COUNTY OF KAUAI
2020 ANNUAL INCOME LIMITS

Effective: 5/1/2020
Kauai Median Household Income: $101,800

Household Size:	1	2	3	4	5	6	7	8
HUD Income Limits*:								
30% Limits (Extremely Low)	20,450	23,350	26,250	30,130	35,280	40,430	45,580	50,730
50% Limits (Very Low)	34,000	38,850	43,700	48,550	52,450	56,350	60,250	64,100
60% Limits	40,850	46,620	52,450	58,300	63,000	67,650	72,300	76,900
80% Limits (Low)	54,400	62,200	69,950	77,700	83,950	90,150	96,350	102,600
Workforce Housing Income Limits*:								
100% Limits	71,300	81,450	91,650	101,800	109,950	118,100	126,250	134,400
120% Limits	85,550	97,800	110,000	122,200	132,000	141,800	151,550	161,350
140% Limits	99,800	114,050	128,300	142,550	154,000	165,400	176,800	188,200
Gap Group Income Limits*:								
160% Limits	114,050	130,300	146,600	162,900	175,950	188,950	202,000	215,050
180% Limits	128,300	146,600	164,950	183,250	197,900	212,550	227,250	241,900

*Annual income limits are rounded upwards to the nearest $50

EXHIBIT "I-57"

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY FAMILY SIZE

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.25%

Household Size:		1	2	3	4	5	6	7	8
HUD Income Limits:									
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**30,130**	**35,280**	**40,430**	**45,580**	**50,730**
	For Sale Price	55,800	71,200	86,700	107,400	134,900	162,400	189,900	217,300
	CPR Sale Price	-	28,500	44,000	64,700	92,200	119,700	147,200	174,600
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**48,550**	**52,450**	**56,350**	**60,250**	**64,100**
	For Sale Price	128,100	153,900	179,800	205,700	226,500	247,300	268,100	288,700
	CPR Sale Price	85,400	111,300	137,100	163,000	183,800	204,600	225,400	246,000
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**77,700**	**83,950**	**90,150**	**96,350**	**102,600**
	For Sale Price	236,900	278,500	319,900	361,200	394,600	427,700	460,800	494,100
	CPR Sale Price	194,200	235,900	277,200	318,600	351,900	385,000	418,100	451,400
Work Force Housing Income Limits:									
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**101,800**	**109,950**	**118,100**	**126,250**	**134,400**
	For Sale Price	327,100	381,300	435,700	489,800	533,300	576,800	620,300	663,800
	CPR Sale Price	284,400	338,600	393,000	447,200	490,600	534,100	577,600	621,100
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**122,200**	**132,000**	**141,800**	**151,550**	**161,350**
	For Sale Price	403,100	468,500	533,600	598,700	651,000	703,300	755,300	807,600
	CPR Sale Price	360,400	425,800	490,900	556,000	608,300	660,600	712,600	764,900
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**142,550**	**154,000**	**165,400**	**176,800**	**188,200**
	For Sale Price	479,200	555,200	631,300	707,300	768,400	829,200	890,000	950,900
	CPR Sale Price	436,500	512,500	588,600	664,600	725,700	786,500	847,400	908,200
Gap Group Income Limits:									
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**162,900**	**175,950**	**188,950**	**202,000**	**215,050**
	For Sale Price	555,200	641,900	728,900	815,900	885,500	954,900	1,024,500	1,094,200
	CPR Sale Price	512,500	599,200	686,200	773,200	842,800	912,200	981,800	1,051,500
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**183,250**	**197,900**	**212,550**	**227,250**	**241,900**
	For Sale Price	631,300	728,900	826,800	924,500	1,002,600	1,080,800	1,159,200	1,237,400
	CPR Sale Price	588,600	686,200	784,100	881,800	959,900	1,038,100	1,116,600	1,194,700

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.25%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY FAMILY SIZE

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.50%

Household Size:		1	2	3	4	5	6	7	8
HUD Income Limits:									
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**30,130**	**35,280**	**40,430**	**45,580**	**50,730**
	For Sale Price	54,100	69,200	84,200	104,300	131,000	157,600	184,300	211,000
	CPR Sale Price	-	27,700	42,700	62,800	89,500	116,200	142,900	169,600
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**48,550**	**52,450**	**56,350**	**60,250**	**64,100**
	For Sale Price	124,300	149,500	174,600	199,700	219,900	240,100	260,300	280,300
	CPR Sale Price	82,900	108,000	133,100	158,300	178,500	198,700	218,900	238,800
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**77,700**	**83,950**	**90,150**	**96,350**	**102,600**
	For Sale Price	230,000	270,400	310,600	350,700	383,100	415,200	447,400	479,700
	CPR Sale Price	188,600	229,000	269,100	309,300	341,700	373,800	405,900	438,300
Work Force Housing Income Limits:									
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**101,800**	**109,950**	**118,100**	**126,250**	**134,400**
	For Sale Price	317,600	370,200	423,000	475,600	517,800	560,000	602,300	644,500
	CPR Sale Price	276,100	328,700	381,600	434,100	476,400	518,600	560,800	603,000
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**122,200**	**132,000**	**141,800**	**151,550**	**161,350**
	For Sale Price	391,400	454,900	518,100	581,300	632,000	682,800	733,300	784,100
	CPR Sale Price	350,000	413,400	476,600	539,800	590,600	641,400	691,900	742,700
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**142,550**	**154,000**	**165,400**	**176,800**	**188,200**
	For Sale Price	465,200	539,100	612,900	686,700	746,000	805,100	864,100	923,200
	CPR Sale Price	423,800	497,600	571,400	645,300	704,600	763,600	822,700	881,800
Gap Group Income Limits:									
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**162,900**	**175,950**	**188,950**	**202,000**	**215,050**
	For Sale Price	539,100	623,200	707,700	792,100	859,700	927,100	994,700	1,062,300
	CPR Sale Price	497,600	581,800	666,200	750,700	818,300	885,600	953,300	1,020,900
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**183,250**	**197,900**	**212,550**	**227,250**	**241,900**
	For Sale Price	612,900	707,700	802,800	897,600	973,500	1,049,400	1,125,500	1,201,400
	CPR Sale Price	571,400	666,200	761,300	856,100	932,000	1,007,900	1,084,100	1,160,000

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.50%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY FAMILY SIZE

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.75%

Household Size:		1	2	3	4	5	6	7	8
HUD Income Limits:									
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**30,130**	**35,280**	**40,430**	**45,580**	**50,730**
	For Sale Price	52,600	67,200	81,800	101,300	127,200	153,100	179,000	205,000
	CPR Sale Price	-	26,900	41,500	61,000	87,000	112,900	138,800	164,700
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**48,550**	**52,450**	**56,350**	**60,250**	**64,100**
	For Sale Price	120,800	145,200	169,600	194,000	213,600	233,200	252,900	272,200
	CPR Sale Price	80,500	104,900	129,300	153,700	173,400	193,000	212,600	232,000
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**77,700**	**83,950**	**90,150**	**96,350**	**102,600**
	For Sale Price	223,400	262,700	301,700	340,700	372,100	403,300	434,500	466,000
	CPR Sale Price	183,200	222,400	261,400	300,400	331,900	363,100	394,300	425,700
Work Force Housing Income Limits:									
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**101,800**	**109,950**	**118,100**	**126,250**	**134,400**
	For Sale Price	308,500	359,500	410,900	462,000	503,000	544,000	585,000	626,000
	CPR Sale Price	268,200	319,300	370,600	421,700	462,700	503,700	544,700	585,700
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**122,200**	**132,000**	**141,800**	**151,550**	**161,350**
	For Sale Price	380,200	441,800	503,200	564,600	613,900	663,200	712,300	761,600
	CPR Sale Price	339,900	401,600	463,000	524,300	573,700	623,000	672,000	721,400
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**142,550**	**154,000**	**165,400**	**176,800**	**188,200**
	For Sale Price	451,900	523,600	595,300	667,000	724,600	782,000	839,400	896,700
	CPR Sale Price	411,600	483,300	555,000	626,800	684,400	741,700	799,100	856,500
Gap Group Income Limits:									
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**162,900**	**175,950**	**188,950**	**202,000**	**215,050**
	For Sale Price	523,600	605,400	687,400	769,400	835,100	900,500	966,200	1,031,800
	CPR Sale Price	483,300	565,100	647,100	729,200	794,800	860,200	925,900	991,600
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**183,250**	**197,900**	**212,550**	**227,250**	**241,900**
	For Sale Price	595,300	687,400	779,700	871,800	945,500	1,019,300	1,093,200	1,167,000
	CPR Sale Price	555,000	647,100	739,500	831,600	905,300	979,000	1,053,000	1,126,700

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.75%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY FAMILY SIZE

Effective: 5/1/2020
Kauai Median Household Income: $101,800

5.00%

Household Size:		1	2	3	4	5	6	7	8
HUD Income Limits:									
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**30,130**	**35,280**	**40,430**	**45,580**	**50,730**
	For Sale Price	51,100	65,300	79,500	98,400	123,600	148,800	174,000	199,200
	CPR Sale Price	-	26,200	40,300	59,300	84,500	109,700	134,900	160,000
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**48,550**	**52,450**	**56,350**	**60,250**	**64,100**
	For Sale Price	117,400	141,100	164,800	188,500	207,600	226,600	245,700	264,500
	CPR Sale Price	78,200	102,000	125,700	149,400	168,500	187,500	206,600	225,400
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**77,700**	**83,950**	**90,150**	**96,350**	**102,600**
	For Sale Price	217,100	255,300	293,100	331,000	361,600	391,900	422,200	452,800
	CPR Sale Price	178,000	216,100	254,000	291,900	322,500	352,800	383,100	413,700
Work Force Housing Income Limits:									
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**101,800**	**109,950**	**118,100**	**126,250**	**134,400**
	For Sale Price	299,800	349,400	399,300	448,900	488,700	528,600	568,400	608,300
	CPR Sale Price	260,600	310,300	360,100	409,800	449,600	489,500	529,300	569,200
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**122,200**	**132,000**	**141,800**	**151,550**	**161,350**
	For Sale Price	369,400	429,300	489,000	548,600	596,600	644,500	692,200	740,100
	CPR Sale Price	330,300	390,200	449,900	509,500	557,400	605,400	653,000	701,000
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**142,550**	**154,000**	**165,400**	**176,800**	**188,200**
	For Sale Price	439,100	508,800	578,500	648,200	704,100	759,900	815,600	871,400
	CPR Sale Price	400,000	469,700	539,400	609,000	665,000	720,800	776,500	832,300
Gap Group Income Limits:									
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**162,900**	**175,950**	**188,950**	**202,000**	**215,050**
	For Sale Price	508,800	588,300	668,000	747,700	811,500	875,000	938,900	1,002,700
	CPR Sale Price	469,700	549,100	628,800	708,500	772,400	835,900	899,700	963,600
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**183,250**	**197,900**	**212,550**	**227,250**	**241,900**
	For Sale Price	578,500	668,000	757,700	847,200	918,800	990,400	1,062,300	1,134,000
	CPR Sale Price	539,400	628,800	718,600	808,100	879,700	951,300	1,023,200	1,094,800

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	5.00%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY INCOME - Bedroom Size

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.25%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**35,280**	**40,430**	**50,730**
	For Sale Price	55,800	63,500	86,700	121,150	162,400	203,600
	CPR Sale Price	-	14,250	44,000	78,450	119,700	160,900
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**52,450**	**56,350**	**64,100**
	For Sale Price	128,100	141,000	179,800	216,100	247,300	278,400
	CPR Sale Price	85,400	98,350	137,100	173,400	204,600	235,700
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**83,950**	**90,150**	**102,600**
	For Sale Price	236,900	257,700	319,900	356,600	427,700	477,450
	CPR Sale Price	194,200	215,050	277,200	335,250	385,000	434,750
Work Force Housing Income Limits:							
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**109,950**	**118,100**	**134,400**
	For Sale Price	327,100	354,200	435,700	511,550	576,800	642,050
	CPR Sale Price	284,400	311,500	393,000	468,900	534,100	599,350
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**132,000**	**141,800**	**161,350**
	For Sale Price	403,100	468,500	533,600	624,850	703,300	781,450
	CPR Sale Price	360,400	425,800	490,900	582,150	660,600	738,750
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**154,000**	**165,400**	**188,200**
	For Sale Price	479,200	517,200	631,300	737,850	829,200	920,450
	CPR Sale Price	436,500	474,500	588,600	695,150	786,500	877,800
Gap Group Income Limits:							
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**175,950**	**188,950**	**215,050**
	For Sale Price	555,200	598,550	728,900	850,700	954,900	1,059,350
	CPR Sale Price	512,500	555,850	686,200	808,000	912,200	1,016,650
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**197,900**	**212,550**	**241,900**
	For Sale Price	631,300	680,100	826,800	963,550	1,080,800	1,198,300
	CPR Sale Price	588,600	637,400	784,100	920,850	1,038,100	1,155,650

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.25%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY INCOME - Bedroom Size

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.50%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**35,280**	**40,430**	**50,730**
	For Sale Price	54,100	61,650	84,200	117,650	157,600	197,650
	CPR Sale Price	-	13,850	42,700	76,150	116,200	156,250
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**52,450**	**56,350**	**64,100**
	For Sale Price	124,300	136,900	174,600	209,800	240,100	270,300
	CPR Sale Price	82,900	95,450	133,100	168,400	198,700	228,850
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**83,950**	**90,150**	**102,600**
	For Sale Price	230,000	250,200	310,600	346,200	415,200	463,550
	CPR Sale Price	188,600	208,800	269,100	325,500	373,800	422,100
Work Force Housing Income Limits:							
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**109,950**	**118,100**	**134,400**
	For Sale Price	317,600	343,900	423,000	496,700	560,000	623,400
	CPR Sale Price	276,100	302,400	381,600	455,250	518,600	581,900
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**132,000**	**141,800**	**161,350**
	For Sale Price	391,400	454,900	518,100	606,650	682,800	758,700
	CPR Sale Price	350,000	413,400	476,600	565,200	641,400	717,300
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**154,000**	**165,400**	**188,200**
	For Sale Price	465,200	502,150	612,900	716,350	805,100	893,650
	CPR Sale Price	423,800	460,700	571,400	674,950	763,600	852,250
Gap Group Income Limits:							
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**175,950**	**188,950**	**215,050**
	For Sale Price	539,100	581,150	707,700	825,900	927,100	1,028,500
	CPR Sale Price	497,600	539,700	666,200	784,500	885,600	987,100
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**197,900**	**212,550**	**241,900**
	For Sale Price	612,900	660,300	802,800	935,550	1,049,400	1,163,450
	CPR Sale Price	571,400	618,800	761,300	894,050	1,007,900	1,122,050

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.50%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY INCOME - Bedroom Size

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.75%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**35,280**	**40,430**	**50,730**
	For Sale Price	52,600	59,900	81,800	114,250	153,100	192,000
	CPR Sale Price	-	13,450	41,500	74,000	112,900	151,750
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**52,450**	**56,350**	**64,100**
	For Sale Price	120,800	133,000	169,600	203,800	233,200	262,550
	CPR Sale Price	80,500	92,700	129,300	163,550	193,000	222,300
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**83,950**	**90,150**	**102,600**
	For Sale Price	223,400	243,050	301,700	336,250	403,300	450,250
	CPR Sale Price	183,200	202,800	261,400	316,150	363,100	410,000
Work Force Housing Income Limits:							
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**109,950**	**118,100**	**134,400**
	For Sale Price	308,500	334,000	410,900	482,500	544,000	605,500
	CPR Sale Price	268,200	293,750	370,600	442,200	503,700	565,200
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**132,000**	**141,800**	**161,350**
	For Sale Price	380,200	441,800	503,200	589,250	663,200	736,950
	CPR Sale Price	339,900	401,600	463,000	549,000	623,000	696,700
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**154,000**	**165,400**	**188,200**
	For Sale Price	451,900	487,750	595,300	695,800	782,000	868,050
	CPR Sale Price	411,600	447,450	555,000	655,600	741,700	827,800
Gap Group Income Limits:							
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**175,950**	**188,950**	**215,050**
	For Sale Price	523,600	564,500	687,400	802,250	900,500	999,000
	CPR Sale Price	483,300	524,200	647,100	762,000	860,200	958,750
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**197,900**	**212,550**	**241,900**
	For Sale Price	595,300	641,350	779,700	908,650	1,019,300	1,130,100
	CPR Sale Price	555,000	601,050	739,500	868,450	979,000	1,089,850

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.75%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY INCOME - Bedroom Size

Effective: 5/1/2020
Kauai Median Household Income: $101,800

5.00%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**35,280**	**40,430**	**50,730**
	For Sale Price	51,100	58,200	79,500	111,000	148,800	186,600
	CPR Sale Price	-	13,100	40,300	71,900	109,700	147,450
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**52,450**	**56,350**	**64,100**
	For Sale Price	117,400	129,250	164,800	198,050	226,600	255,100
	CPR Sale Price	78,200	90,100	125,700	158,950	187,500	216,000
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**83,950**	**90,150**	**102,600**
	For Sale Price	217,100	236,200	293,100	326,750	391,900	437,500
	CPR Sale Price	178,000	197,050	254,000	307,200	352,800	398,400
Work Force Housing Income Limits:							
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**109,950**	**118,100**	**134,400**
	For Sale Price	299,800	324,600	399,300	468,800	528,600	588,350
	CPR Sale Price	260,600	285,450	360,100	429,700	489,500	549,250
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**132,000**	**141,800**	**161,350**
	For Sale Price	369,400	429,300	489,000	572,600	644,500	716,150
	CPR Sale Price	330,300	390,200	449,900	533,450	605,400	677,000
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**154,000**	**165,400**	**188,200**
	For Sale Price	439,100	473,950	578,500	676,150	759,900	843,500
	CPR Sale Price	400,000	434,850	539,400	637,000	720,800	804,400
Gap Group Income Limits:							
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**175,950**	**188,950**	**215,050**
	For Sale Price	508,800	548,550	668,000	779,600	875,000	970,800
	CPR Sale Price	469,700	509,400	628,800	740,450	835,900	931,650
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**197,900**	**212,550**	**241,900**
	For Sale Price	578,500	623,250	757,700	883,000	990,400	1,098,150
	CPR Sale Price	539,400	584,100	718,600	843,900	951,300	1,059,000

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

<u>Assumptions</u>

30-Year Fixed Interest Rate:	5.00%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
RENTAL LIMITS BY BEDROOM COUNT

Effective: 5/1/2020
Kauai Median Household Income: $101,800

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	Rent w/ utilities*	511	548	656	818	1,011	1,204
	Rent w/o utilities	279	292	341	441	579	718
50% Limits (Very Low)	Rent w/ utilities*	850	911	1,093	1,263	1,409	1,554
	Rent w/o utilities	618	655	778	886	977	1,068
80% Limits (Low)	Rent w/ utilities*	1,360	1,458	1,749	2,021	2,254	2,487
	Rent w/o utilities	1,128	1,202	1,434	1,644	1,822	2,001
Workforce Housing Income Limits:							
100% Limits	Rent w/ utilities*	1,783	1,909	2,291	2,647	2,953	3,258
	Rent w/o utilities	1,551	1,653	1,976	2,270	2,521	2,772
120% Limits	Rent w/ utilities*	2,139	2,292	2,750	3,178	3,545	3,911
	Rent w/o utilities	1,907	2,036	2,435	2,801	3,113	3,425
140% Limits	Rent w/ utilities*	2,495	2,673	3,208	3,707	4,135	4,563
	Rent w/o utilities	2,263	2,417	2,893	3,330	3,703	4,077
Gap Group Income Limits:							
160% Limits	Rent w/ utilities*	2,851	3,054	3,665	4,236	4,724	5,213
	Rent w/o utilities	2,619	2,798	3,350	3,859	4,292	4,727
180% Limits	Rent w/ utilities*	3,208	3,436	4,124	4,764	5,314	5,864
	Rent w/o utilities	2,976	3,180	3,809	4,387	4,882	5,378

*Includes a utility allowance which assumes the reasonable cost of utilities and is effective 01/01/2020

COUNTY OF KAUAI
RENTAL LIMITS BY FAMILY SIZE

Effective: 5/1/2020
Kauai Median Household Income: $101,800

Household Size:		1	2	3	4	5	6	7	8
HUD Income Limits:									
30% Limits (Extremely Low)	**Annual Income**	**20,450**	**23,350**	**26,250**	**30,130**	**35,280**	**40,430**	**45,580**	**50,730**
	Rent w/ utilities*	511	584	656	753	882	1,011	1,140	1,268
	Rent w/o utilities	279	328	341	376	505	579	654	782
50% Limits (Very Low)	**Annual Income**	**34,000**	**38,850**	**43,700**	**48,550**	**52,450**	**56,350**	**60,250**	**64,100**
	Rent w/ utilities*	850	971	1,093	1,214	1,311	1,409	1,506	1,603
	Rent w/o utilities	618	715	778	837	934	977	1,020	1,117
80% Limits (Low)	**Annual Income**	**54,400**	**62,200**	**69,950**	**77,700**	**83,950**	**90,150**	**96,350**	**102,600**
	Rent w/ utilities*	1,360	1,555	1,749	1,943	2,099	2,254	2,409	2,565
	Rent w/o utilities	1,128	1,299	1,434	1,566	1,722	1,822	1,923	2,079
Workforce Housing Income Limits:									
100% Limits	**Annual Income**	**71,300**	**81,450**	**91,650**	**101,800**	**109,950**	**118,100**	**126,250**	**134,400**
	Rent w/ utilities*	1,783	2,036	2,291	2,545	2,749	2,953	3,156	3,360
	Rent w/o utilities	1,551	1,780	1,976	2,168	2,372	2,521	2,670	2,874
120% Limits	**Annual Income**	**85,550**	**97,800**	**110,000**	**122,200**	**132,000**	**141,800**	**151,550**	**161,350**
	Rent w/ utilities*	2,139	2,445	2,750	3,055	3,300	3,545	3,789	4,034
	Rent w/o utilities	1,907	2,189	2,435	2,678	2,923	3,113	3,303	3,548
140% Limits	**Annual Income**	**99,800**	**114,050**	**128,300**	**142,550**	**154,000**	**165,400**	**176,800**	**188,200**
	Rent w/ utilities*	2,495	2,851	3,208	3,564	3,850	4,135	4,420	4,705
	Rent w/o utilities	2,263	2,595	2,893	3,187	3,473	3,703	3,934	4,219
Gap Group Income Limits:									
160% Limits	**Annual Income**	**114,050**	**130,300**	**146,600**	**162,900**	**175,950**	**188,950**	**202,000**	**215,050**
	Rent w/ utilities*	2,851	3,258	3,665	4,073	4,399	4,724	5,050	5,376
	Rent w/o utilities	2,619	3,002	3,350	3,696	4,022	4,292	4,564	4,890
180% Limits	**Annual Income**	**128,300**	**146,600**	**164,950**	**183,250**	**197,900**	**212,550**	**227,250**	**241,900**
	Rent w/ utilities*	3,208	3,665	4,124	4,581	4,948	5,314	5,681	6,048
	Rent w/o utilities	2,976	3,409	3,809	4,204	4,571	4,882	5,195	5,562

*Includes a utility allowance which assumes the reasonable cost of utilities and is effective 01/01/2020

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY BEDROOM COUNT

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.25%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	For Sale Price	55,800	63,500	86,700	121,150	162,400	203,600
	CPR Sale Price	-	14,250	44,000	78,450	119,700	160,900
50% Limits (Very Low)	For Sale Price	128,100	141,000	179,800	216,100	247,300	278,400
	CPR Sale Price	85,400	98,350	137,100	173,400	204,600	235,700
80% Limits (Low)	For Sale Price	236,900	257,700	319,900	356,600	427,700	477,450
	CPR Sale Price	194,200	215,050	277,200	335,250	385,000	434,750
Work Force Housing Income Limits:							
100% Limits	For Sale Price	327,100	354,200	435,700	511,550	576,800	642,050
	CPR Sale Price	284,400	311,500	393,000	468,900	534,100	599,350
120% Limits	For Sale Price	403,100	468,500	533,600	624,850	703,300	781,450
	CPR Sale Price	360,400	425,800	490,900	582,150	660,600	738,750
140% Limits	For Sale Price	479,200	517,200	631,300	737,850	829,200	920,450
	CPR Sale Price	436,500	474,500	588,600	695,150	786,500	877,800
Gap Group Income Limits:							
160% Limits	For Sale Price	555,200	598,550	728,900	850,700	954,900	1,059,350
	CPR Sale Price	512,500	555,850	686,200	808,000	912,200	1,016,650
180% Limits	For Sale Price	631,300	680,100	826,800	963,550	1,080,800	1,198,300
	CPR Sale Price	588,600	637,400	784,100	920,850	1,038,100	1,155,650

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.25%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY BEDROOM COUNT

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.50%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	For Sale Price	54,100	61,650	84,200	117,650	157,600	197,650
	CPR Sale Price	-	13,850	42,700	76,150	116,200	156,250
50% Limits (Very Low)	For Sale Price	124,300	136,900	174,600	209,800	240,100	270,300
	CPR Sale Price	82,900	95,450	133,100	168,400	198,700	228,850
80% Limits (Low)	For Sale Price	230,000	250,200	310,600	346,200	415,200	463,550
	CPR Sale Price	188,600	208,800	269,100	325,500	373,800	422,100
Work Force Housing Income Limits:							
100% Limits	For Sale Price	317,600	343,900	423,000	496,700	560,000	623,400
	CPR Sale Price	276,100	302,400	381,600	455,250	518,600	581,900
120% Limits	For Sale Price	391,400	454,900	518,100	606,650	682,800	758,700
	CPR Sale Price	350,000	413,400	476,600	565,200	641,400	717,300
140% Limits	For Sale Price	465,200	502,150	612,900	716,350	805,100	893,650
	CPR Sale Price	423,800	460,700	571,400	674,950	763,600	852,250
Gap Group Income Limits:							
160% Limits	For Sale Price	539,100	581,150	707,700	825,900	927,100	1,028,500
	CPR Sale Price	497,600	539,700	666,200	784,500	885,600	987,100
180% Limits	For Sale Price	612,900	660,300	802,800	935,550	1,049,400	1,163,450
	CPR Sale Price	571,400	618,800	761,300	894,050	1,007,900	1,122,050

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.50%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY BEDROOM COUNT

Effective: 5/1/2020
Kauai Median Household Income: $101,800

4.75%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	For Sale Price	52,600	59,900	81,800	114,250	153,100	192,000
	CPR Sale Price	-	13,450	41,500	74,000	112,900	151,750
50% Limits (Very Low)	For Sale Price	120,800	133,000	169,600	203,800	233,200	262,550
	CPR Sale Price	80,500	92,700	129,300	163,550	193,000	222,300
80% Limits (Low)	For Sale Price	223,400	243,050	301,700	336,250	403,300	450,250
	CPR Sale Price	183,200	202,800	261,400	316,150	363,100	410,000
Work Force Housing Income Limits:							
100% Limits	For Sale Price	308,500	334,000	410,900	482,500	544,000	605,500
	CPR Sale Price	268,200	293,750	370,600	442,200	503,700	565,200
120% Limits	For Sale Price	380,200	441,800	503,200	589,250	663,200	736,950
	CPR Sale Price	339,900	401,600	463,000	549,000	623,000	696,700
140% Limits	For Sale Price	451,900	487,750	595,300	695,800	782,000	868,050
	CPR Sale Price	411,600	447,450	555,000	655,600	741,700	827,800
Gap Group Income Limits:							
160% Limits	For Sale Price	523,600	564,500	687,400	802,250	900,500	999,000
	CPR Sale Price	483,300	524,200	647,100	762,000	860,200	958,750
180% Limits	For Sale Price	595,300	641,350	779,700	908,650	1,019,300	1,130,100
	CPR Sale Price	555,000	601,050	739,500	868,450	979,000	1,089,850

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	4.75%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

Prepared by the Kauai County Housing Agency

COUNTY OF KAUAI
FOR SALE LIMITS BY BEDROOM COUNT

Effective: 5/1/2020
Kauai Median Household Income: $101,800

5.00%

Bedroom Size:		Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
HUD Income Limits:							
30% Limits (Extremely Low)	For Sale Price	51,100	58,200	79,500	111,000	148,800	186,600
	CPR Sale Price	-	13,100	40,300	71,900	109,700	147,450
50% Limits (Very Low)	For Sale Price	117,400	129,250	164,800	198,050	226,600	255,100
	CPR Sale Price	78,200	90,100	125,700	158,950	187,500	216,000
80% Limits (Low)	For Sale Price	217,100	236,200	293,100	326,750	391,900	437,500
	CPR Sale Price	178,000	197,050	254,000	307,200	352,800	398,400
Work Force Housing Income Limits:							
100% Limits	For Sale Price	299,800	324,600	399,300	468,800	528,600	588,350
	CPR Sale Price	260,600	285,450	360,100	429,700	489,500	549,250
120% Limits	For Sale Price	369,400	429,300	489,000	572,600	644,500	716,150
	CPR Sale Price	330,300	390,200	449,900	533,450	605,400	677,000
140% Limits	For Sale Price	439,100	473,950	578,500	676,150	759,900	843,500
	CPR Sale Price	400,000	434,850	539,400	637,000	720,800	804,400
Gap Group Income Limits:							
160% Limits	For Sale Price	508,800	548,550	668,000	779,600	875,000	970,800
	CPR Sale Price	469,700	509,400	628,800	740,450	835,900	931,650
180% Limits	For Sale Price	578,500	623,250	757,700	883,000	990,400	1,098,150
	CPR Sale Price	539,400	584,100	718,600	843,900	951,300	1,059,000

*For sale prices are rounded upwards to the nearest $100, is based on a conventional 30-year fixed rate mortgage, and assumes the following:

Assumptions

30-Year Fixed Interest Rate:	5.00%
Monthly Property Tax and Home Insurance:	$250
Monthly Maintenance and Association Fees for CPR:	$200
Down Payment:	5.00%

FAST-TRACKING THE LUXURY HOUSING CRISIS IN WEST MAUI

Lance D. Collins

It has been explained how [the Hawaiian people] raised plants and how they caught fish to eat with their poi in order to strengthen themselves and to preserve life in the body. The third thing necessary for the health of the body was the house.

—Samuel Kamakau 1976: 95

The present common sense, as reflected in the public statements of legislative statutes, politicians, land developers, media, and community organizers, is that we are in the midst of an affordable housing crisis. Crisis implies an event over a relatively short period of time and confrontation with a problem that is in danger of not reaching a satisfactory resolution. The expectation is that the crisis will mark the end of one period and will transform the object of crisis into a new era. Progress is possible only when crises can be resolved appropriately and, because it is a crisis, extraordinary measures may be taken to resolve it.

Crises are a characteristic of the modern global economic system. US President Obama said in his 2009 inaugural speech, "we are in the midst of a crisis." Periodically, we have financial crises like the 1997 Asian financial crisis or the global financial crisis that began in 2008. We are told that Maui currently has an affordable housing crisis. Such a characterization of the situation is nonetheless worthy of analysis, if not suspicion. What is the duration of this supposed crisis event? When did the limited availability of housing become a crisis? Is it properly a crisis at all?

Equally important to engaging effectively with the question of the housing crisis, we must ask what is meant by *housing* in the first place? At its core, housing is the material condition that satisfies the human need for shelter.

EXHIBIT "I-58"

Because it is material, housing also reflects the social and economic relations between humans. In the United States, housing is a commodity and its use value is overshadowed by its exchange value in the market. That is, the value housing has for its use for shelter is eclipsed by the value housing brings when it is bought and sold. For those wealthy enough to own a house, the house becomes the primary store of a family's wealth. Public policy, tax law, and other forces of government encourage most Americans with any savings to store a significant portion of that wealth in the real property value of their home. This process of marketizing housing makes the absence of homeownership into a moral failing on the part of individuals who lack homes, while mystifying the causes of that lack.

Analyzing the value of housing depends on establishing several types of value that the house can be divided into. Housing has a value which reflects the amount of human labor that was put into creating it. Housing has a use value because it satisfies the human need for shelter. When housing is traded it acquires an exchange value. The exchange value is represented monetarily by its price. In a market economy, the supply of housing is determined by the housing's exchange value, not by its labor value or use value. The sale of housing, as a commodity, increases the exchange value which creates profit for the owner of capital, such as the landowner, and therefore increases the value of capital. The price of production of housing is established by the input costs and by the profit margin on the houses that are sold. The price of production also reflects that capital accumulation predominates in the economic system, while at the same time it obscures how the increase in the value of capital in production occurs. In general, when workers produce commodities, they produce by their labor both the value of their wages and the profit claimed by capitalists who control the means of production and the supply of productive capital.

In Hawai'i, like most places plugged into the circuits of the global markets, there is a major shortage of decent housing for working people.[1] We are told that this shortage is a crisis and it is described as a crisis of affordable housing. There are many factors involved in the production and existence of housing. Yet, the prevailing wisdom is that government regulation is a substantial cause of the housing shortage. Louis Rose claimed that government regulations increase "marginal costs . . . reducing the flow of new housing production" (Rose, 1987: 137). David Callies claims "Hawai'i continues to be the most regulated of all the fifty states" (Callies, 2010: 1). Callies goes on to assert that, "this drives up the price of virtually anything connected with land development" (Id., 2). It is so well understood by the new common sense that government regulation is the problem, it no longer even has to be directly mentioned and never has to be justified. It has acquired mythical status, lacking only in empirical support.

For example, at a community information meeting on the West Maui Community Plan update in late 2017, the County Department of Housing and Human Concerns presented a line graph which plotted the number of affordable housing units for sale between 2005 and 2015. The line graph noted when the county adopted two ordinances: the 2006 workforce housing ordinance requiring 50 percent of new housing units to be affordable, and the 2007 water ordinance requiring land developers to prove there is a sustainable water source for their future development. The line graph shows minimal affordable housing sales between 2008 and 2014, implying some direct link between the passing of these two ordinances and the drop in affordable housing sales. Among the significant factors that were not noted was the collapse of the national housing market and the drying up of credit beginning in 2007, in which the Maui County Council's ordinances had no direct effect. The graph was simplistic, at best, offering a selective understanding of the housing affordability and water availability that benefited those who wanted fewer regulations.

This chapter challenges the common sense explanation that regulation is responsible for the housing situation in Maui, first by challenging the claim that it is in fact a crisis, and second by challenging the explanations that are commonly given to characterize that crisis. Government regulation is not a substantial cause of the shortage of housing. There was an affordable housing shortage on Maui decades before the first land use and building regulation was adopted and implemented. Further, many factors that affect affordability have nothing to do with state and local government regulation of land use and development.

This chapter will first look at the context of housing policy in Hawaiʻi and the United States. It will then look at the history of government efforts to create affordable housing and the history of state and local government efforts to regulate land use and building of homes. The regulation of land use and home building began in Honolulu fifty years before such regulation appeared on Maui. Therefore, the history and experience of Honolulu in enacting land use and home building regulations provides a good foundation for understanding the development of land use regulation on Maui.

Affordability

There are a number of factors that affect affordability, including the portion of income used to pay housing costs, the market structure, the cost of land, demographic changes, the profitability necessary to incentivize building, and land use controls.

Affordability is affected by the portion of income going to pay housing costs. Housing costs are higher for renters than owners of housing. But the cost of housing in Hawaiʻi has gone up for both renters and owners over the last forty years, and especially since 2000. Federal housing policy considers paying 30 percent of one's income toward housing costs to be appropriate. People and families that pay more than 30 percent of their income are considered to be burdened. In 1985, 30 percent of renters and 15 percent of homeowners paid more than 35 percent of their income towards housing costs and were considered burdened. In 2009, half of all renters and a quarter of homeowners were considered burdened, with 30 percent of renters spending more than 50 percent of their income on housing costs. Nearly 70 percent of the poor spend more than 50 percent of their household income in housing costs. The lack of affordable housing in Hawaiʻi has greater, direct implications for those at lower income levels.

The housing situation for those in lower income levels has been exacerbated by wage stagnation. Average wages, adjusted for inflation, have been falling over the last four decades. However, total wages have not fallen or stagnated for all. Wages have risen for the top wage earners. Union membership, however, has declined, as has the real minimum wage. Further, the portion of national income that goes to workers has dropped over the last several decades. This means the owners of the means of production are keeping a larger share of the generated income—technological changes, shifting high intensity production overseas, and other changes in production have all contributed to this change.

Another factor in affordability relates to the market structure. In the typical narrative offered by economists, the functioning of the housing market is described as a quality hierarchy filter that selects for quality and dwelling size. The highest quality houses are typically new houses. These are purchased by the most affluent market participants who typically already own a home. When they buy a new high-quality home, this makes an already built home of a relatively lesser quality available for less affluent market participants who are able to buy their first house, but not necessarily the newly built, high-quality home. This second family gives up their rental home to a family that cannot afford to buy, largely because they cannot obtain financing, but can afford a rental upgrade. This third family then gives up its rental unit to a lower income family, and so on. It is argued that the overall supply of housing is increased by the construction of new housing, and that existing housing moves through the quality hierarchy filter until, in the end, old housing is removed from the supply through destruction or conversion. Theoretically, the larger the housing supply, the lower the overall costs—regardless of what part of the housing market the housing units are constructed in.

While this model offers a compelling story, the historical evidence and present circumstances do not support it, whether in Hawai'i or in the United States. The houses further down the chain do not become cheaper, and the overall impact of new housing is in fact to make houses costlier and more likely to be converted to rentals. Public policy has sought to overcome this failure of the market to produce housing by offering major government subsidies to private developers willing to build affordable housing through low and no interest loans, tax credits, and other supports. Yet, because the problem is not an insufficiency of capital for affordable housing but the commodification of housing, these significant interventions barely touch the problem. The quality hierarchy process is also distorted by banking practices that make it very difficult for low wage workers to obtain a mortgage, even if their monthly payments would be less than their current rent. The hierarchy is also distorted in part by U.S. tax policy, which encourages speculation in housing values. Second-home owners who do not reside in Maui for more than thirty days at a time can deduct the mortgage interest on their houses as if they were their primary residence. House sale prices are exempt from capital gains taxes up to a certain limit, and the capital basis for a purchase can be depreciated, thus sheltering other income from taxes. The filtering system thus does not occur in practice, partly because homeowners who are upgrading do not sell their current houses, and partly because potential first-time buyers do not have the resources to purchase them anyway.

This situation is particularly acute in Hawai'i, where market-rate homes are primarily purchased by nonresidents who do not intend to move to Hawai'i to live full-time. Full-time residents are generally more interested in issues regarding the public good, such as maintaining a clean and healthful environment, and tend to see their house as a home, as opposed to a fungible commodity. As new market and luxury housing units are built, the existing units do not descend down the quality hierarchy. Instead, they continue to circulate in the second-home and speculative-property market of nonresidents or local speculators. Many of these second-home units and speculative properties are held by the hospitality industry, where they serve as short term vacation rentals, propelling a situation that is becoming more extreme with the advent of internet-based, short-term rental systems. Condos, hotels, and timeshare units that are physically forms of housing are being used for commercial purposes.

The movement of housing from residential to nonresidential, short-term uses not only limits the available housing supply, it generates a further need for workers to support the increased number of tourists, which generates a further need for housing. Thus, every time a hotel unit is created, or a housing unit is converted to a short-term rental, the expanded housing generates the need for workers but does not expand the supply of housing through the quality hierarchy. In short, the structure of the market is such that the luxury housing market generates further demand in the affordable housing market, but does not contribute to an increase in supply, which is contrary to what economic theorists had predicted through the so-called quality hierarchy. Rather, new housing construction, subject to these dynamics, makes the housing market increasingly competitive. The production of affordable housing is not the same as the production of luxury housing.

Consider the rate of owner occupancy in affordable projects in Figure 1.

Figure 1.

PROJECTS	OWNER OCCUPIED	YEARS IN EXISTENCE
Single Family Subdivision		
Komohana Hale Subdivision	93%	30 years
Hale Noho	83%	30 years
Lokahi at Kahua	83%	10 years
Napilihau Planned Unit Development	79%	45 years
Honokeana	79%	30 years
Kapua Village	77%	15 years
Wahikuli Terrace	69%	45 years
Apartments		
Villas at Kahana Ridge	48%	10 years
Napilihau Villages I	47%	10 years
Maui Breakers	10%	10 years

Unlike the single-family subdivision projects, which were built to be affordable housing for residents, the apartment projects are part of larger projects with a mix of affordable and market housing. Second apartment units, not single-family homes, are the primary commodity in the housing market in West Maui.

The housing market does not produce housing for the poor because there is relatively little profit in producing housing for low- and moderately low-income families, while there is a fantastic profit to be made from luxury housing. So long as the production of affordable housing is subject to the dictates of the market forces demanding that a commodity create the highest profit at the lowest cost of production, and that the price of the commodity is determined primarily by its exchange value, there will be a lack of affordable housing. In this context, the role of the government has been to mitigate the tendencies of the market towards a highly unequal housing situation, where nonresidents dominate the real estate market that largely excludes local resident participation.

The commodification of housing, however, limits or excludes the government from providing housing because such government participation violates the imperatives of the market. Public provision of housing does not generate a profit and does not accrue wealth to the class of people who own the means of production. Federal, state, and local policies regarding affordable housing start and end with profitability as their object. This is expressed in the structures of government subsidies: tax breaks, supplemental payments to cover rent, low- or no-interest loans or tax-exempt bonds, etc. While it is broadly believed that if the market were free to build affordable houses, affordable housing would be built, that argument is simply unsupported. Rather, when the market does build affordable housing, it does so because taxpayers are paying for the profits of the land developer, directly or indirectly.

Another dynamic found elsewhere in the United States is that affluent areas use zoning and planning laws to limit the building of affordable housing. This occurs where local ordinances require such things as large lot sizes, prohibit multifamily house construction, limit housing density, or prohibit certain generally suitable but less expensive building materials. These strategies have not, thus far, directly been a significant factor in Hawaiʻi.

In addition to the historical fact that a lack of affordable housing predates government regulation on Maui by decades, another fact eliminates government regulation as a cause of the shortage. As discussed further below, so long as Maui has had building and land use regulations, state law has also exempted affordable housing development from those regulations. Since statutes exist which exempt even entirely private development of affordable housing projects from zoning and planning ordinances, land use regulation cannot be a cause of the shortage of affordable housing in Hawaiʻi.

Parallel to the use of formal land use controls to limit affordable housing are informal land use controls, such as informal segregation (Brooks and Rose, 2013). Hawaii's housing segregation has been primarily of the economic kind. However, because the sugar plantation economy was organized through the use of racial hierarchies and the promotion of racial antagonisms, housing segregation by class has been coextensive with segregation by race. This organization has also been reproduced in the disconnect between affordable housing markets aimed towards resident workers and luxury housing markets aimed towards affluent nonresidents living in the continental United States and elsewhere in the world. Each of these disconnections are attended with their own variations of racial stratification.

Historically, housing segregation by race occurred both directly and indirectly in Hawaiʻi. Plantation-controlled housing implemented racial segregation. Milton Murayama, in describing West Maui plantation living, noted that the haole manager lived at the top of the hill, their Spanish, Portuguese and Nisei Japanese lunas lived in nicer looking homes with their own baths and indoor toilets, then below them would be the cookie-cutter wooden frame houses of Japanese camp, and, at the lowest level were the run-down Filipino camps with community bathhouses and communal toilets (Murayama, 28). Murayama noted how even the sewage ditch would start at the managers house and then run down under the houses of the luna, then to the communal toilets of the Japanese camp, then to the communal toilets of the Filipino camp before meeting the concrete irrigation ditch at the lower perimeter of camp. As Murayama stated, "shit too was organized according to the plantation pyramid" (Murayama, 1988: 96).

Even in those areas not under the direct control of the plantations, class was organized around race. Therefore, neighborhoods organized around class were organized around race. The correlation is not perfect; white only neighborhoods admitted some upper-class, part-Hawaiian families as residents. Many of these exceptions had more to do with the political landscape of post-*annexation* politics in the Territory of Hawaiʻi than with social mobility for working class Hawaiians. Even in the 1950s, which were the declining years of the plantation era, sociologists observed three broad groups that articulated housing segregation in Honolulu: white, Asian/Hawaiian and Filipino (Yamamoto and Sakumoto, 1954: 35–46). At this time, the pan-Asian and Hawaiian working class, local identity did much to eliminate the more invidious forms of racial segregation, but did not specifically address much of the underlying economic segregation. The development of the tourism industry, luxury housing for second homes, and vacation rentals for wealthy North Americans, brought Maui's economic segregation patterns into alignment with U.S. racial segregation patterns. The more recent imposition of affordable housing requirements on market developments in Maui has been effective at perpetuating housing segregation by allowing affordable housing requirements to be entirely unconnected to the building of luxury housing or allowing such building to occur far away from the luxury housing development. There is no community development plan. Rather, there are strategies to build luxury houses with little or no concern for the needs of the local population, or even for the additional needs created by those luxury houses.

Controlling Land Use

The rise of the power and dominance of the sugar plantations in Hawaiʻi correlates with the integration of Hawaiʻi into the American economy and into global capitalist relations. As the sugar plantations became dominant in Hawaiʻi, the availability of housing became increasingly limited. Land, along with water, the most significant factor of production in Hawaii's sugar industry, was taken from Native Hawaiians. This taking occurred in many ways: through changes in foreclosure laws, through questionable uses of quiet title, and through the overthrow of the Hawaiian Kingdom.

In 1874, the Kingdom of Hawaiʻi passed the Mortgage Act, which created a nonjudicial foreclosure process in Hawaiʻi. "Capital was available in the Islands, but little if any was being given or lent to the makaʻāinana" (Stauffer, 2004: 96). Lenders refused to lend to kuleana owners "because lenders felt foreclosure actions before native juries would not be sustained" (Stauffer, 2004: 96). The 1874 Mortgage Act created a process of foreclosure that did not include the court system at all. This continued until 2012, when foreclosures of owner-occupied houses were required to go through the court system.

As the sugar plantations obtained a monopoly of control over land, the owners of the sugar plantations limited the availability of land for housing. Hawaiians who were able to keep their family lands saw those lands become isolated islands in a sea of sugar plantation-controlled acreage. Urban developments on the margins of the plantation world became areas where shelter could be developed. But these areas at the margins were limited and still indirectly subject to the control of the plantations. These areas were the urban slums of Honolulu, located primarily in areas of poor drainage and lacking in proper sewage disposal. In 1901, the board of health criticized the Bishop Estate for being a landowner that profited from renting land used for slum dwelling (*Honolulu Advertiser,* Feb. 16, 1901). The trustees of the Bishop Estate were all prominent men connected to the sugar industry.

The plantations had no problem with the efficient control of their land and workforce. In addition to shelter, plantation housing was an effective means of controlling workers and reproducing its hierarchies of control. But in areas of Hawaiʻi where the plantation was not the direct provider of housing to the workers, the plantation was also first to the market. This meant that governance of workers was left to the plantations indirectly. This default mode of governance was much like Bishop Estate whose trustees, all sugar men socially and professionally connected to the plantations, were appointed by the Supreme Court of Hawaiʻi (Cooper and Daws, 1985: 2–3).

The incorporation of Hawaiʻi into the United States under the Organic Act democratized the political process from what it had been under the Republic of Hawaiʻi. Urban Honolulu became the ground for political experimentation with the regulating of building, subdividing of land, land use zoning, and then planning. At the turn of the century, land use in urban Honolulu was described by some as a result of "short-sighted commercial greed and far-sighted civic consideration for the general good" (Johnson, 1991: 293).

But this progressive cause of civic planning for land use and development was not primarily led by the workers that dwelt in the slums. Instead, it was led by civic-minded factions within the economic elite. The orientation of these progressive initiatives was primarily aesthetic—although couched, at times, as concerns over sanitation. Ultimately, appearance, orderliness, and health were inextricably linked. American Progressive Ray Stannard Baker wrote in 1911 that "Honolulu has some of the worst slums in the world—and if poverty in the tropics is picturesque, its gnawings are nonetheless painful. For downright overcrowding and unsanitary conditions, it would be hard to find anything worse than some of the . . . old tenements which I visited in the city of Honolulu" (*Honolulu Advertiser*, Dec. 2, 2011).

The improvement of roads in urban Honolulu was a major focus of civic planning. Road improvements led to the planning and development of parks. This led to legislation that allowed the creation of improvement districts, which would then permit the assessment of a frontage tax. That meant properties adjacent to roads could be taxed for their paving and upkeep. The implementation of these laws at the county level (in Honolulu) turned out to be more complicated than anticipated. The Democratic Party, which was the minority party at that time, felt that taxing the wealth of the Territory could support improvements being paid out of general government revenues.

Honolulu then created a planning commission. Its stated purpose was "to provide for and regulate the future growth, development and beautification of the City and County of Honolulu, in its public and private buildings, streets, parks, grounds and vacant lots, and to provide plans, consistent with the future growth and development [of] Honolulu and its inhabitants, sanitation, services of all public utilities and harbor, shipping and transportation facilities." The planning commission, however, was purely advisory. It was also called to address "the need of beautifying the city along artistic lines."

There were relatively few rules regarding building standards. However, following the Progressive political movements in the United States, local Honolulu elites pushed for comprehensive government regulation of building standards. The movement gained steam in 1910 as serious negotiations began. The *Honolulu Advertiser* noted, "the minute the rain stops there will be a hundred hammers at work around the tenements being rushed to completion in a race with the promised new building ordinance. The ordinance is a promise, the tenements are actualities." (*Honolulu Advertiser*, Jan. 17, 1910: 5) At that time, building standards ordinances were passed and included construction materials standards, setback requirements, structural requirements, density limitations, as well as sanitary and plumping requirements. The two interest groups most vociferously opposed to these ordinances were the owners of tenements and the sugar plantations. These ordinances were not adopted on Maui at this time.

Honolulu adopted an ordinance to regulate subdivisions of land. But the lack of meaningful standards and the influence of politics in the decision-making led to the repeal of the ordinance in the following year.

As urban Honolulu expanded, significant monies were devoted to reorganizing the use of land in Waikīkī with a canal, sanitary sewers, and improved roads that were designed in a grid. When the first canal system successfully diverted the floodwaters from the early 1923 rains, more money was allocated to expand what is now the Ala Wai Canal. Within four years, the Royal Hawaiian Hotel opened.

On the other side of Honolulu, government officials sought to replicate their Waikīkī successes in Kapālama. The difference was that Kapālama was full of people. Instead of draining wetlands and taro patches in Waikīkī, improvement of Kapālama required moving people. The *Honolulu Star-Bulletin* reported an extreme example: one large building had over four hundred people living on one floor and all sharing one bathroom (*Honolulu Star-Bulletin,* Jan. 2, 1920). In other words, there was an affordable housing shortage.

The landowners and tenement building owners joined together to oppose any regulation. There was no profit to be made in upgrading urban housing. The profit lay in the shortage of affordable, sanitary housing, and that shortage also allowed the sugar plantations to indirectly control labor off of the plantation. Progressive forces obtained building inspector orders that, by 1921, had three hundred tenements torn down and another forty-three remodeled. Nevertheless, the tenement problem persisted. As Frank Midkiff explained, "with the capital investment long since written off and with improvements of very low value, nevertheless, these shacks are terribly overcrowded with families paying relatively high rents. Due to this, our slum properties pay high dividends and there is strong inclination not to disturb the situation and to discount the overall city costs accruing to the general taxpayer" (Johnson, 1991: 317–318).

In 1921, Honolulu's planning commission proposed a zoning ordinance that established fire, industrial, business, and residential districts within urban Honolulu. It gave enforcement powers to city inspectors over construction and repair work on private property within those districts. Supervisor Manuel Pacheco opposed the ordinance, saying he favored high standards but opposed housing shortages and high rents, and that standards would create shortages and drive up rents. Jonah Kumalae claimed that a zoning ordinance would hurt the working class and opposed it. Many landowners and tenement owners in Kalihi and Kapālama opposed the ordinance. The city council passed a weakened version but the prolific requests for variances from the ordinance were anyway approved through political channels. The owners of the sugar plantations, which were the large landowners and controlled other large landholdings, opposed zoning regulation. The opposition to zoning was not because it would hurt working people, but rather because it would limit absolute control over land use—and subordinating the use of land to the policy choices of the electorate—and thereby limiting the range of choices to profit from control of land. Any potential harm to the working and lower-classes was incidental.

Housing Policy

A coordinated US federal housing policy began during World War I as a means of providing housing to defense workers through the use of loans to land developers and appropriations for additional housing. After the war, these housing units were sold to private owners.

One of the provisions of the Organic Act in 1900 prohibited any person or corporation from owning more than one thousand acres of land. It also had a provision that allowed lands to be withdrawn from the public lands trust for homesteading at the petition of twenty-five citizens. Although this did not stop the sugar plantation elite from controlling seemingly unlimited amounts of land, it did require adherence to burdensome and time-consuming formalities, and the petitioning provision threatened vast tracts of land being leased to sugar plantations.

In 1920, the Hawaiian Homes Commission Act was passed to *rehabilitate* Hawaiians. In exchange, the formal limitation on land ownership in Hawaiʻi was removed and the commission was allowed to shelter lands under its control from the homesteader petitioning provisions. The Hawaiian Homes Commission Act set aside lands in remote locations with poor soils and areas that were rough, rocky, and dry. Some fifty-five thousand acres were simply barren lava and another eight thousand acres were steep parts of mountains, described by Territorial Representative James Jarrett as "lands that a goat couldn't live on. The whole thing is absolutely a joke! The real purpose of this bill is to cut out homesteading. If you want to cut out homesteading, then pass this bill!" (*Honolulu Star Bulletin,* April 23, 1921). The Hawaiian Homes Commission Act made more land available to the sugar plantations, even while it was purportedly an act designed to rehabilitate Hawaiians by making lands available to individual Hawaiians for homesteading. The sheltering provision enabled the commission to be perpetually funded by a 30 percent share of highly cultivatable, prime agricultural land leased to the sugar plantations.

One result of this legislation was that the Hawaiian Homelands program excluded public lands leased to sugar plantations from the homesteading provisions of the Organic Act. Also, the limitation on landownership was eliminated. Other than the Hawaiian Homes Commission Act and the homesteading provisions in the Organic Act, there were no other significant housing laws enacted until the Great Depression era.

When the Depression began, U.S. President Herbert Hoover created a commission that endorsed "family home ownership as a long-term strategic response to Depression era economic instability." (Isaki, 2008: 88) This vision was codified into law when Congress passed the Emergency Relief and Construction Act of 1932, as well as the Federal Home Loan Bank Act. The Emergency Relief and Construction Act ended in failure. Only two loans were made and its failure was attributed to its sole reliance on private investment to provide housing to low income families and for reconstruction of slum areas. But the idea of motivating people who could not afford to own a home to instead take out massive debt in the form of a mortgage secured by that home had taken root.

After the 1932 election, Congress passed the National Industrial Recovery Act. On the federal level, housing development was transferred from the Reconstruction Finance Corporation to the Public Works Administration—from supporting private industry with loan assistance to publicly led development. The Public Works Administration built 21,600 units in fifty low-rent public housing projects, and another fifteen thousand units in resettlement projects. The Public Works Administration hit a wall when the Supreme Court ruled that it lacked the power of eminent domain. Housing development that required land acquisition shifted the Public Works Administration to funding of state development. However, the new construction under this procedure was priced beyond the reach of low income families.

In 1934, Congress passed the National Housing Act, which established the Federal Housing Administration (FHA). The FHA was designed to regulate private housing mortgages through an insurance program as well as by stimulating construction. Its stated purpose was to "encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes." What was most urgently needed at that time was a major expansion of low-rent housing, but Congress instead focused on increasing employment in the building construction industry. Hawaii's Territorial delegate encouraged the Territorial legislature to adopt several pieces of legislation to coordinate Territorial law with the changes in federal law to qualify for federal support for housing projects. One of those pieces of legislation was Act 190, which created the Hawai'i Housing Authority. According to its finding and declaration of necessity:

> It is hereby declared that unsanitary or unsafe dwelling accommodations exist in various areas of the Territory of Hawaii and that many inhabitants thereof of low income are forced to reside in unsanitary or unsafe dwelling accommodations available to all the inhabitants of the Territory

> and that consequently many persons of low income are forced to occupy overcrowded and congested dwelling accommodations; that these conditions cause an increase in and spread of disease and crime and constitute a menace to the health, safety, morals and welfare of the inhabitants of the Territory and impair economic values; that these conditions cannot be remedied by the ordinary operations of private enterprises; that the clearance, replanning and reconstruction of the areas in which unsanitary or unsafe housing conditions exist and the providing of safe and sanitary dwelling accommodations for persons of low income are public uses and purposes for which public money may be spent and private property acquired; that it is in the public interest that work on such projects be instituted as soon as possible in order to relieve unemployment which now constitutes an emergency.

Hawai'i Housing Authority development projects were required to comply with "the planning, zoning, sanitary and building laws, ordinances and regulations applicable to the locality in which the housing project is situated."

The federal housing program, which was administered between the Federal Housing Authority and the earlier Public Works Administration, was made permanent by amendments in 1937 under the Wagner-Steagall Housing Act of 1937. The land development, building construction, and real estate industries strongly opposed the program. In a compromise, Congress required that housing built through the federal program be built as cheaply as possible, restricted it to the poorest households, and prohibited new units from being built except in relation to each unit destroyed in slum clearance. The determination of where to locate housing projects was delegated to local governments which, by and large, protected land developers from having to compete with publicly funded housing and landlords from having to compete by lowering rents. Housing was only one of the aims of the Wagner-Steagall Act. The act noted its purpose was to "to alleviate present and recurring unemployment and to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income."

In summary, federal housing policy during the Depression was aimed at returning the unemployed to work through stimulating the private construction industry. Improving the housing situation for working people was a secondary goal used to draw popular support for these laws and expenditures.

Public housing policy in the United States during World War II moved further away from the aim of providing housing to low income families. Congress passed the National Defense Housing Act of 1940, which limited federally assisted defense housing construction to areas where private industry had entirely failed. Representative Fritz Lanham, the Act's main sponsor and vocal opponent of low-income public housing, was able to secure an amendment to the act which prohibited the conversion of defense housing to low-income public housing without congressional approval. Hawaii's two projects that resulted from this legislation were the Kalihi War Homes (where Kūhiō Park Terraces is now located) and Mānoa Housing (Mānoa Marketplace, Mānoa Innovation Center and Noelani School).

On December 7, 1941, the governor of the Territory of Hawaiʻi handed over power to the US military, who declared martial law in Hawaiʻi. Prices, rents, and wages were frozen. Workers were not permitted to leave their jobs without military approval. Aspects of martial law, such as price controls, were codified by Congress to apply nationally in the Emergency Price Control Act of 1942.

In 1944, Congress passed the GI Bill of Rights, which authorized the Veterans Administration (VA) to guarantee loans to veterans for home purchase, building, and improving. While veterans cut across economic class, this housing program was not directed toward, and did not assist, the working poor, who were otherwise ineligible for the liberalized requirements of VA and FHA loans.

Although President Truman encouraged Congress to reauthorize prewar housing policy in 1945, a bipartisan bill stalled after significant opposition from the private housing industry. The Housing Act of 1947 temporarily prevented evictions of low-income tenants in public housing if such an eviction would cause undue hardship. This concern over hardship lessened in light of the federal government's construction of middle-income housing. Eviction protection was short-lived, as the protection was repealed by the Housing Act of 1948, which liberalized mortgage eligibility requirements but did not reauthorize public housing and urban renewal provisions.

In 1949, the Territorial legislature amended the Hawaiʻi Housing Authority statute by passing Act 338 to broaden the agency's powers to build and operate permanent housing projects. The legislature found the following:

> [t]here is an acute shortage of housing within many areas of the Territory; that with a greatly increased and growing population and severe limitation upon land use in such areas, many persons are unable to obtain hous-

> ing; that there is such an emergency condition in the Territory that public improvement projects must be carried out with a view to the consequences in terms of housing which might be destroyed and the clearance of unhealthful, unsanitary residential areas cannot be carried on without the provision of new housing for persons displaced by such clearance; that emergency temporary housing constructed during the last world war is rapidly deteriorating and will soon have to be replaced because of its condition as well as because of the terms of federal laws relating to a substantial part thereof; that while a number of individual homes have been constructed in the past two years, private enterprise has failed to construct the large number of housing units necessary to remedy the above-mentioned conditions; and that the provisions hereinafter enacted are necessary to assure the availability of housing which otherwise would not be provided at this time or in the immediate future.

The House amended the Senate's bill to expressly require that proposed projects "shall conform to the master plan for the City and County of Honolulu." (Hawai'i House Journal, 1949: 2273) The conformity requirement had no discernible effect limiting or restricting the development of housing.

Meanwhile, Congress further amended federal housing policy to address a postwar crunch in low-income housing by authorizing the construction of nearly one million units of public housing through the Housing Act of 1949. Congress sought to maximize private industries' participation in housing construction and focused on slum clearance. Subsequent to congressional authorization, the federal government did not fund the one million housing units goal. Half a million low-rent units were destroyed and replaced by one hundred thousand units of luxury housing. Federally funded highway projects, which supported higher income suburban housing developments, destroyed another 330,000 housing units under 1955 amendments. Congress here protected private industry by requiring the local housing authority to certify that there was at least a 20 percent gap between the rent to be charged by the proposed low-income housing project and the lowest rent charged by the private sector for standard housing.

Regulating Land Use on Maui

As the powers of plantations were successfully contested by organized labor, and the external control over life shifted from plantation board rooms to government agencies, the power to regulate the use of land was confirmed and taken up by the counties. Maui first adopted a building code in 1950 and hired a plumbing and sanitary sewer inspector that same year. Amendments and additions followed, however, a house building code was not adopted until 1967.

In order to get a handle on the unregulated proliferation of subdivisions, Maui County passed a subdivision ordinance in 1951. Until then, a landowner could subdivide the land simply by having a surveyor call out the portion of the parcel to be divided off. Land was also subdivided through partition actions in court. The subdivision ordinance was expanded. Since 1972, however, all subdividing of lands requires approval from the county.

In the late 1950s, the legislature empowered the counties to engage in comprehensive zoning. Maui County adopted an interim zoning ordinance. By 1971, Maui County had adopted a comprehensive zoning ordinance which zoned a portion of the county and left the remainder in interim zoning. This zoning ordinance was the original form of land use planning in Maui County. Later, a general plan was developed, as well as community plans, to guide how land use development was to progress or unfold. Comprehensive zoning is considered one way of implementing the general and community plans. Land use decisions must be consistent with zoning and the general and community plans.

In 1961, the legislature created the Land Use Commission, which sought to provide a statewide system of planned land development by classifying all lands within the state into one of four districts. The purpose of the commission was to prevent uncoordinated development by ensuring that development occurred in a way that maximized the delivery of public services and conserved prime agricultural lands from urban sprawl and scattered residential development. While for many years the commission was resented by longtime local communities as seemingly being a rubber stamp for land developers, by the 1990s the tide turned. Now, the land use commission is seen by developers as an obstacle to land development.

County officials and representatives of American Factors (Amfac) worked together in the late 1950s to establish Lahaina town as a historic district. As noted by Sydney Iaukea, the district and its standards took little from Lahaina's long history as the capitol of the kingdom and earlier chiefdoms and instead focused on the decadelong history of whaling in the nineteenth century. Since this short period had little to no impact on the architectural history of Lahaina, county officials and Amfac executives established architectural regulations from Nantucket, Massachusetts. In 1976, the legislature created a comprehensive program for historic preservation along the lines of the 1966 National Historic Preservation Act.

In 1965, the board of supervisors adopted a zoning ordinance, at the request of the Napili Kai Beach Club and other area landowners, which designated the area around Nāpili Bay as a special zoning district called the Napili Bay Civic Improvement District. It was created to "encourage, secure, and maintain the orderly and harmonious appearance and esthetic development of land and structures." (Ordinance No. 371, Sec. 1) The ordinance imposed height restrictions on floor area to lot area ratio, building materials must have been new, and new buildings were to be built in the architectural style of the existing buildings. These were restrictions designed to maintain high-class housing, and neighborhoods, for wealthy owners. An advisory committee was appointed to review all plans and their recommendation would be forwarded to the Maui Traffic and Planning Commission, whose decision on permits could be overridden by the board of supervisors. Land continued to be added to the district.

After twenty years of attempts, in 1967 the legislature passed a leasehold-conversion law called the Land Reform Act which was intended to broaden the base of landowners. It met a series of obstacles to implementation. For many outside the sugar plantation power structure, the presence of a few large landowners limited the supply of land for housing, which drove up the price of housing. Land reform was intended to broaden the base of landowners by making the land of large landowners available to working and middle-class families. However, instead of focusing on the lands of the sugar plantations and their related businesses, the law was aimed at Kamehameha Schools-Bishop Estate, who, unlike the plantations, had made vast tracts of trust land available for residential development on a long-term, leasehold basis, starting in the 1940s. To be eligible for FHA lending, most leases were fifty-five years long. Many families benefited from this arrangement, as the initial ground rent ended up being well below market rate. Twenty or thirty years later, ground rents began to reset to then-current market rates, which were significantly higher. The middle class, who had become wealthy by this arrangement, revolted and pressured the state to fix the problem and allow leasehold-conversion to occur. The large landholdings of the sugar plantations and their related businesses were basically exempt from land reform, while Kamehameha Schools-Bishop Estate—a charitable trust established by the Hawaiian chiefs to provide educational benefits to Hawaiian children—became the primary target, and only because the trustees had opened their landholdings to affordable residential development decades earlier. Meanwhile, the sugar plantation and related business lands were being developed for resort development and luxury housing.

In 1972, Congress passed the Coastal Zone Management Act to assist coastal states in developing and managing their coastal resources. In Hawai'i, the coastal zone constitutes the entirety of the state. But for purposes of regulating development, a much smaller area of land along the shoreline called a Special Management Area (SMA) is subject to special regulatory control under the act. No development is allowed to occur within the SMA unless the county's permit-granting authority approves a permit. In Maui County, that authority is vested in the planning commission. For West Maui, this meant, amongst other things, the power and influence of the Napili Bay Civic Improvement District's advisory committee waned as the SMA regulatory framework was fully implemented. The advisory committee was abolished in 2004.

In 1970, the legislature adopted Act 132, which created the Office of Environmental Quality Control. The following year, Governor Burns issued an executive order requiring state and county agencies using state or county lands to prepare environmental impact statements for major actions. Then, in 1974, the legislature adopted a new statute, "Environmental Impact Statements," codified at Chapter 343, Hawaii Revised Statutes. Actions involving the use of state or county lands or state or county funds, use of land within the conservation district, use of lands within the shoreline, use of any historic site designated in the National or Hawai'i Register, any use of land within Waikīkī, or any amendments to existing county general plans trigger environmental review document preparation requirements. An assessment is first prepared and if there is a finding of no significant impact, then the process ends. If there are significant environmental impacts, an environmental impact statement is to be prepared. The overall purpose of these assessments and statements is to ensure that government decision makers have all the relevant facts regarding environmental impacts when it makes decisions on covered actions.

The state's historic preservation program was broadened in 1989 after Native Hawaiians across the state protested Maui Land and Pineapple Company's Ritz-Carlton Kapalua project in Honokahua, where a massive number of burials had been uncovered. The protection of Hawaiian burial sites became a significant focus of the historic preservation program.

Housing Policy After Statehood

In 1961, the federal government began to move away from government construction and the operation of low- and moderate-income housing with public moneys. Instead, the federal policy shifted to providing subsidies, such as tax incentives and below-market-rate financing to private investors to encourage housing development. In 1962, Congress passed the Senior Citizen Housing Act, which sought to address housing problems for senior citizens who could not benefit from the liberalized, long-term mortgages made available through the federal home mortgage programs, among other issues. The act authorized $100 million to provide below-market-rate-interest loans to non-profit organizations that built rental and cooperative housing for low income persons over sixty-two years old.

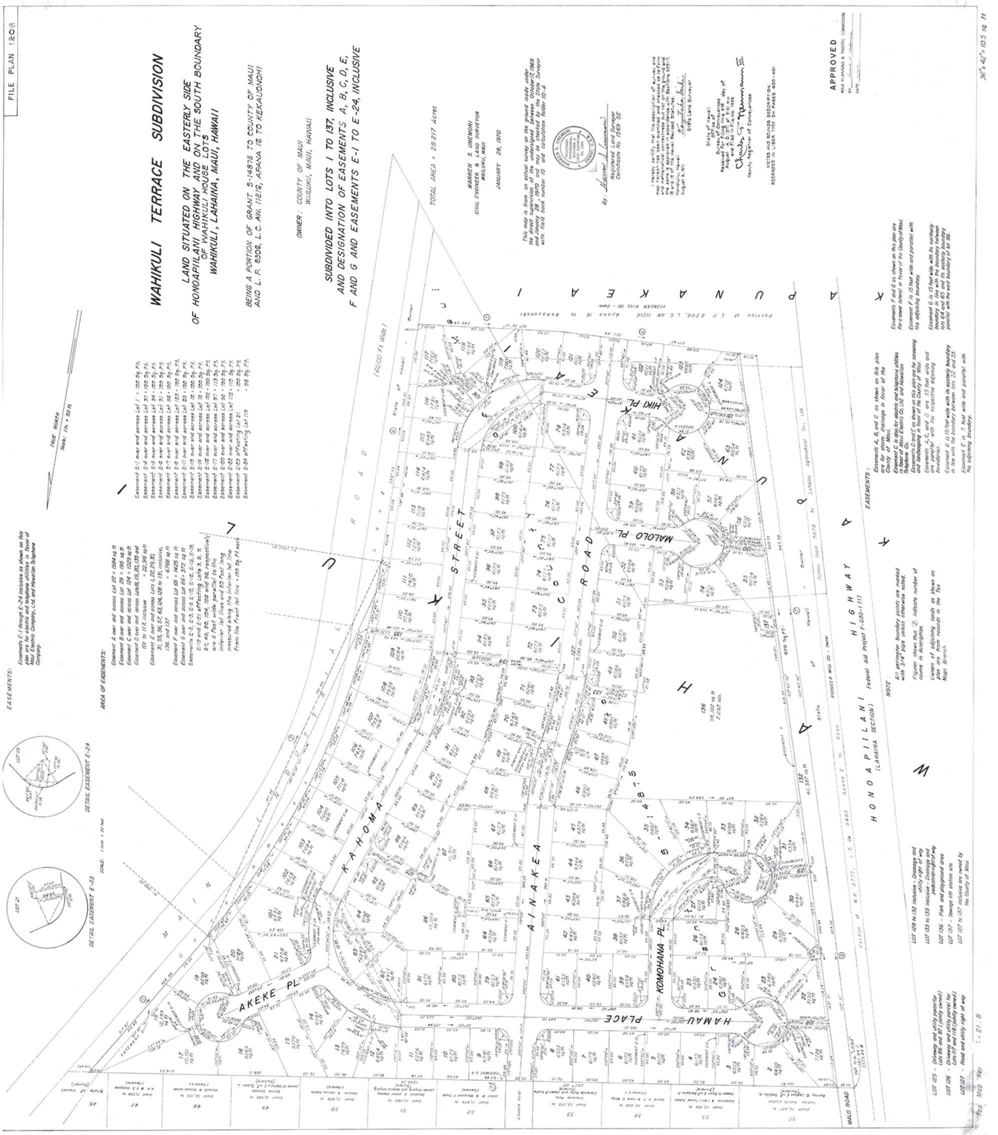
In 1964, the Hawaiʻi legislature adopted Act 22, which included a *down payment reserve plan* that allowed tenants in nonsubsidized housing to have the portion of their rent beyond the per-unit operating costs of the housing authority credited to a down payment reserve, which would be paid to the seller of a suitable low-cost home. Act 52 of 1964 authorized the Hawaiʻi Housing Authority to issue revenue bonds for a series of low-income housing projects, including the eighteen-unit Lahaina low-income housing project, now called David Malo Circle. The Hawaiʻi Public Housing Authority built Piʻilani Homes in Lahaina town.

Congress established the Department of Housing and Urban Development in 1965, encouraging the privatization of public housing although sought as a goal, socially and economically integrated housing. This integrated housing was to be accomplished through privatizing low-income housing through leases and through rent subsidies. Rent subsidies were established for lower income families that included elderly or disabled members, or persons displaced from their homes by government action or natural disaster.

In 1968, Congress passed the Civil Rights Act of 1968, which included Title VIII, known as the Fair Housing Act. The Fair Housing Act made it illegal to discriminate in selling, renting, or financing housing on the basis race, color, religion, sex, or national origin. The act included prohibitions against advertising discriminatory preferences or intimidating or interfering with a person's enjoyment of housing for discriminatory reasons. In 1988, the act was amended to include persons with disabilities and families with children. For Hawaiʻi, this meant that common forms of race and sex-based discrimination in housing transactions were no longer broadcast in newspaper ads.

Congress also passed an updated Housing and Urban Development Act in 1968. The goal of this act was to build or rehabilitate twenty-six million housing units, including six million for low- and middle-income families. This was to be accomplished by providing subsidies to land developers. The result, however, was President Richard Nixon declaring a moratorium on federally subsidized housing in 1973 because of widespread fraud by land developers in obtaining subsidies. As has often been the case, efforts to create housing for low-income people was ultimately dominated by the designed profit, whether legal or not. Nevertheless, this law included the so-called Section 235 home ownership program for low-income families.In 1970, the state legislature passed Act 105, which was supposed to address the existence of a "critical shortage of housing units for lower and middle income residents" in Hawai'i. The legislature pronounced that the problem of the critical shortage was the high cost of housing. The causes of this high cost were said to be "the cost and availability of land, the cost of development, the cost and availability of financing, the cost added by government regulation, the cost and availability of labor and materials, the inflationary state of the economy that makes high cost housing more profitable to produce and more attractive to 'risk' capital."

Act 105 greatly expanded the powers of the Hawai'i Housing Authority by allowing it to directly develop housing and to adopt rules for "health, safety, building, planning, zoning and land use which relate to development, subdivision and construction of dwelling units in projects" that would "supersede, for all projects . . . [,] all other inconsistent laws, ordinances and rules and regulations relating to the use, zoning, planning and development of land, and the construction of dwelling units[,]" except safety standards or tariffs approved by the Public Utilities Commission. Land development activities in the agricultural or conservation district required the approval of the land use commission. Maui Mayor Elmer Cravalho wasted no time. In partnership with Hale Mahaolu, the county developed Wahikuli Terraces as a federal Section 235 and a state Act 105 housing project in West Maui. Hale Mahaolu partnered with the Hawai'i Housing Authority to develop Lahaina Surf in 1972. Mayor Cravalho persuaded the county to contribute $50,000 and obtained financing of $1 million. Also, under both Section 235 and Act 105, the Hawai'i Housing Authority partnered with the Maui Land and Pineapple Co. to develop the Napilihau Planned Unit Development. The timing for the Napilihau development could not have been better because Maui Land & Pine had been ordered by the Department of Health to close Honolua camp because of raw sewage entering Oneloa Bay. After the Department of Health



Wahikuli Terrace, County of Maui File Plan No. 1208.

Napilihau Planned Unit Development, County of Maui File Plan No. 1392.

ordered Honolua camp closed, Maui Land & Pine had an immediate need to find housing for the residents of Honolua camp.

Congress passed the Housing Act of 1974, which made permanent the shift from direct production of housing to merely subsidizing housing rent and development, and to shift decision-making to state and local housing agencies. Section 8 rent subsidies are perhaps the most well-known. The program was significantly modified and turned into the present voucher system. Section 8 rent subsidies are one of the primary means of providing affordable housing in the U.S. To date, Maui County has received nearly $500 million in Section 8 subsidies, and last year received over $20 million. The subsidies are meant to address the short-term problem of working and low-income renters by facilitating their access to safe and decent housing. In the long-term, however, the subsidies are actually subsidies to landlords. Instead of tax monies being used to develop affordable housing, or infrastructure for affordable housing, or both, the subsidies transfer wealth to private landowners through rents, which are often inflated.

Another aspect of the Section 8 program was the "supply-side," which provided subsidies for housing unit development designated for low-income renters. The federal government subsidized 75 percent of the market rent for each unit. Section 8 housing owners also were given access to below-market financing and tax deductions. This part of Section 8 housing was terminated in 1983 by President Reagan; nevertheless, it spurred the creation of nearly a million housing units designated as affordable.

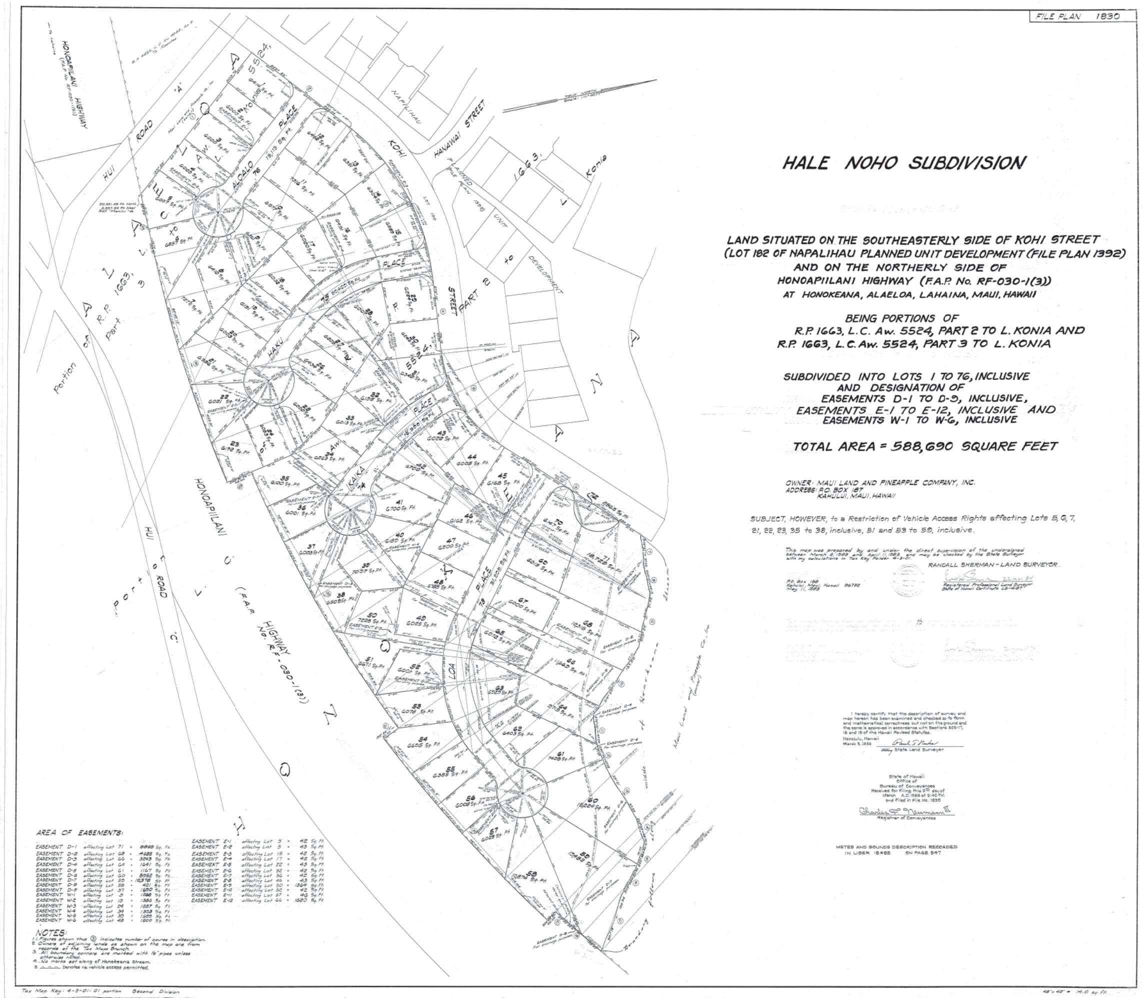
The Housing Act of 1974 also established the Community Development Block Grant program which provided federal funding for affordable housing, social services, and economic development. Block grants can be used for housing-related programs, but new housing construction is limited to so-called "last resort" housing carried out by nonprofit organizations. Much of Maui's social services infrastructure was built with block grants.

Mayor Cravalho used a patchwork of federal funds and financing, including block grants, to develop the Luana Gardens project. Luana Gardens in Kahului, is one of the few examples where the County built a housing project and then became a landlord receiving Section 8 subsidies, thus harnessing federal funding to build and expand affordable housing in the County.

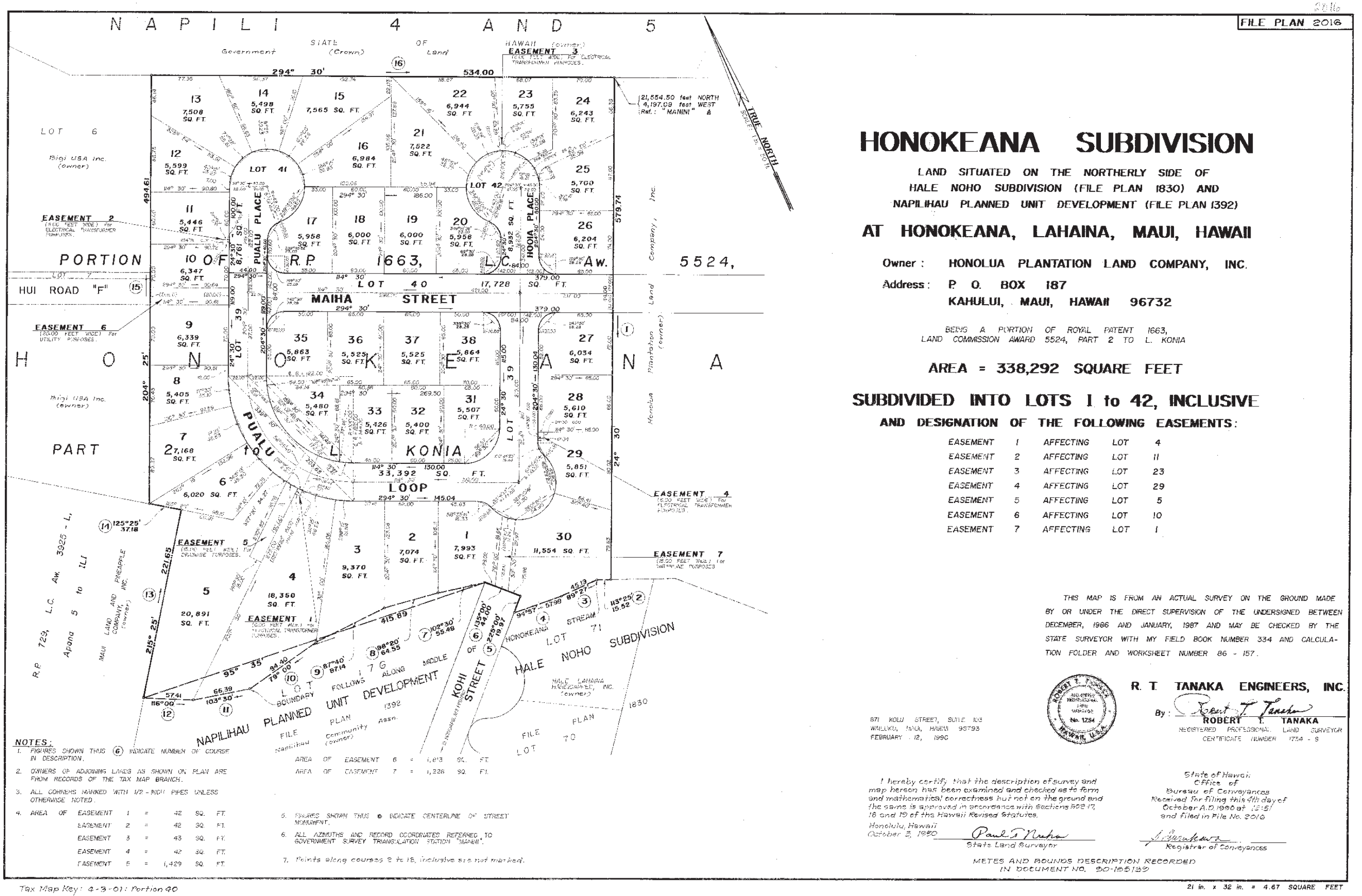
In 1976, the state legislature amended Act 105 by establishing the basic framework for fast-track housing developments. The legislature found that "the shortage of housing affordable by residents of low and moderate income remains one of Hawaii's major social problems." It also found that the housing development program adopted in Act 105 should continue, and be "the primary form of public intervention in this problem[.]" It did so by creating the so-called 'fast-track' process whereby the Hawai'i Housing Authority would partner with private housing developers and fast-track housing projects. It expanded the exemption from land use, zoning, planning, and development laws to these private housing developments, provided that more than half of the dwelling units built were designated affordable.

The legislature also passed Act 108, which allowed counties to engage in experimental and demonstration housing projects that proposed to "reduce the cost of housing in the State." These projects, which required county council approval, would be "exempt from all statutes, ordinances, charter provisions, and rules or regulations of any governmental agency or public utility relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction and sale of homes[.]" The Hale Noho subdivision in Nāpili in 1986, the Honokeana subdivision just mauka in 1990, and the Komohana Hale subdivision next to the Lahaina Recreation Center in 1988 were all West Maui experimental housing projects approved under this process. Kapua Villages, built in 2002, was done to satisfy Maui Land & Pine's obligations in the development of the Honokeana subdivision. In 2004, the county council allowed Maui Land & Pine to use the development of Hale Noho and Honokeana subdivisions to satisfy their affordable housing obligations consequent to the development of the Ritz-Carlton Kapalua (County Council Resolution No. 04-77). The Lahaina Affordable Apartments, now called the Weinberg Court Apartments, were also developed under this process in the mid-1990s.

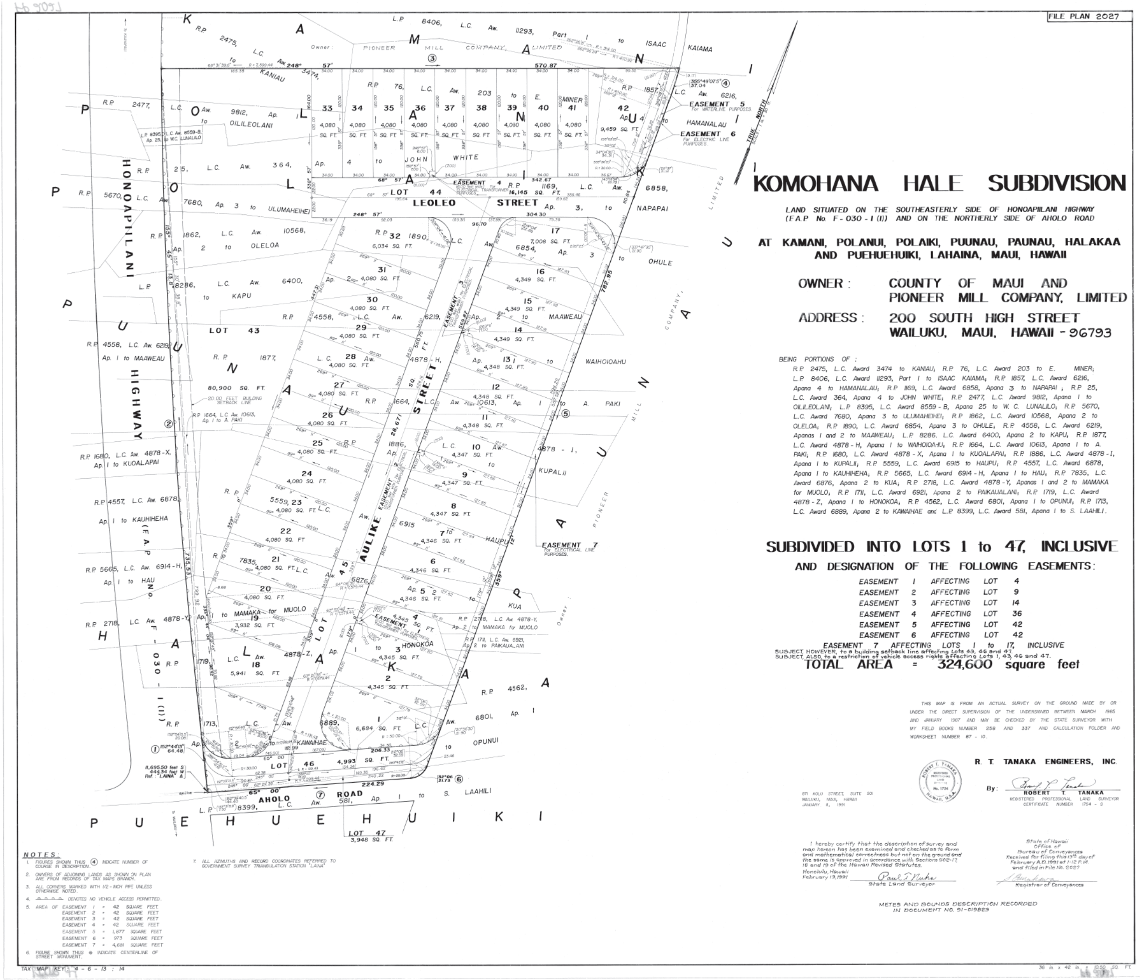
Since 1976, few changes have been made to the so-called "fast-track" exemption process. Generally, the county council and/or the Hawai'i State Land Use Commission have forty-five days to approve or disapprove a proposed project. The process outlined then is substantially the same as it is now. The powers of the Hawai'i Housing Authority regarding fast track housing projects is now vested in the Hawai'i Housing Finance and Development Corporation, and it continues to be empowered to "exempt from all statutes, ordinances, charter provisions, and rules of any government agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of dwelling units thereon." HRS §201H-38. It can also accept and approve housing projects with similar exemptions that are "independently initiated by private developers." HRS § 201H-41.



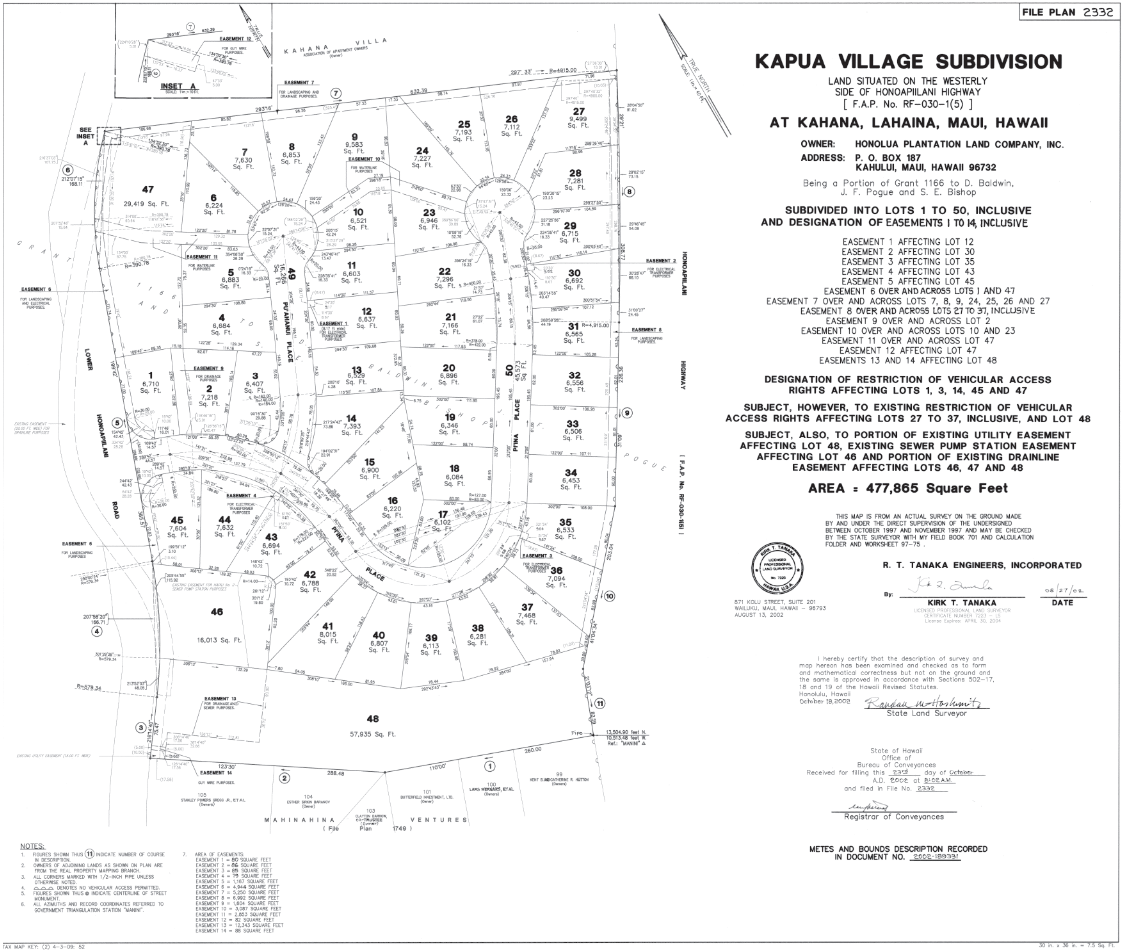
Hale Noho, County of Maui File Plan No. 1830.



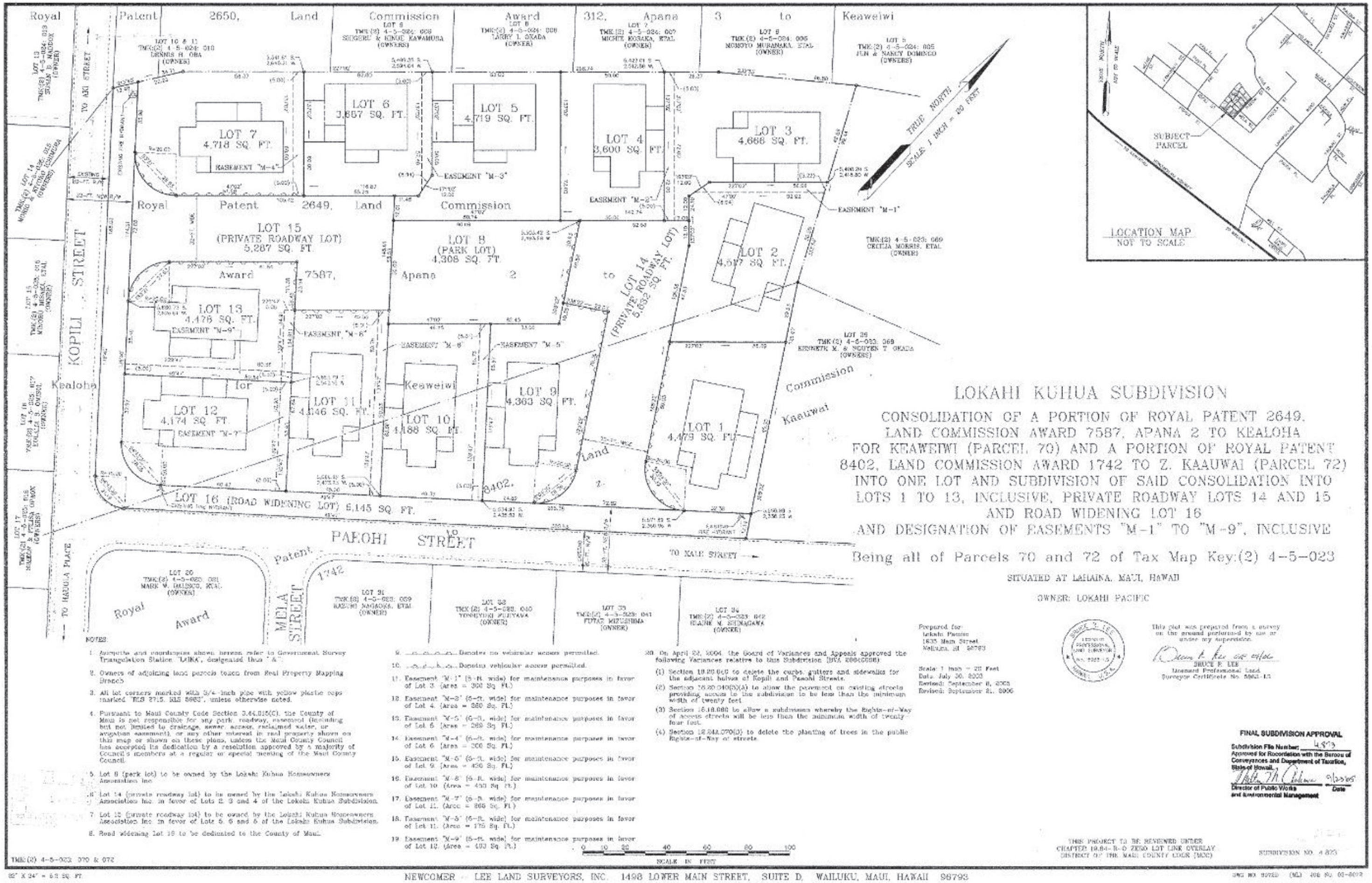
Honokeana, County of Maui File Plan No. 2016.



Komohana Hale Subdivision, County of Maui File Plan No. 2027.



Kapua Village, County of Maui File Plan No. 2332.



Lokahi at Kahua, County of Maui File Plan No. 4.873.

In 1986, Congress adjusted the tax code by adopting the Low-Income Housing Tax Credit. This credit provided substantial subsidies to land developers who built and operated low-income housing. The calculation of the credit is complex, determined on a per project basis, and granted on a competitive basis. Private developers are also able to obtain other subsidies in the form of tax credits and incentives. Since 1986, the Low-Income Housing Tax Credit has been the main generator of low-income housing construction in the United States. Honokōwai Villa, which was the recipient of Farmers Home Administration financing, eventually also obtained the Low-Income Housing Tax Credit. Both the Lahaina Affordables (Weinberg Court) and Front Street Apartments have also obtained the benefits of the Low-Income Housing Tax Credit.

Front Street Apartments obtained a fast-track exemption to build 142 affordable rentals in Lahaina town that would be kept at affordable rates for fifty-one years. The developer obtained financing in part from the state Housing and Community Development Corporation of Hawaiʻi. It also obtained $15.6 million in the form of the federal Low-Income Housing Tax Credit and state tax credits (*Honolulu Advertiser,* Jun. 19, 2001: B6; *Honolulu Advertiser,* Jul. 6, 1999: B1). However, shortly after the ten-year period in which the tax credits were distributed, the developer announced that it had sought approval from the Hawaiʻi Housing Finance & Development Corporation to end the affordability requirement of the project, and has announced that its rents will be raised to market rate in 2019. Community members have challenged the developer's contention that it can exit the fifty-one-year affordability requirement in court, but to date, neither the state nor the county has been willing to actively challenge it. The legislature and county have recently passed legislation to buy the developer's interest to keep housing units affordable. However, the market value of properties like Front Street Apartments, which is across the street from the shoreline, is substantially more than the market value with decades of affordability requirement restrictions in place.

In the early 1990s, the Napilihau Villages project also obtained $10 million from the Low-Income Housing Tax Credit, and other financing from the state, in exchange for a promise to keep apartments affordable for low-income renters for thirty years (*Honolulu Star-Bulletin*, Aug. 29, 1997: B-4). The development was approved through a conditional zoning ordinance in 1994, although concerns were raised in 1996, which delayed construction because a condition of zoning was that the apartments would be sold, not rented (*Honolulu Advertiser*, Oct. 18, 1996: B1).

The Hawaiʻi Finance and Development Corporation partnered with private developers to build Honokowai Kauhale and Honokowai Villa. They also proposed and obtained Land Use Commission approval for the Villages of Lealiʻi, which was to be a mixed luxury and affordable housing development. The Villages of Lealiʻi project was never developed due to controversies concerning the state's authority to dispose of the crown lands that composed the lands underlying the proposed project. After two decades of litigation, the makai phase was transferred to the Department of Hawaiian Home Lands for use in its housing program.

In 1990, Congress also created a separate block grant program for low-income and very low-income households called the HOME Investment Partnerships Program. This program allows funding to be used for down payments for the purchase of a housing unit from a bank, building or rehabilitating housing for rent or ownership, or funding to community housing nonprofit organizations that provide housing to low-income households.

In 1991, Maui County adopted Ordinance No. 2093, which was its affordable housing policy for hotel-related developments. It stated, "The council finds that there is a critical shortage of affordable housing in the County. The current shortage is largely attributable to the growth of the visitor industry in recent years and the inability to develop a supply of housing to keep pace with demand." The policy required hotel developers to construct one affordable housing unit for every four hotel units constructed.

Much of the 1990s in federal housing policy consisted in the expansion of Section 8 subsidies and deregulating aspects of government-insured mortgages, including in the 1995 Appropriations Act, which allowed Ginnie Mae mortgage-backed securities to be eligible as collateral for multi-class securities that it guarantees. Unlike Fannie Mae and Freddie Mac, Ginnie Mae mortgages are exclusively government issued. The Fair Housing Act was amended to eliminate the requirement of providing significant facilities and services for older persons from the definition of "housing for older persons."

The American Homeownership and Economic Opportunity Act of 2000 authorized local housing officials to allow Section 8 recipients to aggregate up to a year's worth of subsidies to use towards purchasing a home.

Mortgages

The mortgage has been the mainstay of American policy regarding housing for the last century. Most Americans who purchase a home are able to do so because they purchase it with significant long-term debt. The home mortgage interest deduction is by far the largest tax break in housing in the United States. Until the 1930s, very few Americans purchased their homes with debt. Financing a home purchase with a mortgage was an activity of the rich. During the Great Depression, President Roosevelt established the Home Owners Loan Corporation, and then later the Federal Housing Administration, to insure mortgages designed for the ordinary American worker: the thirty-year loan. The Home Owners Loan Corporation refinanced over a million homes that were at threat of foreclosure.

After the Second World War, the Veterans Administration assisted veteran families to obtain mortgages on homes. The program, established by the FHA, institutionalized the standard thirty-year mortgage. For decades, for those not covered by the FHA or VA, this debt was issued by a local bank that would then service the debt, which was insured by the federal government. However, today, the companies that lend money to homebuyers sell the debt to another company which creates securities that are backed by many mortgages, like stocks or bonds. The securitization of mortgage debt marked the full integration of American homeownership into global financial markets.

The most recent housing crisis occurred because of changes in investor demands made to the housing financing system. The demand for mortgage-backed securities in the context of deregulated financial markets encouraged lenders to dramatically increase the number of mortgages to an increasing number of persons with greater risk of defaulting. The widening of the pool of potential borrowers also increased the use of the more exotic forms of mortgages on terms that were entirely inappropriate to the people who were borrowing. Because mortgage lenders simply resold the mortgages once they were made, there was nothing reinforcing the obligation to ensure that borrowers could afford their mortgages. In many cases, lenders and brokers simply lied about borrowers' incomes or encouraged borrowers to lie. Housing prices skyrocketed as the number of families purchasing homes with debt rose to unprecedented levels.

This strategy of providing easy credit to generate homeownership worked until the Federal Reserve raised the federal fund rate, and interest rates on adjustable rate mortgages shot up. Adjustable rate mortgages are an exotic form of debt that is entirely inappropriate to ordinary homeowners with regular incomes, but were anyway pushed on many nontraditional borrowers because of the attractive, initial low payments. These payments remained low while interest rates were low. When interest rates went up, payments adjusted upward, causing widespread defaulting. Prior to this widespread default, demand for housing caused an asset bubble that overpriced houses. Mortgage debt was issued to pay for these overpriced houses. When the bubble burst and housing prices came down, a financial crisis was born. Because of the widespread investment in mortgage-backed securities, the risk of defaulting was spread across the globe. Families lost their homes and the economic activities predicated on profits from the risky mortgage-backed securities caused a major crisis in the global economy, and the worst economic recession since the Great Depression of the 1930s.

As mentioned above, the county adopted a workforce housing ordinance in 2006 which broadened the range of development required to provide affordable housing from the hotel development policy. The council found "there is a critical shortage of affordable housing, making home acquisition by the majority of county resident workers extremely difficult, and creating a shortage of affordable rental units." The object of the 2006 ordinance was to require "any development, including the subdivision of land and/or construction of single-family dwelling units" to provide 50 percent or more of its dwelling units to be sold or rented to Maui residents within income-qualified groups established by the policy.

In 2008, the Economic Stimulus Act raised the statutory limits on how much home mortgage debt could be purchased by Fannie Mae and Freddie Mac, as well as increased the loan limit for FHA-insured mortgages. Congress also passed the Housing and Economic Recovery Act, which established three programs. The Neighborhood Stabilization Program authorized funding to every state to address the rapid rise of foreclosures. The HOPE for Homeowners Program was supposed to help distressed homeowners keep their homes out of foreclosure with mortgage modifications. The third program authorized the Department of Housing and Urban Development to oversee each of the fifty states to establish uniform licensing requirements for mortgage brokers.

The Economic Stimulus Act was followed shortly by the Emergency Economic Stabilization Act which established the Troubled Assets Relief Program, or TARP. TARP permitted the Treasury Secretary to purchase and insure troubled assets in order to prevent disruption of the US economy and financial system. Fannie Mae and Freddie Mac received $187 billion. Private institutions such insurance company AIG received near $68 billion, Bank of America and Citigroup received $45 billion each (as well as other government aid), and JP Morgan Chase and Wells Fargo received $25 billion.

Goldman Sachs and Morgan Stanley each received $10 billion. In Hawaiʻi, Central Pacific Bank received the lion's share of TARP funds, at $135 million (of $136 million to Hawaiʻi-based institutions). Most of the subsequent legislation implicating housing in the past ten years has sought to clarify and change how home mortgages are regulated.

Fast-Tracking Affordable Housing Projects

Starting in the 1990s, housing projects began to seek approval through Hawaii's fast-track approval statute. The fast-track exemption process allows any development to seek exemption from land use regulations, as long as half of the development is affordable. Said another way: Land use regulations are not an obstacle to the development of affordable housing because the statute allows the County Council to exempt a project from most land use regulations.

Hale Mahaolu obtained fast-track approval for its senior housing rental project along Lahainaluna Road (County Council Resolution No. 95-53). Front Street Apartments, which also received the Low-Income Housing Tax Credit, obtained fast-track approval for the rental project makai of the state's Piʻilani Homes project near Kahoma (County Council Resolution No. 99-158). The county developed an emergency housing project called Na Hale o Waineʻe just mauka of the Lahaina Recreational Center, also called the West Maui Resource Center, through the fast-track process (County Council Resolution No. 00-29). The developers of the Villages at Kahana Ridge obtained fast-track approval in 2002 (County Council Resolution No. 02-87).

Lōkahi Pacific and West Maui Land obtained two fast-tracked approvals from the county council for the Kahoma Residential project built along the south side of Kahoma Stream (County Council Resolutions Nos. 09-42 and 11-126). The Council also approved another Lōkahi Pacific fast-tracked project called Honokowai Project, which has not been developed (County Council Resolution No. 09-43). Stanford Carr obtained council approval for his Kahoma Villages project makai of Honoapiʻilani Highway along Kahoma Stream (County Council Resolution No. 14-14). In 2004, however, Kent Smith's Puʻunoa subdivision was voted down twice by the county council, primarily over concerns related to traffic.

Makila Kai obtained a fast-track approval from the Council in 2017 (County Council Resolution No. 17-108). Makila Kai represents the overall trend on Maui regarding fast track approvals. Private developers build half affordable and half "market" rate housing. The exemptions from government regulation are then applied to the entire project. In the case of Mākila Kai, the council conditioned actual development on the developer obtaining a district boundary amendment for portions of the land that needed to be rezoned within six months. While there was a disagreement regarding whether the land use commission or the council was the appropriate authority to grant a district boundary amendment, the developer sought an amendment from the council which did not approve it by the deadline.

Conclusion

Hawaiʻi has suffered a shortage of clean and decent housing for working people for as long as the sugar plantations took and consolidated control over the available land in Hawaiʻi. Yet, since the 1970s, we have been told that government regulations are the cause of the shortage of affordable, descent housing—a costly obstacle to the production of housing for working people. But historically, most government regulations regarding the production of housing on Maui were enacted at the same time that state laws were adopted to exempt affordable housing production from those government regulations. Further, the housing shortage has existed for more than a hundred years, yet the regulations and the exemptions for housing development have existed only for fifty years.

Even with the fast-track exemption process, the shortage continues. There have been few studies to determine how much luxury housing development generates an additional need for affordable housing. A fast-track exemption process which allows a one-to-one ratio for luxury to affordable houses may actually be increasing the affordable housing shortage, while allowing luxury housing to be developed that otherwise would be illegal.

The Hawaiʻi Housing Finance & Development Corporation recently sent out to bid the process to privatize other properties it holds and manages, including the Honokowai Kauhale project in West Maui. (*Honolulu Star Advertiser*, Sep. 17, 2017: F2) It has claimed that privatization is necessary to generate revenue to pay off current debt and to generate funds for new affordable housing development, primarily by allowing the successful bidder to raise rents after five years. In other words, in order to generate revenue to produce new affordable housing, it will have to convert present affordable housing supply to market housing.

The most successful housing developments, measured in terms of the percentage of homes remaining owner-occupied, are developments where all units start as affordable and are not convertible from the affordable working family market to the luxury nonresident market.

There is no evidence to support the contention that government regulations are obstacles to the production of affordable housing in Hawaiʻi. Yet, David Callies and others repeat two simple, and theoretically elegant, syllogisms: Regulation raises transactional costs; transactional costs increase the price of houses. Therefore, regulation increases the price of houses. Affordable house pricing is subject to the same market forces which regulate market houses. Regulation increases the prices of houses. Therefore, regulation increases the price of affordable houses. The problem with this simple and elegant theory is that it is not supported by historical or contemporaneous evidence.

This is particularly true on Maui, where the shortage of affordable housing predates county laws regulating building and land use by decades. And when these regulations came into existence, state law specifically exempted affordable housing projects from those county laws. Rather, the long monopoly of control over land by the sugar plantations has been reproduced by their successors, the developers and speculators who presently control the plantations' former lands and restrict its availability for use by the workers to satisfy their housing needs.

The simple truth is that the building of housing for the luxury housing market generates a further need for housing for workers. When housing developments are proposed for fast-track development—which are a mix of luxury and worker housing—that development likewise generates a further need for worker housing beyond the part satisfaction of the preexisting need. In other words, fast-tracking developments that are less than 100 percent affordable produces an increased, rather than decreased, need for housing for workers.

Note

1. Much of the theoretical work of this chapter came from David Madden and Peter Marcuse's *In Defense of Housing: The Politics of Crisis* as well as Emily Molina's *Housing America: Issues and Debates*.

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Hawaii

Kauai Realtors See Uptick In People Buying Houses Sight-Unseen

Relocations to Kauai from the mainland have become so common that it's hard to drive more than a few miles on the island without seeing multiple out-of-state license plates.

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By Allan Parachini / January 11, 2021
Reading time: 8 minutes.

Jasmine Maes, a midwife, and Steve O'Neal, who works in construction, share one key thing in common. Both moved from California to Kauai because they saw the COVID-19 pandemic closing in on them.

They chose places to live on Kauai sight-unseen — Maes as a new homeowner who settled here near the island's largest population center, Kapaa, and O'Neal as a renter who intends to buy.

Maes had first visited the island on vacation in early 2019, when she came by herself to celebrate her 40th birthday. A year later, she returned with her husband and children — also ostensibly for vacation, since that was a moment when the full force of COVID-19 had yet to strike.

Maes is originally from Colorado, but she and her husband had been living in Sonoma County for the past six years. But shortly after they got back home, it became clear that the coronavirus was quickly turning into a deadly threat. They had decided to move, COVID-19 or no COVID-19, but the pandemic pushed their plans forward.

So she and her husband, Andy, a carpenter, fixed the trim and painted their house, put it on the market and struck off for Kauai.

They worked with a local real estate agent to find a place, to which they moved readily before even laying eyes on it in person.

The problem, she said, was she and her husband concluded the pandemic made the prospect of an ordinary house hunt on Kauai unacceptably risky.

"It didn't feel like we could fly here to shop," she said. So her real estate agent walked her and Andy through what has apparently become an approach so common today that it dominates how residential real estate on the island is changing hands.

Courtesy of Alana Eagle

Realtors are seeing an uptick in people moving from the mainland to Kauai to escape the pandemic. Hanalei, home to this iconic pier, is a popular destination.

EXHIBIT "I-59"

Maes and her husband flew to Kauai in August and stayed for two months at their real estate agent's home while waiting for their belongings to arrive, then settled into their new house.

O'Neal's situation was different. Originally, he and his wife chose Oahu as their destination. But when they got to Honolulu from the San Francisco Bay Area, they recognized that the island was not a COVID-19 sanctuary.

"We were looking for a COVID-light place where our kids could go to school," he said. When it became clear Oahu was not that place, O'Neal said he and his wife started scoping out neighbor islands.

They settled on Kauai, he said, "due to Mayor (Derek) Kawakami's response." Early in the pandemic, Kawakami moved far more aggressively than officials in other counties. He imposed a curfew and locked Kauai down before other jurisdictions.

"On July 26, we decided to fly over to Kauai," O'Neal said. He scoured Craigslist for a short-term rental and moved in before ever seeing it.

That rental led to another, whose landlord — again because of COVID-19 — was more than willing to let them stay until the end of the summer, if necessary. They are now house hunting. O'Neal still has his California license plates.

Similar relocation patterns are happening in Maui and Hawaii counties as well, but the trend is especially visible on the Garden Island.

Moves to Kauai from the mainland have become so commonplace in the last few months that it's difficult to drive more than a few miles on the island without encountering multiple out-of-state license plates.

Most appear to be from California, but plates from Oregon, Texas and Washington also are common sights, and a Cherokee Nation plate cropped up in Kilauea earlier this week.

Influx Causes Spike In Home Prices

According to data from the Hawaii Association of Realtors trade group, home sale prices are up on every island, but Kauai is way out in front. In October, for example,