

RESERVED HOUSING



Reserved Housing vs. Affordable Housing

- reserved housing and affordable housing are similar but managed by different state organizations. reserved housing is run by HCDA (Hawaii Community Development Authority) whereas affordable is run by HHFDC (Hawaii Housing Finance and Development Corporation).
- period of residing in the unit: reserved housing (HCDA) has 2, 5, or 10 year periods whereas affordable housing (HHFDC) is 10 years. A'ali'i in Ward Village will only be using 2 or 5 years.



Why Reserved Housing

Any new development asking for:

- Zone Change
- Increased Density
- Maximum Height variations

Must set aside at least 20% of units to go towards reserved or affordable housing.

Those units are reserved for households making 80-140% of the area median income (AMI).



HCDA

From their website <http://dbedt.hawaii.gov/hcda/>

- ❑ “The Hawai‘i Community Development Authority (HCDA) is a public entity created by the Hawai‘i State Legislature to establish community development plans in community development districts; determine community development programs; and cooperate with private enterprise and the various components of federal, state, and county governments to bring community development plans to fruition. The Authority’s work should result in economic and social opportunities and aim to meet the highest needs and aspirations of Hawai‘i’s people.”
- ❑ Oversees Kaka'ako Housing Projects



Income Qualifications

- Market Driven Regular Sales
- 80% - 140% of Area Median Income (AMI) Reserved Housing
- < 60% of AMI Low Income (Rental)
- < 30% of AMI Very Low Income (Rental)



What is Reserved Housing

Using Howard Hughes - A'ali'i project as an example:

- Allows Eligible Purchasers to buy at BELOW market prices
- Lower Down Payment (10%)
- Gift Funds and Co-Signers can provide support to Eligible Purchasers
- Must be Eligible under HCDA Guidelines
- Must qualify for a loan

Occupancy Guidelines:

- Studio 1-2 people
- 1 Bedroom 1-3 people



Eligibility Requirements

- 1) Is a citizen of the United States or a resident alien;
- 2) Is a bona fide resident of the State;
- 3) Is at least of legal age;
- 4) Does not have a majority interest in a principal residence or a beneficial interest in a land trust on a principal residence within or without the State for a period of three years immediately prior to the date of application for a reserved housing unit;
- 5) If married, whose spouse does not have a majority interest, in a principal residence or a beneficial interest in a land trust on a principal residence within or without the State for a period of three years immediately prior to the date of application for a reserved housing unit;
- 6) Shall be the owner and occupant of the reserved housing unit; and
- 7) Has never before purchased a reserved housing unit



HCDA Asset Verification

125% Assets Limits (2018 Maximum)

1 person \$ 117,625

2 people \$ 134,375

3 people \$ 151,188

Included under Assets

- Cash
- Securities
- Real & personal property at fair market value (CD's, stocks, mutual funds)

Excluded under Assets

- Gifts
- Retirement accounts (401K, IRA, Life Insurance)



HCDA Income Verification

140% AMI (2018 Maximum)

1 person \$ 94,100
2 people \$ 107,500
3 people \$ 120,950



Assistance to Qualify

A) CO-SIGNOR

- can be any person
- loan application and income verification from co-signor
- cannot be on title

B) Gift Letter (for down payment)

- must be from a relative
- no limit
- cannot be on title
- cannot be cash transfer to applicant (verify guidelines)



HCDA Buyback & Shared Equity Guidelines

- Eligible Purchasers can buy below market value for a regulated term of 2 or 5 years
- If elect to sell prior to regulated term, HCDA has first option to buy
- HCDA will resell to another Eligible Purchaser
- At the time of the sale, buyer will pay HCDA shared equity (market price less reserved housing price)
- HCDA uses these funds to subsidize other affordable projects

Example:

Reserved Housing price for a home: \$ 400,000

Original Appraised value for a home: \$ 500,000

Shared equity equals : \$ 100,000

Home sells later for: \$ 600,000

HCDA keeps \$ 100,000 / Seller keeps \$ 100,000



Howard Hughes – A'ali'i

Total of 60 podium studios and 90 tower one bedrooms for Reserved Housing

Project Lenders that buyers must use for pre-qualification letter

Honolulu Home Loans
Bank of Hawaii
First Hawaiian Bank

Provide lenders with:

- 3 years of tax returns (2017, 2016, and 2015)
- W-2
- Pay Stubs
- Verification of assets
- And any gift letter with verification of funds (if receiving assistance with the down payment)

Units offered by lottery (may change)



Additional Resources and Acknowledgement

HHFDC is the other state agency used for affordable housing. <https://dbedt.hawaii.gov/hhfdc/files/2018/04/2018-HUD-Income-Limits-All-Counties.pdf>

HCDA is more generous in establishing AMI. <https://dbedt.hawaii.gov/hcda/files/2018/04/HCDA-2018-AMI.pdf>

This presentation was compiled with material from a Howard Hughes Reserved Housing Seminar and with the assistance of Jonathan TL Pang (R), RB-22025 Aalii New Home Ambassador | Ward Village

Prepared by:
Marco Schlessner
Realtor Associate (RS-79457)
Hawaii Life Real Estate Brokers
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