

Biennial Review – 2.96

AH-10 Biennial Review of Residential Workforce
Housing Policy (Chapter 2.96 Maui County Code)

Maui County Code 2.96

Intent:

- "To ensure that the housing needs of the County are addressed"
- "To encourage the provision & maintenance of residential workforce housing units for both purchase and rental"

RECEIVED AT AH MEETING ON 12/18/19

*Deputy Director, Housing +
Human Concerns*

Maui County Code 2.96 - History

Enacted in December 2006

- 50% Affordability Requirement
- 1 Residential Workforce Housing Agreement Signed
- 3 WF Housing Units Created

Maui County Code 2.96

Amended December 2014

- 25% Affordability Requirement
- 20 Residential Workforce Housing Agreements Signed
- 1,409 Units either complete, under construction, or pending
 - (more data to follow)

Maui County Code 2.96

Triggers:

- Creation of ten or more lots, lodging units, time share units, or dwelling units
- A conversion of ten or more hotel units to dwelling units or time share units
- Any hotel redevelopment or renovation that increases the number of lodging or dwelling units in a hotel by ten or more

Maui County Code 2.96

Where have we applied 2.96?

- Housing projects who already have their entitlements
 - Consistent with the community plan, properly zoned, etc
- Commercial subdivisions and industrial parks
- Hotels and timeshares

Workforce Housing Agreement

Workforce Housing Agreement Executed

- Prior to receiving final subdivision approval or issuance of building permits

25% of Total Market Rate Lots/units for WFH units

- Developer may receive credits for creating units above 25%

Workforce Housing Agreement

Requirement Satisfied Via:

- Housing Units (build the 25%)
- In Lieu Fee
(difference of 100% AMI versus 160% AMI = \$245,100)
- Credits
- Improved/Unimproved Land

Workforce Housing Agreement

Ownership Units	Deed Restriction
30% Below Moderate Income (80%-100% AMI)	10 years
50% Moderate Income (101% - 120% AMI)	8 years
20% Above Moderate Income (121% - 140% AMI)	5 years

Rental Units	Deed Restriction
1/3 Very Low Income & Low Income (<80% AMI)	30 years
1/3 Below Moderate Income (81% - 100% AMI)	30 years
1/3 Moderate Income (101% - 120% AMI)	30 years

Eligibility Criteria - Applicants

- Citizen of the US or permanent resident alien residing in the County
- Gross annual family income not exceeding 140% AMI
 - \$117,320 for 2019
- Assets that do not exceed the County's 140% AMI
- For 3 years prior, not have 50% or more interest in real property in the US unless applicant is selling an affordable unit and purchasing a different affordable unit appropriate to the family size

2.96 Agreements (post 2014 amendment)

Project Type	Agreements	Total Housing Units	WFH Units (per agreement)
Housing	17	1,409	718
Non-Housing	3		18 (met with credits)
TOTAL 2.96 WFH UNITS		1,409	718

2.96 Projects Construction Complete

Project Type	Projects	Total Units	Market Units	WFH Units (per agreement)	Units Reserved	Credits	Sold Units (Estimated)
For Sale Single Family	5	139	44	95	87	8	0
For Sale Multi-Family	3	280	52	228	63	18	147
For Rent Multi-Family	1	56	1	55	55	0	0
Totals	9	475	97	378	205	26	147

2.96 Projects - Sales Distribution

Project Type	Market	121-140%	101-120%	80-100%	Total Deed Restricted	Credits
		20%	50%	30%		
For Sale Single Family	RWFH Agreements	44	16	47	32	95
	Actual	52	14	45	28	87
For Sale Multi-Family	RWFH Agreements	52	46	109	73	228
	Actual	217	16	15	32	63

2.96 Projects - Rental Distribution

Project Type	Market	121-140%	101-120%	80-100%	61-80%	<60%	
			1/3	1/3	1/6	1/6	
For Rent Multi-Family	2.96 Distribution	44	0	4	4	2	2
	100% Affordable	1	0	17	18	10	10
	Actual	1	0	17	17	11	10

Credits

Two types:

- County Issued Credits
 - Issued to the developer for creating more WFH units than required by law
- Act 141 Credits
 - State credits for DHHL projects

Credits - 2.96

Issued for each RWF housing unit sold or rented in excess of the residential workforce housing requirement set forth in 2.96.040

- Any units over 25% requirement
- 100% WFH projects
 - eligible for 75% credits
- 100% WFH projects sold/rented at <61% AMI
 - eligible for 100% credits

Developer has credits 5400-1500
 how assessment fee in lieu \$245K

Credits - 201H

201H projects require 51% of the units to be WFH units

- Only 100% WFH projects are eligible to earn credits
- Eligible for 50% credits

Credits – Act 141

Under Act 141, Counties are directed to issue credits on a one-for-one basis to DHHL for their projects

- 372 credits were issued for Waiehu Kou & Villages of Leiali'i
(more pending)
- Can be used anywhere in the county in which they are earned
- Can be applied toward the respective county's affordable or residential WFH requirements for a development
- Very few limits set on these credits

Using Credits

- Can be used in any community plan area
- Can be used to satisfy the requirement
 - for any type of unit constructed
 - for any income group
- Must be applied to future developments not existing
- The number of credits issued must be set forth in the RWFH agreement with the developer

Does 2.96 Work?

2.96 is not an "incentive"

- It's a requirement (tax, extraction) of 25% of a project
- We have potentially 1,409 units/718 of them WFH

Incentives do exist

100% affordable projects (2.96 or otherwise)

- there are fee waivers and incentives available

Does 2.96 Work?

- Would 2.96 produce more with incentives?
- Should we change the AMI distribution?
- Too early to tell – too few projects are finished
- How does it compare to 201H, which does provide incentives?

Does 2.96 Work? 2.96 vs. 201H

Years	2.96	201H
Complete (since 2015)	475	140
Under Construction	698	621
Pending (5 years)	236	625
Totals	1,409	1,386

2.96 Projects Vs 201H

PROJECT TYPE	2019A	2019B	2019C	2019D	2019E	TOTAL
2.96 (25% no incentives)	668	106	267	183	185	1,409
201H (50% + incentives)	338	190	269	205	394	1,396

2.96 – More Discussion

We appreciate the opportunity to open this discussion

-MAHALO-