$56,855/unit
Total Subsidy Required per Unit <u>WITHOUT</u> Low-income Housing Tax Credits	<b>\$249,235/unit*</b> <b>\$399/sf*</b>	<b>\$138,969/unit*</b> <b>\$223/sf*</b>	<b>\$80,380/unit*</b> <b>\$129/sf*</b>	<b>\$56,855/unit*</b> <b>\$91/sf*</b>	<b>\$56,644/unit*</b> <b>\$91/sf*</b>	<b>\$56,855/unit*</b> <b>\$91/sf*</b>
Subsidy Loan or Equity Required per Unit <u>WITH</u> 9% Low-income Housing Tax Credits	<b>\$43,726/unit*</b> <b>\$70/sf*</b>	N/A	N/A	N/A	N/A	N/A
Subsidy Loan or Equity Required per Unit <u>WITH</u> 4% Low-income Housing Tax Credits	<b>\$176,165/unit*</b> <b>\$282/sf*</b>	N/A	N/A	N/A	N/A	N/A

\*Note: All-in project cost to build a unit is \$284,275/unit or approximately \$455/sf. This also assumes a 15% cash on cash return and no land cost.

# Subsidies Required to Ensure Housing is Affordable in Honolulu

Workforce Pro Forma Analysis for 80% to 140% of Area Median Income - 100-unit Garden Style with Surface Parking			
AMI		None	
		Scenario 3	Per Unit Scenario 3 Per Squar foot Scenario 3
	30	0%	
	50	0%	
	60	0%	
	80	20%	
	100	20%	
	110	20%	
	120	20%	
	140	20%	
	Total	100%	
Unit Count			
	Total Units	100	Size Squar foot
	Studio	20%	400
	% 1 Bedroom	40%	560
	% 2 Bedroom	30%	760
	% 3 Bedroom	10%	925
	% 4 Bedroom	0%	1000
	Total Units	100	62,450
	Revenue	\$2,696,484	\$26,965 \$43.18
	Expenses	\$811,002	\$8,110 \$12.99
	NOI	\$1,885,482	\$18,855 \$30.19
Check LTV DCR or LTC DCR	Max Debt	\$22,763,124	\$227,631 \$364.50
	Debt Service	-\$1,508,386	-\$15,084 -\$24
	Cash Flow	\$377,096	\$3,771 \$6.04
	Build Cost *	\$28,427,500	\$284,275 \$455.20
	State cash subsidy	\$3,200,000	\$32,000 \$51.24
	Subsidy Loan or Equity to loan: Cash required	\$2,464,376	\$24,644 \$39.46
	Total	\$5,664,376	\$56,644 \$91
	ROI (Cash Flow)	15.30%	
	developer cap	6.63%	
	Value	\$31,424,703	\$314,247
	Cost to Value	\$2,997,203	\$29,972
	Profit on Cost	11%	

# Subsidies Required to Ensure Housing is Affordable in Honolulu

Workforce Pro Forma Analysis for 30% and 50% of Area Median Income - 100-unit Garden Style with Surface Parking										
		9% Tax Credit	4% Tax Credit	No Tax Credits	9% Tax Credit	4% Tax Credit	No Tax Credits			
AMI		Scenario 1	Scenario 2	Scenario 3	Per Unit Scenario 1	Per Unit Scenario 2	Per Unit Scenario 3	Per Squar foot Scenario 1	Per Squar foot Scenario 2	Per Squar foot Scenario 3
	30	5%	5%	5%						
	50	95%	95%	95%						
	60	0%	0%	0%						
	80	0%	0%	0%						
	100	0%	0%	0%						
	110	0%	0%	0%						
	120	0%	0%	0%						
	140	0%	0%	0%						
	Total	100%	100%	100%						
Unit Count										
	Total Units	100	100	100				Size Squar foot	Size Squar foot	Size Squar foot
	Studio	20%	20%	20%				400	400	400
	% 1 Bedroom	40%	40%	40%				560	560	560
	% 2 Bedroom	30%	30%	30%				760	760	760
	% 3 Bedroom	10%	10%	10%				925	925	925
	% 4 Bedroom	0%	0%	0%				1000	1000	1000
	Total Units	100	100	100				62,450	62,450	62,450
	Revenue	\$989,502	\$989,502	\$989,502	\$9,895	\$9,895	\$9,895	\$2,473.76	\$2,473.76	\$2,473.76
	Expenses	\$699,265	\$699,265	\$699,265	\$6,993	\$6,993	\$6,993	\$1,748.16	\$1,748.16	\$1,748.16
	NOI	\$290,237	\$290,237	\$290,237	\$2,902	\$2,902	\$2,902	\$725.59	\$725.59	\$725.59
								\$0.00	\$0.00	\$0.00
Check LTV DCR or LTC	Max Debt	\$3,503,983	\$3,503,983	\$3,503,983	\$35,040	\$35,040	\$35,040	\$8,759.96	\$8,759.96	\$8,759.96
DCR	Debt Service	-\$232,189	-232,189	-232,189	-2,322	-2,322	-2,322	-580	-580	-580
	Cash Flow	\$58,047	\$58,047	\$58,047	\$580	\$580	\$580	\$145.12	\$145.12	\$145.12
	Build Cost *	\$28,427,500	\$28,427,500	\$28,221,500	\$284,275	\$284,275	\$282,215	\$455.20	\$455.20	\$451.91
	Tax Credit % 9 or 4%	\$20,550,950	\$7,307,005	\$0	\$205,510	\$73,070	\$0	\$329.08	\$117.01	\$0.00
Subsidy Loan or Equity to loan: Cash required		\$4,372,567	\$17,616,512	\$24,717,517	\$43,726	\$176,165	\$247,175	\$70.02	\$282.09	\$395.80
	Total	\$24,923,517	\$24,923,517	\$24,717,517	\$249,235	\$249,235	\$247,175	\$399	\$399	\$396
	ROI (Cash Flow)	1.33%	0.33%	0.23%						
	developer cap	1.02%	1.02%	1.03%						
	Value	\$4,837,281	\$4,837,281	\$4,837,281	\$48,373	\$48,373	\$48,373			
	Cost to Value	(\$23,590,219)	(\$23,590,219)	(\$23,384,219)	(\$235,902)	(\$235,902)	(\$233,842)			
	Profit on Cost	-83%	-83%	-83%						

# What can a workforce worker “afford” to buy?

**The short and simple: not much. In Maui County \$223,000 to \$450,000.**

**An effective policy needs to account for relationship of the number jobs within each area median income bracket.**

**Most wage earners within these income strata are not near the upper bounds of the range.**

**Thus, affordable housing policies need to address each income category with a separate set of solutions.**



# A Healthy Supply of Both Fee Simple Homes and Rental Units

**Fee simple homes are primarily for families. Only families can take out a loan for a home.**

**Rentals are also necessary to solve the housing crisis because they can cater to both families and can house groups of un-related individuals in one unit.**

**We often see lower income single residents living together as roommates because their combined income can afford a housing unit whereas fee simple homeownership would be out of their reach.**

# A Workforce Unit at 80-140%AMI Rents Can Serve Lower-Income Groups Between 10%-80%AMI

Roommate 1	40%AMI
Roommate 2	40%AMI
Roommate 3	40%AMI
	<b>120%AMI Household</b>

Roommate 1	60%AMI
Roommate 2	60%AMI
	<b>120%AMI Household</b>

Roommate 1	30%AMI
Roommate 2	80%AMI
	<b>110%AMI Household</b>

Roommate 1	20%AMI
Roommate 2	60%AMI
	<b>80%AMI Household</b>

Roommate 1	60%AMI
Roommate 2	40%AMI
Roommate 3	40%AMI
	<b>140%AMI Household</b>

Roommate 1	50%AMI
Roommate 2	50%AMI
Roommate 3	40%AMI
	<b>140%AMI Household</b>

Roommate 1	30%AMI
Roommate 2	30%AMI
Roommate 3	30%AMI
Roommate 4	30%AMI
	<b>120%AMI Household</b>

**On Maui 45% of the rental population are single**

**On Oahu 40% of the rental population are single**

**A large segment of our homeless are single-adults**

# Maui County - A Workforce Unit at 80-140%AMI Rents Can Serve Lower-Income Groups Between 10%-80%AMI

	AMI Rent Per Person Per Number of Occupants or Rent Per Roommate for Maui County							
Average	1 person	2 roommates	3 roommates	4 roommates	5 roommates	6 roommates	7 roommates	8 roommates
80% of Median Income	\$1,205	\$689	\$517	\$431	\$372	\$333	\$305	\$284
100% of Median Income	\$1,507	\$861	\$646	\$538	\$465	\$416	\$381	\$355
110% of Median Income	\$1,657	\$947	\$710	\$592	\$511	\$458	\$419	\$391
120% of Median Income	\$1,808	\$1,033	\$775	\$646	\$558	\$499	\$458	\$426
130% of Median Income	\$1,959	\$1,119	\$839	\$700	\$604	\$541	\$496	\$462
140% of Median Income	\$2,109	\$1,205	\$904	\$753	\$651	\$583	\$534	\$497
150% of Median Income	\$2,260	\$1,292	\$969	\$807	\$697	\$624	\$572	\$533
160% of Median Income	\$2,411	\$1,378	\$1,033	\$861	\$744	\$666	\$610	\$568

# Affordable Rent Guidelines for Maui County

## (By Unit Size & Percentages of Median Family Income)

% of Median	UNIT SIZE (NO. OF BEDROOMS)					
	0	1	2	3	4	5
10%	\$130	\$139	\$167	\$193	\$215	\$237
20%	\$259	\$278	\$334	\$385	\$430	\$474
30%	\$389	\$417	\$500	\$578	\$645	\$711
40%	\$519	\$556	\$667	\$771	\$860	\$948
50%	\$649	\$695	\$834	\$963	\$1,075	\$1,186
60%	\$778	\$834	\$1,000	\$1,156	\$1,289	\$1,423
70%	\$908	\$973	\$1,167	\$1,349	\$1,504	\$1,660
80%	\$1,038	\$1,112	\$1,334	\$1,541	\$1,719	\$1,897
90%	\$1,167	\$1,250	\$1,501	\$1,734	\$1,934	\$2,134
100%	\$1,297	\$1,389	\$1,667	\$1,927	\$2,149	\$2,371
110%	\$1,427	\$1,528	\$1,834	\$2,119	\$2,364	\$2,608
120%	\$1,556	\$1,667	\$2,001	\$2,312	\$2,579	\$2,845
130%	\$1,686	\$1,806	\$2,168	\$2,505	\$2,794	\$3,083
140%	\$1,816	\$1,945	\$2,334	\$2,697	\$3,009	\$3,320



# Honolulu County - A Workforce Unit at 80-140%AMI Rents Can Serve Lower-Income Groups Between 10%-80%AMI

	AMI Rent Per Person Per Number of Occupants or Rent Per Roommate for Honolulu County							
Average	1 person	2 roommates	3 roommates	4 roommates	5 roommates	6 roommates	7 roommates	8 roommates
80% of Median Income	\$1,464	\$837	\$628	\$523	\$452	\$404	\$371	\$345
100% of Median Income	\$1,831	\$1,046	\$785	\$654	\$565	\$506	\$463	\$431
110% of Median Income	\$2,014	\$1,151	\$863	\$719	\$621	\$556	\$510	\$475
120% of Median Income	\$2,197	\$1,255	\$941	\$785	\$678	\$607	\$556	\$518
130% of Median Income	\$2,380	\$1,360	\$1,020	\$850	\$734	\$657	\$602	\$561
140% of Median Income	\$2,563	\$1,464	\$1,098	\$915	\$791	\$708	\$649	\$604
150% of Median Income	\$2,746	\$1,569	\$1,177	\$981	\$847	\$758	\$695	\$647
160% of Median Income	\$2,929	\$1,674	\$1,255	\$1,046	\$904	\$809	\$741	\$690

# Affordable Rent Guidelines for Honolulu County (By Unit Size & Percentages of Median Family Income)



## AFFORDABLE RENT GUIDELINES\*

2017

Affordable rents are based on 30% of income (including utilities)\*\*

<u>Area</u>	<u>\$86,600</u>	<u>Studio</u>	<u>1 Bedroom</u>	<u>2 Bedroom</u>	<u>3 Bedroom</u>	<u>4 Bedroom</u>
<b>HONOLULU COUNTY</b>						
30% of Median		\$549	\$588	\$706	\$816	\$910
50% of Median		\$916	\$981	\$1,177	\$1,360	\$1,517
60% of Median		\$1,099	\$1,177	\$1,413	\$1,632	\$1,821
80% of Median		\$1,466	\$1,570	\$1,884	\$2,176	\$2,428
100% of Median		\$1,832	\$1,962	\$2,355	\$2,720	\$3,035
120% of Median		\$2,198	\$2,354	\$2,826	\$3,264	\$3,642
140% of Median		\$2,565	\$2,747	\$3,297	\$3,808	\$4,249

\*Please note that area market rents may be lower than these rent guidelines.

\*\*Monthly rent levels would include the cost of the following utilities: water, sanitary sewage services, electricity and gas (where applicable). Please refer to the Utility Allowance Schedule for each island.

# Subsidies Required to do Workforce Housing Compared to Low-income Housing Tax Credits

	Subsidy to Build 10,000 units	
	Maui County	Honolulu County
Low-income Housing Tax Credit Project (<80%AMI)	\$2.6B	\$2.3B
Workforce Housing Project (80-140%AMI)	<b>\$980M</b>	<b>\$320M</b>
% of single households as renters	45%	40%

**If the State subsidized workforce housing the market would become overbuilt and rents would drop overall benefiting lower income residents the most.**