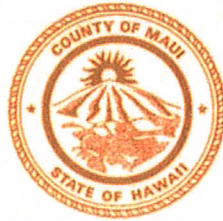


MICHAEL P. VICTORINO
Mayor

LORI TSUHAKO
Director

LINDA R. MUNSELL
Deputy Director



DEPARTMENT OF HOUSING
& HUMAN CONCERNS
COUNTY OF MAUI
2200 MAIN STREET, SUITE 546
WAILUKU, MAUI, HAWAII 96793
PHONE: (808) 270-7805

November 24, 2021

OFFICE OF THE
COUNTY COUNCIL

2021 DEC - 1 PM 2:49

RECEIVED

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Vint 11/30/21
Mayor Date

For Transmittal to:

Honorable Gabe Johnson, Chair
Affordable Housing Committee
Maui County Council
200 S. High Street
Wailuku, Hawaii 96793

Dear Chair Johnson:

SUBJECT: COMPREHENSIVE AFFORDABLE HOUSING PLAN: INCOME GROUP DISTRIBUTION FOR RESIDENTIAL WORKFORCE HOUSING UNITS (AH-14(5))

The Department of Housing and Human Concerns is in receipt of your correspondence dated November 17, 2021 related to the Comprehensive Affordable Housing Plan (CAHP). Please find the Department's responses below.

1. **For projects subject to the requirements of Chapter 2.96, Maui County Code, including projects developed under the State 201H process, please provide data on how market-rate housing units subsidize or offset the costs of workforce housing units. Please provide specific amounts, where feasible.**

Inclusionary zoning (Chapter 2.96, MCC) is a process used to stimulate the development of additional affordable housing units in a mixed-income setting. With inclusionary zoning, the County can require that some

percentage of every new residential development beyond a given minimum size (MCC 2.96's trigger is the creation of 10 or more new units in a development) is offered at a price below the market rate and thus is affordable to lower income residents. The strategy/tool makes the provision of affordable housing predictable and even-handed, and stream lines it from a political process. Though the details of inclusionary zoning programs vary, typically they provide incentives such as development rights or zoning variances to developers for including affordable housing units in their projects. HRS 201H is an example of how these kinds of waivers and exemptions help to subsidize housing expenses.

The economics of every housing project is different, and dependent upon a very large number of factors which would be impossible for the department to assess independently. To obtain accurate economic information, the County should contract with a company experienced with this kind of cost analysis. An example of this kind of analysis can be found in the Workforce Housing Nexus and Financial Feasibility Analysis that was completed for the County of Kaua'i in 2019. This 169-page report provided an evaluation of the financial feasibility of the inclusionary zoning policy of Kaua'i at the time, and made recommendations for changes to that policy that were based on economic data and facts. The department would recommend that a similar study be completed for the County of Maui, which would provide the kind of information this committee is seeking. A copy of that study can be found on the Kaua'i Housing Agency website, or through the link below:

<https://www.kauai.gov/Portals/0/Housing/Announcements%20Home%20Page/Workforce%20Housing%20Nexus%20and%20Financial%20Feasibility%20Analysis%206-17-19.pdf?ver=2019-07-15-104707-940>

2. Relating to the First-Time Home Buyer's Down Payment Assistance Program:

- a) **Since the start of the Program, how many recipients have repaid grant funds to the County and in what amounts? Please describe the circumstances for the repayment, for example, property was sold or no longer occupied as a principal residence.**

Since the start of the Program in Fiscal Year 2010, nineteen (19) grant recipients have repaid the grant funds back to the County as of the date of this report. Grant recipients are required to pay off only the outstanding grant balance without interest. The payoff amounts range from \$15,000 to \$30,000, and the total amount repaid by these recipients is \$319,250.00. The majority of the repayments were

processed on the grantee's request to pay off the grant in order to release the County's lien that is recorded against the property to secure the grant funds at the time of the initial purchase. Other recipients have sold the property and were required to payoff of the grant in accordance with the program's repayment restrictions.

- b) **What percentage of available funding has been issued in grants per fiscal year? Please include the total amount of budget allocation, total number of grants approved, and total amount of funding dispersed per year.**

Please see the table below for program data by Fiscal Year.

Fiscal Year	Budget Allocation	# Grantees certified eligible	# Grants paid	Total funds dispersed	% of funding issued as grants
2010	\$200,000	25	13	\$192,445.00	96%
2011	\$200,000	33	11	\$159,125.00	87%
2012	\$200,000	19	13	\$195,000.00	98%
2013	\$200,000	18	10	\$150,000.00	83%
2019	\$2,000,000	90	48	\$1,145,047.50	57%
2020	\$2,000,000	75	44	\$1,045,648.50	52%
2021	\$2,000,000	47	19	\$516,917.25	26%
2022*	\$750,000	16	1	\$24,000.00	3%

*FY2022 figures as of 11/18/2021

Beginning in FY2019, the Department noticed that while an adequate number of applicants were deemed eligible for First Time Homebuyer's Assistance Program, the actual number of grants paid decreased markedly. Our data suggests that eligible applicants had difficulty finding a home to purchase. Despite being granted extensions by the Department, many eligible participants have been unable to locate a home that meets their need within the program timelines. This has significantly impacted the number of grants issued by the Department.

- c) **What is the percentage of grant applicants who receive a grant award? What is the percentage of grant recipients who utilize the grant award, i.e. are successful in purchasing a home within the award time frame?**

Please see the following table for program data by Fiscal Year.

Honorable Gabe Johnson, Chair
Affordable Housing Committee
November 24, 2021
Page 4 of 4

Fiscal Year	Applicants Certified Eligible for a Grant	Applicants Who Utilized Grant to Purchase a Home	Success Rate
2010	25	13	52%
2011	33	11	33%
2012	19	13	68%
2013	18	10	56%
2019	90	48	53%
2020	75	44	59%
2021	47	19	40%
2022	16	1	6%

Thank you for the opportunity to provide this information. Should you have any questions, please feel free to contact me at Ext. 7805.

Sincerely,



LORI TSUHAKO, LSW, ACSW
Director of Housing and Human Concerns

xc: Housing Division