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Homes here are most affordable in state

By BOBBY COMMAND/ West Hawaii Today

Big Islanders wishing to live the American dream of purchasing their own house, take heart: The average resale price of a home here is the lowest in the state.

While some would say the \$235,000 figure provided by a Honolulu market researcher is misleading since it averages sales from all over Hawaii County, Ricky Cassidy said it's true anywhere across the United States that the more affordable a home is, the farther away it is likely to be from job centers and desirable locations.

Even so, Cassidy, who owns Real Estate Market Research Co., said the price of a Big Island home close to town can be further reduced if government does its part to lower development costs in return for a commitment from the builders to supply affordable homes.

According to statistics provided by Cassidy, the average resale price of a Big Island home - one likely purchased as a primary residence - was \$235,000. By comparison, the average resale on Maui was at a whopping \$440,000, with Oahu coming in at \$380,000 and Kauai at \$368,000.

Cassidy said the average price on the Big Island is certainly lowered by sales in Hamakua, Puna and Ka'u where demand is low. But Cassidy said it is a nationwide trend that cheaper homes are farther away from desirable locations.

"For most people, to live the American dream of owning their own house, they'll probably have to drive," Cassidy said. "But it's no different on the Big Island; in every city in the United States land is expensive at the center and cheaper outside."

The trend doesn't apply to the other main Hawaiian Islands, where average prices have skyrocketed. Cassidy said that's because land is scarce on the other islands and the desirable places are relatively close to jobs.

While there is no control over desirability, Cassidy said plentiful land on the Big Island can make homes more affordable, if government makes it easier for developers to build them.

"Most builders grew up in Hawaii or live here and want to do right by the people," said Cassidy. "If developers can buy land and develop at a reasonable price, they will do it and the cost of housing will go down."

Cassidy said the materials and labor costs are fixed, so the only variables left are the costs of land and securing entitlements.

"Government certainly has a role in addressing the high price of housing," he said. "Whatever it can do to even the playing field, that's how you're going to get housing for local people."

Cassiday said land can be made more affordable if zoning and permitting costs on vacant lands classified as agriculture and conservation are lowered. "In return, the developer would agree to cut down on the profit margin."

Developers, Cassiday said, would also be willing to accept lower profit margins if there is a quicker return on their investment. "Single-digit profit is the same over a year as double digit profits over three or four years."

Cassiday said a development moratorium will do nothing to solve problems on the Big Island, and may even make things worse.

"It's easy for the local guy to say, we've got to stop this, but if you stop development you'll slow the growth of the economy," Cassiday said. "With a growing economy your job splits into two or three jobs, and those are jobs for your kids."

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