Affordability Analysis
of
801 South Street
Tower B

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Ariel Salinas
asalinas@gmail.com

Introduction

801 South Street Tower B is supposed to offer affordably priced units that comply with the Hawaii workforce housing regulations (Hawaii Administrative Rules §15-218-55). In order to meet these regulations, at least 75% of the residential units are required to be set aside for purchase by families earning between 100% to 140% of the Area Median Income (AMI). The developer is requesting a number of critical concessions from the HCDA because they claim to meet the workforce housing requirement:

- Floor area bonus of 100%, allowing double the normal residential density
- 107 foot tall parking structure, exceeding normal limits by 65%
- Driveway curb cut of 6 feet from adjoining property (vs. 22 feet allowed)

Compliance with HAR §15-218-55 is crucial for the developer's intent to maximize the scale of this project on a limited parcel of land. Otherwise, any development on this parcel would necessarily be significantly more modest in impact to the surrounding community. The apparent intent of this public policy is to provide flexibility on certain restrictions in order to maximize the overall greater good of the community, with the HCDA being the sole and ultimate arbiter between existing rules and the overall greater good.

This analysis will detail the original calculations put forth by the developer and HCDA, highlight & correct for the errors, omissions, and generous assumptions granted to the developer, and then re-run the calculations based on actual & realistic values. The intent of this analysis is to shed light on the affordability claims being put forth by HCDA and the developer by comparing the widely variant results of the two approaches.

The False Affordability Claim

On the last page of their permit application package, the developer calculates the maximum affordable price (MAP) of 1 and 2 bedroom unit types in Tower B:

- MAP(1 Bedroom) = $654,980
- MAP(2 Bedroom) = $715,213

These are the upper-bound sales prices for a "workforce housing" development to meet the legal requirement to price affordably for 100-140% AMI families. These upper bounds cater to the 140% AMI level, and represent the maximum affordability at the maximum income level allowed by the law.

This analysis will expose the underlying problem at hand; the input values to these calculations are fraught with so many cascading errors, extraordinarily generous assumptions, and omissions that the calculated maximum affordable price outputs are simply preposterous. For example, if “workforce” families could afford units at such prices there would be no demand to provision specifically affordable housing developments, since the existing Honolulu housing market would already be affordable.

A detailed re-creation of the fallacious affordability calculations (accurate to within $230 of MAP) is shown in Table 1:

140% Area Median Income Level	**1 Bedroom**	**2 Bedroom 1.5 Bath**	**2 Bedroom 2 Bath**
Maximum Affordable Price (MAP)	**$655,191**	**$715,443**	**$715,443**
Yearly Income (140% AMI)	$106,596	$118,440	$118,440
Maximum Monthly Housing Expense	$2,931	$3,257	$3,257
Additional Parking	$0	$0	$0
Amount Financed (10% down)	$589,672	$643,899	$643,899
Interest Rate	2.900%	2.900%	2.900%
Monthly Interest	$1,425	$1,556	$1,556
Monthly Principal	$1,029	$1,124	$1,124
Association Dues	$250	$305	$305
Real Property Tax	$106	$128	$128
Mortgage Insurance Premium	$121	$144	$144
Utilities	$0	$0	$0
Insurance	$0	$0	$0
Monthly Reserve	$477	$577	$577
Total Monthly Housing Expense	$2,931	$3,257	$3,257

Table 1: Detailed Maximum Affordable Price Calculations

These calculations can be applied to each unit in the building and an Affordability Map can be constructed to visualize how affordable the entire building is if one accepts the conclusions at face value. Note that the units highlighted in red are initially disqualified from the 75% workforce requirement for not meeting the maximum size specifications required by law:

	Mauka		Diamond Head			Ewa		Makai	
floor	2/2 unit	2/2 unit	2/1.5 unit	1/1 unit	2/1.5 unit	1/1 unit	3/2 unit	2/2 unit	2/2 unit
46	$550,100	$555,800	$519,900	$416,900	$509,700	$424,500	$692,300	$534,400	$550,100
45	$548,800	$554,300	$519,100	$416,000	$508,900	$423,500	$690,100	$533,000	$548,800
44	$547,300	$552,800	$518,200	$415,000	$508,000	$422,600	$688,000	$531,600	$547,300
43	$545,900	$551,500	$517,200	$414,100	$507,100	$421,700	$685,900	$530,300	$545,900
42	$544,500	$550,000	$516,300	$413,200	$506,200	$420,800	$683,800	$528,900	$544,500
41	$543,200	$548,700	$515,500	$412,300	$505,400	$419,800	$681,600	$527,500	$543,200
40	$541,700	$547,100	$514,600	$411,400	$504,500	$418,900	$679,500	$526,100	$541,700
39	$540,400	$545,800	$513,800	$410,400	$503,700	$418,000	$677,400	$524,800	$540,400
38	$538,900	$544,400	$513,000	$409,500	$502,900	$417,100	$675,200	$523,500	$538,900
37	$537,500	$542,900	$511,900	$408,700	$501,900	$416,200	$673,100	$522,000	$537,500
36	$536,100	$541,500	$511,100	$407,800	$501,100	$415,200	$671,000	$520,700	$536,100
35	$534,800	$540,100	$510,200	$406,900	$500,200	$414,300	$668,900	$519,300	$534,800
34	$533,300	$538,700	$509,400	$406,000	$499,400	$413,300	$666,700	$518,000	$533,300
33	$531,900	$537,300	$508,500	$405,000	$498,500	$412,400	$664,600	$516,600	$531,900
32	$530,500	$535,800	$507,700	$404,100	$497,700	$411,500	$662,600	$515,200	$530,500
31	$529,200	$534,500	$506,600	$403,200	$496,700	$410,600	$660,500	$513,900	$529,200
30	$527,600	$533,000	$505,800	$402,300	$495,900	$409,700	$658,300	$512,400	$527,600
29	$526,200	$531,500	$504,900	$401,400	$495,000	$408,800	$656,200	$511,100	$526,200
28	$524,900	$530,100	$504,100	$400,500	$494,200	$407,800	$654,100	$509,700	$524,900
27	$523,500	$528,700	$503,200	$399,500	$493,300	$406,900	$652,000	$508,400	$523,500
26	$522,100	$527,300	$502,400	$398,700	$492,500	$406,000	$649,800	$507,000	$522,100
25	$520,600	$525,800	$501,300	$397,800	$491,500	$405,000	$647,700	$505,600	$520,600
24	$519,300	$524,500	$500,500	$396,900	$490,700	$404,100	$645,600	$504,300	$519,300
23	$517,900	$523,000	$499,600	$396,000	$489,800	$403,200	$643,400	$502,900	$517,900
22	$516,500	$521,600	$498,800	$395,000	$489,000	$402,200	$641,300	$501,500	$516,500
21	$515,000	$520,200	$498,000	$394,100	$488,200	$401,300	$639,200	$500,200	$515,000
20	$513,700	$518,800	$497,000	$393,200	$487,300	$400,500	$637,100	$498,800	$513,700
19	$512,200	$517,300	$496,100	$392,300	$486,400	$399,500	$634,900	$497,500	$512,200
18	$510,900	$515,900	$495,200	$391,400	$485,500	$398,600	$632,800	$496,000	$510,900
17	$509,400	$514,500	$494,400	$390,500	$484,700	$397,600	$630,700	$494,700	$509,400
16	$508,100	$513,100	$493,500	$389,500	$483,800	$396,700	$628,500	$493,400	$508,100
15	$506,600	$511,600	$492,700	$388,700	$483,000	$395,800	$626,400	$491,900	$506,600
14	$505,300	$510,200	$491,700	$387,800	$482,100	$394,800	$624,300	$490,600	$505,300
13	$503,900	$508,800	$490,800	$386,900	$481,200	$393,900	$622,200	$489,200	$503,900
12	$502,400	$507,300	$489,900	$386,000	$480,300	$393,000	$620,000	$487,900	$502,400
11	$501,000	$505,900	$489,100	$385,100	$479,500	$392,100	$617,900	$486,400	$501,000
10	$499,600	$504,500	$488,200	$384,100	$470,500	$385,900	$605,600	$477,500	$472,800
9	$498,300	$503,200	$487,400	$383,200	$465,600	$381,800	$598,900	$472,600	$467,900
8	$496,800	$501,700	$485,800	$382,200	$461,100	$378,200	$593,300	$468,000	$463,300
7	$495,500	$500,400	$485,000	$381,300	$456,700	$374,500	$587,700	$463,400	$458,700
6	$494,100	$499,000	$484,200	$380,400	$455,600	$373,600	$585,400	$461,900	$457,200
5	$492,800	$497,700	$483,300	$379,400	$454,600	$372,600	$583,200	$460,300	$455,600
4	$460,300	$455,600	$474,100	$373,300	$453,600	$371,500	$580,900	$458,800	$454,100
3	$458,800	$454,100	$469,500	$369,800	$452,600	$370,500	$578,700	$457,300	$452,600
2	$457,300	$452,600	$464,900	$366,200	$451,600	$369,500	$576,500	$455,700	$451,000
1	$489,900	$484,800	$448,400	$366,200	$329,400				

2 Bedroom 2 Bath	
AMI%	MAP
100%	$467,023
110%	$529,128
120%	$591,233
130%	$653,338
>140%	$715,443

2 Bedroom 1.5 Bath	
AMI%	MAP
100%	$467,023
110%	$529,128
120%	$591,233
130%	$653,338
>140%	$715,443

1 Bedroom	
AMI%	MAP
100%	$431,612
110%	$487,507
120%	$543,402
130%	$599,296
>140%	$655,191

Diagram 1: Building Affordability and Workforce Eligibility Map, 88% of Units Qualify

Analyzing the Underlying Problems

There are nine distinct errors, omissions, or extraordinarily generous assumptions granted to the developer as input values to these calculations. This series of dubious values interact and cascade into a completely unrealistic picture of affordability. Per HCDA Executive Director Tony Ching in the supplemental community meeting held on 16 November 2013, the inputs to these calculations were provided to the developer by HCDA.

Problem 1: Impossible Interest Rate
The HCDA allowed the developer to use a 2.9% interest rate to calculate affordability for a conventional 30-year loan with 10% down. This is an extremely unrealistic assumption and is far out of touch with current and anticipated market conditions. Honolulu area banks agree and have set the prevailing mortgage qualifying rate for the 801 South St project at 5.5%. Banks are hedging against the imminent rise in interest rates from their historic lows (due to Federal Reserve's shifting monetary policy), and thus are offering the long lock required for a building occupancy date several years in the future at 5.5%.

The public interest is not served by allowing for a 2.9% interest rate when 5.5% is the actual going rate for this development. This is the dominant contributing source of the magnitude of error in the MAP calculations.

This analysis will utilize an interest rate value of **5.50%** to perform realistic and accurate affordability calculations.

Problem 2: Incorrect Real Property Taxes
The HCDA allowed the developer to use a flat Real Property Tax value that does not scale accordingly with unit price. The real property tax input value provided will underestimate this burden on the end consumer, and likewise overestimate affordability of all units in Tower B. While this makes calculations somewhat easier, a basic competence with spreadsheets allows for calculating actual values for a unit of arbitrary price (assuming sales price will be equal to tax assessment value).

In Honolulu, property tax is calculated as $3.50 per $1,000 value on an annual basis. This analysis will utilize **actual property tax values**, as calculated based on price.

Problem 3: Incorrect Mortgage Insurance Premium
Similar to the Real Property Tax, the monthly mortgage insurance premiums (MIP) given by the HCDA and the developer are likewise underestimated and not tailored for the amount of insurance required. Again, the flat value given eases the complexity of the calculation but basic spreadsheets arithmetic can provide for actual values based on maximum affordable prices. The MIP input value provided will underestimate burden on the end consumer, and likewise overestimate affordability of all units in Tower B.

In cases of minimal risk of default (ie: best case), MIP is commonly calculated as .5% of the total loan amount divided by 12 months. This analysis will utilize **actual MIP values** of a best case scenario, as calculated based on the total financed amount.

Problem 4: Omission of Homeowners Insurance
The HCDA and the developer have omitted any costs related to homeowners insurance even though insurance costs are specifically required by law (HAR §15-218-34) to be included in

calculations. Homeowners insurance is generally a requirement for a residential condo mortgage loan and costs can vary based on many factors.

This analysis will utilize an estimated monthly homeowners insurance cost values of **$40**, **$45**, and **$50** for 1/1, 2/1.5, and 2/2 units respectively.

Problem 5: Extremely Generous Household Size Assumptions
Per the HCDA, the average household size in Kaka'ako is currently 1.8 persons per unit. Meanwhile, the average workforce-eligible household size being assumed by the developer is 3.5 persons per unit for Tower B, which is nearly double the actual current value. This overestimate of household size in turn tends to drastically overestimate the calculated affordability per HUD guidelines because the prescribed income is scaled upwards with the household size.

This analysis will utilize the household size assumptions of **2**, **3**, and **4** for 1/1, 2/1.5, and 2/2 units respectively. This brings down the average to 3.25 persons per unit, which is still much higher than the actual current value of 1.8 but is a conservative improvement over the value given by the HCDA.

Problem 6: Incorrect Household Size Income Scaling Adjustment
Per the developer's permit application package, the scaling adjustment provided for the 1 bedroom units is incorrect based on the listed household size of 2. Again, HUD guidelines define income scaling commensurate with household size. This error tends to incorrectly overestimate affordability for all 1 bedroom units in the development. Also, the scaling adjustment for 2 bedroom 1.5 bath units has been corrected in accordance with the revised household size assumptions made in Problem 5.

For this analysis, corrected values of **0.8**, **0.9**, and **1.0** will be utilized for income scaling based on household sizes for 1/1, 2/1.5 and 2/2 units respectively.

Problem 7: Underestimated Association Dues (Maintenance Fees)
The developer uses a monthly association dues value of $250 and $305 for a 1 bedroom and 2 bedroom, respectively. This figure is unbelievably low and indefensible. To justify this claim, the developer (in the permit application) compares the proposed Tower B project dues to other supposedly similar housing projects. None of these projects are intuitively comparable (ie: 1 bedroom to 1 bedroom, 2 bedroom to 2 bedroom) to Tower B because the overall magnitude of 801 South street eclipses all other projects, and the sizes of the other units are all approximately 20% smaller than 801 South Tower B. Nonetheless, this analysis will examine and correct the errors found with the developer's given approach, and then propose a more direct comparison of 801 South St Tower B with Tower A.

The closest comparable is 1133 Waimanu because it is a high-rise located in Kaka'ako. For 1133 Waimanu, the developer claims that monthly dues are $275 for a 1 bedroom unit and $375 for a 2 bedroom unit. This claim is incorrect and can be verified with a simple real estate search. Actual figures are shown in table 2:

1133 Waimanu	Square Footage	Dues	Dues/SQFT	Includes
1 bedroom	534	$362	$0.678	Cable TV, Sewer, Water
2 bedroom	751	$452	$0.602	Cable TV, Sewer, Water

Table 2: Corrected Associations Dues of 1133 Waimanu

To estimate reasonable monthly dues figures for Tower B, we take the dues per square foot figures of 1133 Waimanu and scale by the larger Tower B unit sizes. These calculated dues are much more apparently realistic for the area than those provided by the developer, and are shown in Table 3:.

801 South Tower B	Square Footage	Calculated Dues	Dues/SQFT	Includes
1 bedroom	641	$435	$0.678	Cable TV, Sewer, Water
2 bedroom	947	$570	$0.602	Cable TV, Sewer, Water

Table 3: Calculated Dues for Tower B Based on Scaled & Corrected 1133 Waimanu

As expected, the comparable market analysis method, when corrected and scaled by unit size, yields calculated dues significantly higher than those given by the developer. This also supposes that cable, sewer, and water are bundled up into the dues, which is not known to the community at this time.

A more direct approach to estimating association dues for 801 South Tower B is to compare it to 801 South Tower A. Assuming that the already approved Tower A has accurately listed their dues on its website, it is intuitive to sum up the total amount collected from each unit in a month for the Tower A Association of Apartment Owners to have enough funds to operate. This amount should be directly comparable to the Tower B operational funding requirement, since the buildings are of very similar size, scope, location and therefore operational cost.

The result of this comparison yield a significant discrepancy in total monthly operational costs of $163,020 for Tower A and $119,335 for Tower B. In order to normalize operational costs between Tower A and B, an adjustment of 137% is necessary for the given association dues listed in the developer's Tower B permit application package.

This analysis will accept the Tower A to Tower B comparison as the most conservative, and scale the listed monthly association dues values by 137% to **$342** and **$417** for 1 bedroom and 2 bedroom units respectively.

Problem 8: No Purchase of Additional Parking Stalls
The developer assumes that a family of four residing in a 2-bedroom unit will only require 1 parking spot. This is a highly undesirable situation for most families with two working parents and two school-aged children. The developer has included a 106 foot tall 10 story parking structure in the proposal, with 788 stalls reserved for residents. There are 1.92 parking stalls per unit in the developer's proposal, so it is reasonable and still conservative to expect the 2 bedroom 2 bath units to purchase at least 1 additional stall, while accounting for no additional parking purchases from the 1/1 and 2/1.5 units.

This analysis will assume that only the larger sized 2 bedroom 2 bath units will require **1** additional parking stall.

Problem 9: Omission of Condo Utility Costs
The developer has omitted any accounting of utility cost. Condo utility costs typically include electricity, water, sewer, and cable. Utility costs, and electricity in particular, have gone up significantly in urban Honolulu over the past few years. Most condo developments include water, sewer, and cable costs that are bundled into the association dues but it is currently unknown what is included for this particular development. Per §15-218-34, the affordability calculation must include costs required by the bylaws of the condominium property regime. In the absence of this information, this analysis will assume some utilities are not accounted for in the association dues and will add on additional costs to comprehensively represent the true total cost of homeownership.

This analysis will utilize a monthly utility cost values of **$80**, **$90** and **$100** for 1/1, 2/1.5, and 2/2 units respectively in order to estimated utility costs per unit above and beyond the listed association dues..

Final Problem
One final factor, which will be explained but not corrected, is the maximum percentage of income a household can spend on housing costs in order to achieve affordability. The HCDA claims that housing costs are affordable as long as a household spends up to 33% of its annual income on them. This value is higher than the figure used by U.S. Department of Housing and Urban Development (HUD) to define affordability:

"The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. Families who pay more than 30 percent of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care."

By granting an arbitrary 33% threshold for these calculations instead of the generally accepted definition of 30%, HCDA is creating a situation where occupants of supposedly affordable housing units are expected to have difficulties affording necessities such as food, clothing, transportation, and medical care.

This analysis will allow for a 33% threshold with the acknowledged caveat that buying a unit at that cost level will tend to further impoverish many of the households who are supposedly being provided for with “workforce housing.”

The problematic input value assumptions are detailed in Table 4 along with proposed realistic corrections:

Input Assumptions	**1 Bedroom**		**2 Bedroom 1.5 Bath**		**2 Bedroom 2 Bath**	
	HCDA	Realistic	HCDA	Realistic	HCDA	Realistic
1. Interest Rate	2.9%	5.5%	2.9%	5.5%	2.9%	5.5%
2. Real Property Tax	$106	Actual	$128	Actual	$128	Actual
3. Mortgage Insurance Premium	$121	Actual	$144	Actual	$144	Actual
4. Homeowners Insurance	$0	$40	$0	$45	$0	$50
5. Household Size	2	2	4	3	4	4
6. Household Size Income Adjustment	0.9	0.8	1	0.9	1	1
7. Association Dues	$250	$342	$305	$417	$305	$417
8. Additional Parking Stalls	0	0	0	0	0	1
9. Utilities	$0	$80	$0	$90	$0	$100

Table 4: Nine Errors, Omissions, and Extraordinarily Generous Assumptions

Actual Affordability

Now that these problems have been highlighted and corrected for, the following detailed calculations paint a starkly contrasting picture of the same situation that was originally provided by the HCDA and the developer:

140% Area Median Income Level	**1 Bedroom**	**2 Bedroom 1.5 Bath**	**2 Bedroom 2 Bath**
Maximum Affordable Price (MAP)	**$371,170**	**$411,950**	**$446,746**
Yearly Income (140% AMI)	$94,752	$106,596	$118,440
Maximum Monthly Housing Expense	$2,606	$2,931	$3,257

Additional Parking	$0	$0	$20,000
Amount Financed (10% down)	$334,053	$370,755	$420,071
Interest Rate	5.500%	5.500%	5.500%
Monthly Interest	$1,531	$1,699	$1,925
Monthly Principal	$366	$406	$460
Association Dues	$342	$417	$417
Real Property Tax	$108	$120	$130
Mortgage Insurance Premium	$139	$154	$175
Utilities	$80	$90	$100
Insurance	$40	$45	$50
Monthly Reserve	$709	$826	$872
Total Monthly Housing Expense	$2,606	$2,931	$3,257

Table 5: Detailed Maximum Affordable Price Calculations (Corrected)

As detailed in table 5, when the calculations are re-run with corrected and actual input values, the true costs of ownership are more accurately reflected and the maximum affordable prices are brought down to intuitively reasonable levels. A direct comparison of the HCDA conclusions with this analysis' corrected conclusions is shown in table 6:

140% Area Median Income Level	**1 Bedroom**	**2 Bedroom 1.5 Bath**	**2 Bedroom 2 Bath**
Maximum Affordable Price (HCDA)	$655,191	$715,443	$715,443
Maximum Affordable Price (Corrected)	$371,170	$411,950	$446,746
HCDA Overestimate	**$284,021**	**$303,493**	**$268,697**

Table 6: Quantification of HCDA Overestimates

The building affordability map can now be reconstructed with the results of the corrected calculations. The entire building is conclusively demonstrated to be virtually unaffordable for families in the 100-140% AMI range, with only 1.2% of the units qualifying under the criteria. The legal requirement for a development to be considered “workforce housing” is for no less than 75% of all units to meet the qualification.

	Mauka		Diamond Head			Ewa		Makai	
floor	2/2 unit	2/2 unit	2/1.5 unit	1/1 unit	2/1.5 unit	1/1 unit	3/2 unit	2/2 unit	2/2 unit
46	$550,100	$555,800	$519,900	$416,900	$509,700	$424,500	$692,300	$534,400	$550,100
45	$548,800	$554,300	$519,100	$416,000	$508,900	$423,500	$690,100	$533,000	$548,800
44	$547,300	$552,800	$518,200	$415,000	$508,000	$422,600	$688,000	$531,600	$547,300
43	$545,900	$551,500	$517,200	$414,100	$507,100	$421,700	$685,900	$530,300	$545,900
42	$544,500	$550,000	$516,300	$413,200	$506,200	$420,800	$683,800	$528,900	$544,500
41	$543,200	$548,700	$515,500	$412,300	$505,400	$419,800	$681,600	$527,500	$543,200
40	$541,700	$547,100	$514,600	$411,400	$504,500	$418,900	$679,500	$526,100	$541,700
39	$540,400	$545,800	$513,800	$410,400	$503,700	$418,000	$677,400	$524,800	$540,400
38	$538,900	$544,400	$513,000	$409,500	$502,900	$417,100	$675,200	$523,500	$538,900
37	$537,500	$542,900	$511,900	$408,700	$501,900	$416,200	$673,100	$522,000	$537,500
36	$536,100	$541,500	$511,100	$407,800	$501,100	$415,200	$671,000	$520,700	$536,100
35	$534,800	$540,100	$510,200	$406,900	$500,200	$414,300	$668,900	$519,300	$534,800
34	$533,300	$538,700	$509,400	$406,000	$499,400	$413,300	$666,700	$518,000	$533,300
33	$531,900	$537,300	$508,500	$405,000	$498,500	$412,400	$664,600	$516,600	$531,900
32	$530,500	$535,800	$507,700	$404,100	$497,700	$411,500	$662,600	$515,200	$530,500
31	$529,200	$534,500	$506,600	$403,200	$496,700	$410,600	$660,500	$513,900	$529,200
30	$527,600	$533,000	$505,800	$402,300	$495,900	$409,700	$658,300	$512,400	$527,600
29	$526,200	$531,500	$504,900	$401,400	$495,000	$408,800	$656,200	$511,100	$526,200
28	$524,900	$530,100	$504,100	$400,500	$494,200	$407,800	$654,100	$509,700	$524,900
27	$523,500	$528,700	$503,200	$399,500	$493,300	$406,900	$652,000	$508,400	$523,500
26	$522,100	$527,300	$502,400	$398,700	$492,500	$406,000	$649,800	$507,000	$522,100
25	$520,600	$525,800	$501,300	$397,800	$491,500	$405,000	$647,700	$505,600	$520,600
24	$519,300	$524,500	$500,500	$396,900	$490,700	$404,100	$645,600	$504,300	$519,300
23	$517,900	$523,000	$499,600	$396,000	$489,800	$403,200	$643,400	$502,900	$517,900
22	$516,500	$521,600	$498,800	$395,000	$489,000	$402,200	$641,300	$501,500	$516,500
21	$515,000	$520,200	$498,000	$394,100	$488,200	$401,300	$639,200	$500,200	$515,000
20	$513,700	$518,800	$497,000	$393,200	$487,300	$400,500	$637,100	$498,800	$513,700
19	$512,200	$517,300	$496,100	$392,300	$486,400	$399,500	$634,900	$497,500	$512,200
18	$510,900	$515,900	$495,200	$391,400	$485,500	$398,600	$632,800	$496,000	$510,900
17	$509,400	$514,500	$494,400	$390,500	$484,700	$397,600	$630,700	$494,700	$509,400
16	$508,100	$513,100	$493,500	$389,500	$483,800	$396,700	$628,500	$493,400	$508,100
15	$506,600	$511,600	$492,700	$388,700	$483,000	$395,800	$626,400	$491,900	$506,600
14	$505,300	$510,200	$491,700	$387,800	$482,100	$394,800	$624,300	$490,600	$505,300
13	$503,900	$508,800	$490,800	$386,900	$481,200	$393,900	$622,200	$489,200	$503,900
12	$502,400	$507,300	$489,900	$386,000	$480,300	$393,000	$620,000	$487,900	$502,400
11	$501,000	$505,900	$489,100	$385,100	$479,500	$392,100	$617,900	$486,400	$501,000
10	$499,600	$504,500	$488,200	$384,100	$470,500	$385,900	$605,600	$477,500	$472,800
9	$498,300	$503,200	$487,400	$383,200	$465,600	$381,800	$598,900	$472,600	$467,900
8	$496,800	$501,700	$485,800	$382,200	$461,100	$378,200	$593,300	$468,000	$463,300
7	$495,500	$500,400	$485,000	$381,300	$456,700	$374,500	$587,700	$463,400	$458,700
6	$494,100	$499,000	$484,200	$380,400	$455,600	$373,600	$585,400	$461,900	$457,200
5	$492,800	$497,700	$483,300	$379,400	$454,600	$372,600	$583,200	$460,300	$455,600
4	$460,300	$455,600	$474,100	$373,300	$453,600	$371,500	$580,900	$458,800	$454,100
3	$458,800	$454,100	$469,500	$369,800	$452,600	$370,500	$578,700	$457,300	$452,600
2	$457,300	$452,600	$464,900	$366,200	$451,600	$369,500	$576,500	$455,700	$451,000
1	$489,900	$484,800	$448,400	$366,200	$329,400				

2 Bedroom 2 Bath	
AMI%	MAP
100%	$285,652
110%	$325,926
120%	$366,199
130%	$406,472
>140%	$446,746

2 Bedroom 1.5 Bath	
AMI%	MAP
100%	$266,966
110%	$303,212
120%	$339,458
130%	$375,704
>140%	$411,950

1 Bedroom	
AMI%	MAP
100%	$242,295
110%	$274,514
120%	$306,733
130%	$338,951
>140%	$371,170

Diagram 2: Building Affordability and Workforce Eligibility Map, 1.2% of Units Qualify

Conclusion

A realistic analysis of the proposed 801 South Street Tower B project conclusively demonstrates that 405 out of the 410 units do not meet the affordability requirements set forth in the law. HCDA must therefore reject the proposed development for not meeting the letter, spirit, and intent of HAR §15-218-55. The conditions under which HCDA could allow for 9 total errors, omissions, or extraordinarily generous assumptions in the calculations should be fully explored and investigated. These conditions allow for the apparent legalization of what amounts to a "workforce housing" fraud should this project approved in light of the information put forth by this analysis.

Further, If Tower B is combined with the already approved Tower A, the sum total of the project also does not meet these same legally binding requirements and should also therefore be rejected as a whole. A similar standalone analysis of Tower A yields similar conclusions, but the community was only galvanized in opposition after plans for Tower B were posted on the HCDA website in late summer 2013. The approval of Tower A should be likewise investigated for the same conditions that allow for similar systematic flaws found in the affordability calculations. It is likely that the same "workforce housing" fraud has already been committed with the approval of the first phase of the 801 South Street project.

There is obviously a great demand for affordable workforce housing in the Kaka'ako area, but also a similarly great demand for market priced downtown Honolulu condo real estate. The 801 South Street project does not meet the affordability needs of the community. This project would provide hundreds of low-end market priced units mostly tailored for investors, with profit maximized by provisioning hundreds of extra parking stalls for sale beyond what is required into two 107 foot parking towers, demolishing half of the historic Advertiser building instead of restoring it, providing no usable recreation space for residents, making safety compromises along pedestrian walkways, sacrificing privacy for existing adjacent residents, doubling residential density and tower heights, all the while hiding behind the skirt of workforce affordability.