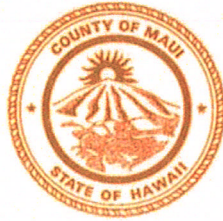


MICHAEL P. VICTORINO
Mayor

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

December 1, 2021



OFFICE OF THE
COUNTY COUNCIL

2021 DEC -7 PM 3:05

RECEIVED

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

APPROVED FOR TRANSMITTAL

Michael P. Victorino
Mayor
12/13/21
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 (CONTRACT C7183; HAWAIIAN COMMUNITY ASSETS, INC.) (AH-14)

The Department of Housing and Human Concerns is in receipt of your correspondence dated November 12, 2021 related to the Comprehensive Affordable Housing Plan (CAHP). Please find the Department's responses below.

- 1. What is Department's assessment of the CAHP recommendation to expand the use of the Affordable Housing Fund to finance bond sales? Please describe in detail any concerns or potential issues identified by the Department.**

The Department of Housing and Human Concerns recommends that the Committee consult with the Department of Finance on this matter.

- 2. What is the Department's assessment of the CAHP recommendation to increase eligible uses of the Affordable Housing Fund? Some examples of expanded use provided in the CAHP include funding for deferred payment mortgages, gap financing and individual development accounts for first-time homebuyers, rental assistance, accessory dwelling unit development, accessory dwelling unit development, acquisition or rehabilitation of structures or infrastructure, housing counseling, and environmental impact assessments of County-owned land.**

The Department concurs with Deputy Corporation Counsel Mimi Desjardins, who advised the Committee that Chapter 3.35 MCC can be amended to include all of the proposed uses if that is the will of the Committee.

However, the Department recommends that additional outreach should be done with developers and lenders to ensure that the new (additional) uses are structured in such a way as to have the intended effect on projects and families. The Department also believes that some of these uses would be better placed in other sections of the existing code (see response to question 3.a).

3. What is the Department's assessment of the CAHP recommendation to establish an Affordable Housing Fund community oversight committee to facilitate the distribution of funds? Please describe in detail any concerns or potential issues identified by the Department.

The Department is not in favor of the oversight committee recommendation. The Department believes this will create unnecessary roadblocks, tie up a significant portion of staff time, and will delay the procurement process which will affect timeliness in getting the recommended projects before Council for consideration.

Presently, the projects are reviewed by a scoring panel based on a specific scoring criterion. The criteria emphasizes and is focused on:

- Housing need
- Readiness of the project or program
- The applicant's capacity to see the project to fruition
- Leveraging of funds from other sources

The scoring committee is comprised of professionals associated with housing in some capacity (e.g. Bankers, Mortgage Brokers, Realtors & Consultants). To date the Housing Division has not received negative feedback regarding the RFP process. The Department believes the process is efficient, and effectively targets funding toward projects that create units for individuals and families in greatest need of housing assistance.

a. Does the Department have additional recommendations or suggestions relating to expanding the uses or increasing the impact of the Affordable Housing Fund?

The Department recommends that the Committee carefully consider whether adding additional uses to the Affordable Housing Fund will allow the fund to effectively fulfill its intended purpose.

The purpose of the fund is found in MCC 3.35.010 (A), which reads in part ". . . The revenues and unencumbered balance in the fund shall be used for the provision, protection and expansion of affordable housing and suitable living environments for residents of very low to gap income, including the rehabilitation of existing structures, land purchase or other acquisition of land or property entitlements, planning, design and construction". Section 3.35.040, clearly outlines that the original intent of these

Honorable Gabe Johnson, Chair
Affordable Housing Committee
December 1, 2021
Page 3 of 3

funds was to increase the supply of affordable rental and owner-occupied housing, through acquisition, construction, rehabilitation, etc.

Although the use of the fund can be amended, the Department does not recognize a clear nexus between the addition of individual development accounts, rental assistance, and housing counseling fit into the original intent to create suitable living environments. We believe that these alternate uses will simply serve to syphon funding that would otherwise be used for the creation of new units to other purposes which were not the original intent of these funds. If this Committee feels that these additional uses are critical to help our residents prepare to be renters or home owners, we respectfully recommend that Council fund these activities through appropriations to MCC Chapter 3.34 HOME ACQUISITION AND OWNERSHIP PROGRAMS REVOLVING FUND, which was created for this express purpose.

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