

Affordable Housing Committee (2021) on 2021-11-15 1:30 PM - End time: 4:35 p.m.

Meeting Time: 11-15-21 13:30

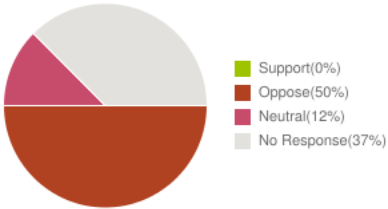
eComments Report

Meetings	Meeting Time	Agenda Items	Comments	Support	Oppose	Neutral
Affordable Housing Committee (2021) on 2021-11-15 1:30 PM - End time: 4:35 p.m.	11-15-21 13:30	2	8	0	4	1

Sentiments for All Meetings

The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



Affordable Housing Committee (2021) on 2021-11-15 1:30 PM - End time: 4:35 p.m.

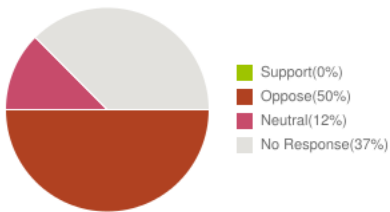
11-15-21 13:30

Agenda Name	Comments	Support	Oppose	Neutral
AH-14(5) MISC COMPREHENSIVE AFFORDABLE HOUSING PLAN: INCOME GROUP DISTRIBUTION FOR RESIDENTIAL WORKFORCE HOUSING UNITS (AH-14(5))	8	0	4	1

Sentiments for All Agenda Items

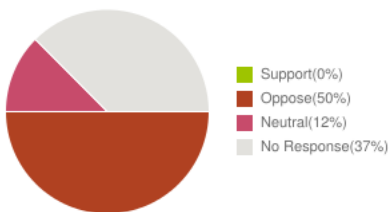
The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



Agenda Item: eComments for AH-14(5) MISC COMPREHENSIVE AFFORDABLE HOUSING PLAN: INCOME GROUP DISTRIBUTION FOR RESIDENTIAL WORKFORCE HOUSING UNITS (AH-14(5))

Overall Sentiment



AH Committee

Location:

Submitted At: 6:41pm 11-29-21

Testimonies Received from AH Committee

Pamela Tumpap

Location:

Submitted At: 1:34pm 11-15-21

Please see attached testimony.

Leilani Pulmano

Location:

Submitted At: 9:26am 11-15-21

Please see attached testimony.

Pulama Lanai

Location:

Submitted At: 7:38pm 11-14-21

We have attached our testimony for consideration.

Cassandra Abdul

Location:

Submitted At: 7:54am 11-13-21

We support the intent to increase affordable housing for our workforce. No bill is perfect, hence the reason for public input in the hopes of improving the initial efforts of the committee. We hope all voices will be heard and we will give the testimony and input of those with knowledge and experience significant weight in the deliberation process.

We thank you for the efforts that have and will continue to increase affordable housing in Maui County.

Christopher Delaunay

Location:

Submitted At: 7:37pm 11-12-21

Testimony of

Pacific Resource Partnership

Council of the County of Maui

Affordable Housing Committee

Councilmember Gabe Johnson, Chair

Councilmember Michael J. Molina, Vice Chair

AH-14(5)—Bill Relating To Income Group Distribution For Residential Workforce Housing Units

Monday, November 15, 2021

1:30 P.M.

City Council Chamber

Aloha Chair Johnson, Vice Chair Molina, and Members of the Committee.

Pacific Resource Partnership (PRP) is a non-profit market recovery trust fund which represents approximately 7,000 men and women union carpenters and 240 large and small contractors. With our expertise in research, compliance, marketing, and project advocacy, we are committed to building a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs, and enhances the quality of life for all residents of Hawaii.

PRP writes in strong opposition of the proposed bill, relating to income group distribution for residential workforce housing units for the following reasons:

- The Council of the County of Maui has not approved a comprehensive affordable housing plan. The Council has yet to approve a comprehensive affordable housing plan. The County paid \$300,000 to Hawaiian Community Assets to draft the Maui County Comprehensive Affordable Housing Plan, which the Council never adopted or approved. Furthermore, what plan did this bill originate from? To our knowledge, it is not a part of the proposed Maui County Comprehensive Affordable Housing Plan.
- The bill does nothing to incentivize the construction of more affordable housing. Historically, the implementation of ill-advised policies has resulted in lost opportunities to build more affordable housing for Maui residents. In late 2006, the County of Maui enacted an ordinance requiring 50% of the units in residential development projects be workforce housing. This policy resulted in almost no affordable housing projects, until the requirement was lowered to 25% in 2014. Maui sacrificed the needs of residents for an ill-considered policy that ignored market realities. We should learn from the mistakes of the past and not take Maui residents down the same road again by supporting this proposed bill that does nothing to incentivize the construction of more affordable housing.
- There is no clear plan on who will pay for the construction of affordable housing if this bill is enacted. Since this proposed policy will not incentivize developers to build more affordable housing, the county will need to subsidize

these projects. In order to do this, the county may need to raise real property taxes for Maui residents who are already struggling to make ends meet.

- Overregulation of housing will likely result in more Maui-born residents moving out of Maui for a better life. From 2010 – 2019, there has been a decline in Hawaii-born residents and an increase in US citizen born and foreign-born residents on Maui. This proposed policy will likely accelerate this trend cause Hawaii-born residents and their families to leave Maui for a better life elsewhere.

Given the above, we respectfully recommend that this Council defer this bill and consider policies that incentivize developers to invest private funds into the construction of more affordable housing to avoid raising real property taxes for Maui residents.

Thank you for this opportunity to submit written testimony.

Guest User

Location:

Submitted At: 5:12pm 11-12-21

Aloha e,

This email is to submit support for Comprehensive Affordable Housing Plan - AH-14(5) -as proposed by the Affordable Housing Committee.

As a 65 year resident of Maui, i have witnessed the crazy growth, and displacement of locals, especially Kanaka Maoli.

Anything that will move us in the direction of finally giving some hope to us is welcomed, and needed!

My children, mo_opuna etc are in danger of being homeless, or having to leave. And i have many k_puna friends and family that live with their children, or they would be homeless as well. (Social Security don_t pay today_s rents). We need way more Hale Mahaolu_s. Hopefully that need will be addressed as well in the near future.

The undersigned here are all lifelong Maui residents, and are happy that i am willing to send this email on their behalf as well. i am not including the more than 20 other people that I have personally spoken with, that are also in complete support of this bill.

Mahalo for your time,

Mary Drayer mdrayerhome@msn.com

and on behalf of:

Lindsey Drayer lindseydrayer@hotmail.com

Erin Drayer edrayer@msn.com

Kamea Drayer-Hoopii kameadh@gmail.com

Kahiau Snyder kahiausnyder@gmail.com

GlennThielk naluhiwa@aol.com

Allan J Almeida allanjamialmeida@gmail.com

Guest User

Location:

Submitted At: 11:54am 11-10-21

Actually I am for the bill however i am not in favor of 1a listed below:

changing %age of ownership from 30% now to 15% in the future for very low income households (see rationale below)

1. Unless an exemption is granted by the [director,] council, the percentage of ownership units within each income group [shall] must be as follows:

a. [Thirty] Fifteen percent of the ownership units

[shall] must be for “[below-moderate] very low income”

residents.

b. [Fifty] Forty-five percent of the ownership units [shall] must be for “[moderate] low income” residents.

c. [Twenty] Forty percent of the ownership units [shall] must be for “[above-moderate] below-moderate income” and “moderate income” residents.

Rationale for my opposition to 1a: if you accept these changes the most vulnerable of our society and the group on the edge of becoming homeless would be the ones who would be most affected by this %age change. Going from 30% to 15% would significantly reduce the inventory of housing available to the very low income workers on this Island. I understand that this change would be better for the developers, but if we truly want to solve the problem of homelessness on this Island we need to make bills that favor getting folks into housing not excluding them. It may be necessary for the State and County legislatures work together and help subsidize these work force housing projects so that we can keep the large percentage of housing available for our lowest income families. If the state and county are committed to solving the problem of homelessness then they must consider that monies need to be set aside to assist developers in making work force housing for our poorest of residents a reality.

thank you for your time

Dr mary trotto, resident Kihei

AH Committee

From: Dayna Yogi <dayogi16@gmail.com>
Sent: Friday, November 12, 2021 12:42 PM
To: AH Committee; Gabe Johnson
Subject: RE: Bill 111

Follow Up Flag: Follow up
Flag Status: Completed

Some people who received this message don't often get email from dayogi16@gmail.com. [Learn why this is important](#)

Dear Affordable Housing Committee,

I would like to provide feedback in response to Bill 111 and associated legislation from the perspective of a local developer. To provide background on our company, we are a small locally owned firm that builds and manages properties for low-income/Section 8 housing and whose CEO does ample pro bono work with nonprofits to push for more affordable housing in Hawaii. We have seen and felt the housing crisis for a long time—from encountering homelessness everyday, fearing our children and younger generations will never be able to own a home, and neighbors moving out of state from sheer displacement. There is no doubt in anyone's mind that inventory is in dire need. So this begs the question, "why isn't every local developer pounding on our doors trying to build affordable housing on Maui?" The answer is: it's too difficult. From the community backlash (stronger and more debilitating than other islands), the (extra) long and complex approval processes (Ex: rezoning is projected to take 3 years vs. 1 year for other islands), and the increased development costs themselves (Ex: always estimated to be 25% more compared to other islands)—to be frank, the small margins are simply not worth the added stress and effort for most developers. Furthermore, every consultant we try to hire cringes when we say "Maui" for these exact reasons--so just recruiting a team to begin planning is difficult (and these are WELL PAID consultants!) As you can see, the tone across the spectrum of the development community is already very discouraging when it comes to Maui. That is why seeing the proposed amendments to Chapter 2.96 distributions is extremely concerning.

My job within the company is to run the numbers (i.e. projections for financial feasibility) for potential projects on Maui and our company is currently evaluating a few sites for affordable housing. We're experienced with developing on Maui so the community and the legislative process is something we've learned to work with. However, building and material costs have gone up with covid and the site work necessary to ensure these sites are safe for residential building can be huge depending on the location (Note: additional site work is sometimes necessary due to sugar mill history of building coastal underground irrigation tunnels that had zero structural support, making it unsafe to build atop—this kind of work is very expensive). All of these are development intricacies that I don't expect policymakers to know but are necessary to share to provide perspective on some of the challenges we face today. As someone who is running the financial models for own company, I can tell you that we are in the negative if we were to sell to 100% AMI and can barely cover costs if we were to sell to 120% AMI. As a result, we may be walking away from executing on these potential projects (that would provide hundreds of affordable units) if we can't find some way to cut costs. If the current legislation passes without significant subsidies and incentives, affordable projects on Maui will be impossible.

As per Deputy Director, Lisa Munsell's, follow up email (Wednesday, November 10, 2021), "The next two items up for discussion after the meeting on Monday, will include evaluating the affordable sales price guidelines and a discussion of County subsidies to help support the lower AMI requirements proposed in the amendments." Seeing the potential for County subsidies keeps me hopeful and open, but I strongly encourage the committee to consult local developers and contractors for current development costs on Maui when considering the structure for such subsidies and incentives. The bottom line is: It's already near impossible to build affordable housing on Maui. If proposed subsidies and incentives do not adequately address rising development costs (which include far more than just building costs) and alleviate the pains of developing on Maui as mentioned above, I fear this bill would be counterproductive to the overall goal and instead discourage affordable development.

An alternative idea may be to create initiative-based programs that offer different levels of subsidies and incentives to make catering to lower AMIs more beneficial. You might even make these programs location-based for areas that are high priority and have specific sites ready to cater to specific AMIs and needs based on the local demographics. Speeding up the approvals timeline for zoning and permitting would also make this appealing to developers.

Thank you for your time and consideration,

D.Y.

AH Committee

From: Cassandra Abdul <cassandra@nahaleomaui.org>
Sent: Saturday, November 13, 2021 7:32 AM
To: Alice L. Lee; Gabe Johnson; Keani N. Rawlins; Kelly King; Mike J. Molina; Shane M. Sinenci; Tamara A. Paltin; Tasha A. Kama; yukilei.sugimura@mauicount.us
Cc: AH Committee
Subject: Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing Units(AH-14(5))
Attachments: 2021-11-15 Affordable Housing (AH-14(5)).pdf

Aloha, Councilmembers,

We submit written testimony for Monday's Affordable Housing Committee meeting, as eCommerce is a challenge to use.

Thank you for all you do to increase affordable housing for our workforce.

Cassandra

Cassandra J Leolani Abdul
Executive Director & Principal Broker
Na Hale O Maui
190 N. Church Street
Wailuku, HI 96793
Ph. 808.244.6110
Mobile 808.304.3533

To learn more about Na Hale O Maui and to make a donation please visit <https://www.nahaleomaui.org>

Changing lives, one home at a time.

Mission: To secure and preserve a permanent supply of affordable housing alternatives for low and moderate income households in Maui County.

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November 15, 2021

Hon. Gabe Johnson, Chair
Affordable Housing Committee
200 S. High Street
Wailuku, HI 96793

Subject: Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing Units (AH-14(5))

Dear Chair Johnson and Committee Members:

Housing and Land Enterprise of Maui, dba Nā Hale O Maui (NHOM) is a grassroots, membership-based Nonprofit 501 (c) 3 Community Land Trust, established *to secure and preserve a permanent supply of affordable housing alternatives for low- and moderate-income households in Maui County*. Our focus is truly affordable homes in perpetuity for workforce families earning between 80%-140% of the Area Median Income (AMI) for Maui County.

We are deeply grateful to the County of Maui for continuing to be a crucial partner in the development of affordable and workforce housing with NHOM. The purchase, rehabilitation and/or building of 46 homes in Central, South, West and Up-County Maui for 53 island families (7 resales) was only possible through a collaboration with the County. We want to continue to work with the County and to be one of the (many) tools in the affordable housing toolbox.

Nā Hale O Maui is an unwavering supporter of affordable and workforce housing whether provided by for-profit developers like West Maui Land, Aina Lani Pacific, A&B, etc., or nonprofit organizations like Habitat for Humanity, Lokahi Pacific, Nā Hale O Maui, EAH Housing, Hale Mahaolu, Ikaika Ohana, etc. The focus is providing affordable, workforce housing for island families.

We understand the critical need for affordable and workforce housing for island families. Every one of us has been touched by the loss of our family members, friends and neighbors who have finally given up on the high cost of housing and living here. We have watched them move to the mainland where they have a better chance of attaining home ownership. Our community is diminished with each loss of 'ohana.

We appreciate the hard work, time, effort and funds leadership has invested in researching the best way to create and implement changes that will result in more affordable and workforce housing in Maui County.

Details on proposed changes are important to understand along with keeping the 'big picture' in mind. Our community is diverse and includes most categories you can think of including income. To truly fix our housing crisis, we must address the full housing spectrum, and be aware of

potential unintended consequences that can occur when only a single category of need is addressed to the detriment of others.

We are convinced that we can find agreement on the optimal ways to increase affordable and workforce housing opportunities for our island families. Our community has common goals and objectives that must surpass the differences in opinion.

Nā Hale O Maui strongly supports affordable and workforce housing initiatives and developments. We appreciate the continuing collaboration and work we undertake together as a community to deliver homes as quickly as possible and make inroads in the pent-up and future housing needs in Maui County.

We value the Affordable Housing Committee and Council taking steps to implement the findings of the recent Maui County Comprehensive Affordable Housing Plan developed by Hawaii Community Assets, et al.

We respectfully bring to your attention the proposed distribution of affordable rental and for-sale housing for very low to above-moderate income households. Public housing units have traditionally provided housing for the very low- and low-income households with Section-8 and similar support. It can be very challenging for all income levels to attain home ownership, and even more so for very-low and low-income households. Homebuyers must

- accumulate a down payment & closing costs (escrow & lender,)
- qualify for a mortgage at prevailing rates and terms, and
- sustain housing expenses (i.e., Principal, interest, Private Mortgage Insurance (PMI), Real Property Taxes and Homeowners Insurance) that amount to 30% or less of their gross monthly income.

We ran a quick scenario on what amount of household expenses (principal & interest, PMI, RPT, Ins.) income qualified families could afford according to County guidelines of expense to monthly gross household income. We found that, given the current HUD income and sale guidelines, families would have to spend in excess of 30% of gross household income. In our exercise, the ratio fell between approximately 42% - 50%. The lower the AMI, the higher the cost burden.

Households should be encouraged to use this interim time as an opportunity to prepare for homeownership by saving for a down payment, taking financial literacy and homeowner classes, repairing and/or improving credit, and working with nonprofits like Habitat for Humanity to accumulate self-help hours.

Please reconsider removing the discretion to grant exemptions by the Director of Housing and Human Concerns. We understand that this has only been granted for projects that increase the number of units or serve lower AMI groups. Forcing any project that does not meet the proposed distribution will need Council approval, adding to the time and uncertainty and delaying or reducing the affordable housing we so badly need.

Hon. Gabe Johnson, Chair
Affordable Housing Committee
November 15, 2021
Page 3

We are confident that including qualified nonprofit housing organizations and experienced developers and contractors in the exploration of balanced ways to increase affordable and workforce housing will increase the delivery of critically needed homes. Nonprofit organizations in collaboration with for-profit developers and the County of Maui can deliver more affordable workforce housing across a broad spectrum of need for island families. Together, we will support our families' need for truly affordable and attainable housing. We can keep our workers and our 'ohana here in Maui.

Mahalo piha for your support of affordable workforce housing!



Cassandra Abdul
Executive Director

Changing lives, one home at a time!

Mission: To secure and preserve a permanent supply of affordable housing alternatives for low and moderate income households in Maui County.

AH Committee

From: Grant Chun <GChun@halemahaolu.org>
Sent: Monday, November 15, 2021 8:54 AM
To: AH Committee
Cc: David M. Raatz
Subject: Agenda Item AH14(5) - Testimony of Grant Chun, Hale Mahaolu
Attachments: Chairperson Gabe Johnson Affordable Housing Committee 111521.pdf

Some people who received this message don't often get email from gchun@halemahaolu.org. [Learn why this is important](#)

Aloha Chair Johnson: Please find attached hereto my testimony pertaining to today's agenda item AH14(5). Mahalo. Grant Chun

Grant Y. M. Chun
Executive Director



200 Hina Avenue, Kahului, HI 96732
Phone: (808) 872-4100 | Fax: (808) 872-4120
GChun@halemahaolu.org | www.HaleMahaolu.org

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Lahaina, HI 96761
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EHIKU
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Lanai City, HI 96763
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1889 Loke St.
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KAHULUI LANI
65 School St.
Kahului, HI 96732
808-868-0180

LAHAINA SURF
1037 Wainee St.
Lahaina, HI 96761
808-661-3771

LUANA GARDENS
615 W. Papa Ave.
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808-871-9009

KOMOHANA HALE
120 Leoleo St.
Lahaina, HI 96761
808-661-5957

KULAMALU HALE
65 Ohia Ku St.
Pukalani, HI 96768
808-868-4148

HULIAU
145 Wahinepio Ave.
Kahului, HI 96732
808-868-2229

CHSP/MEALS PROGRAM
200 Hina Ave.
Kahului, HI 96732
808-872-4170

**HOMEOWNERSHIP/
HOUSING COUNSELING**
200 Hina Ave.
Kahului, HI 96732
808-242-7027

**PERSONAL CARE/
HOMEMAKER/CHORE**
11 Mahaolu St. Ste. A
Kahului, HI 96732
808-873-0521



HALE MAHAOLU
WHERE ALOHA LIVES

November 15, 2021

Chairperson Gabe Johnson
Affordable Housing Committee
Maui County Council
200 S. High Street
Wailuku, HI 96793

RE: Agenda Item AH-14(5)

Dear Chairperson Johnson:

I am writing for the purpose of respectfully providing input on the proposed amendments to Maui County Code Section 2.96.040 which are the subject of your honorable committee's meeting on November 15, 2021.

Specifically, the draft bill for an ordinance before your committee speaks to the breakdown of rental units by income, distributing a certain percentage of a project's rental units to those with incomes in certain income categories as defined by the Maui County Code.

Understanding that the goal of this legislation is to make more units available to those in the 'very low income' and 'low income' categories of residents, we would respectfully suggest that the best way to achieve this is to make Section 8 vouchers more readily available to these groups.

Once that is done, those residents will be able to enjoy rental subsidies that will allow them to successfully enter into and afford leases on units that come available on the market, while still providing adequate rental income for projects to sustain themselves going forward.

Trying to achieve this goal by prescribing the percentage of units that are rented at rates tailored to a certain group creates issues as far as the financial sustainability and stability of the operation of a property. Without being able to address the requirement of financial sustainability, the availability of funding through the low income housing tax credit process comes into question, and thus the proposal could unwittingly create a scenario where funding for new affordable housing projects becomes unavailable.

In reality, landlords like Hale Mahaolu are glad to be able to provide for those in the 'very low income' and 'low income' categories, and frequently these tenants are accommodated for in units have rental pricing that coincides with the 60% AMI standard. However, when these tenants have vouchers they pay only 30% of their monthly household income in rent, even if that amount is less than the rent at 60% AMI, with the balance covered by their Section 8 subsidies.

The problem with the proposed language is that it creates limitations on what can be reflected in financial spreadsheets relevant to the assessment of a project for funding purposes.

200 HINA AVENUE, KAHULUI, HI 96732 | PH: 808.872.4100 | FAX: 808.872.4120 | TDD# 800.545.1833 EXT. 432 | WWW.HALEMAHAOLU.ORG



Chairperson Gabe Johnson

November 15, 2021

Page | 2

An alternative amendment that would reflect current practice which actually does accommodate for these families would be as follows:

- “2. Unless an exemption is granted by the [director,] council, the percentage of rental units within each income group [shall] must be as follows:
- a. One-third of the rental units [shall] must be for “very low income” and “low income” residents.
 - b. One-third of the rental units [shall] must be for “below moderate income” residents or below.
 - c. One-third of the rental units [shall] must be for “moderate income” residents or below.”

Thank you very much for your work on this important topic. Please do not hesitate to contact me should there be any questions.

Sincerely yours,



GRANT Y. M. CHUN

Executive Director

AH Committee

From: Monte Heaton <monte.heaton@housingpartners.com>
Sent: Monday, November 15, 2021 12:51 PM
To: AH Committee
Cc: David M. Raatz; Moe Mohanna
Subject: Agenda Item AH14(5) - Testimony of Mohannad H. Mohanna, Highridge Costa Development Company
Attachments: HCDC Testimony Agenda Item AH-14(5).pdf

Some people who received this message don't often get email from monte.heaton@housingpartners.com. [Learn why this is important](#)

Aloha Chair Johnson,
On behalf of Moe Mohanna, please find attached his testimony pertaining to today's agenda item AH14(5).
Mahalo,

Monte Heaton
Highridge Costa Development Company
Project Manager
(O) (424) 258-2910
(M)(424) 295-2255

Because of concerns related to Covid-19, Highridge Costa will be switching to a remote work setup until further notice. While my office line does redirect to my cell, directly dialing my mobile line will be the best way to reach me. I will be operating during regular business hours during this time, so please do not hesitate to contact me for any and all business matters.



November 15, 2021

Chairperson Gabe Johnson
Affordable Housing Committee
Maui County Council
200 S. High Street
Wailuku, HI 96793

RE: Agenda Item AH-14(5)

Dear Chairperson Johnson:

I am writing for the purpose of respectfully providing input on the proposed amendments to Maui County Code Section 2.96.040 which are the subject of your honorable committee's meeting on November 15, 2021.

Specifically, the draft bill for an ordinance before your committee speaks to the breakdown of rental units by income, distributing a certain percentage of a project's rental units to those with incomes in certain income categories as defined by the Maui County Code.

Highridge Costa is a developer in the business of building exclusively affordable housing, and the county's goal to increase housing affordability for Maui County's most in-need populations is laudable. With this being said, the draft bill as written is likely to have the opposite effect by limiting affordable housing production. As you are aware, requiring 65% of affordable units in any project with a workforce housing agreement to be limited to 50% Area Median Income (AMI) rents will not just impact large market rate developments. These agreements will also affect even 100% affordable developments that seek to utilize the county's Affordable Housing Fund (AHF) or fast track 2.97 entitlement process. We estimate that this bill's changes will increase the amount of AHF required by affordable projects by over 30%. While the council has stated its intent to increase the availability of funding resources to cover this increase in need, it has not made clear any intent to remedy the operational burden this rule will place on new housing projects.

Very few affordable housing projects are built without financing from the state, most notably the Rental Housing Revolving Fund (RHRF) administered by the Hawaii Housing Finance and Development Corporation (HHFDC). The RHRF provides debt financing to projects and as such, applicants for the RHRF must demonstrate the project's ability to repay this debt within some reasonable period of time, with a general preference for under fifty years. This repayment is in addition to the IRS and HHFDC requirement that any and all deferred developer fees be repaid in fifteen years and that projects maintain a 1.15 debt service coverage ratio for the duration of the tax credit compliance period. Projects on Maui are already at a significant competitive disadvantage to Oahu when it comes to meeting these requirements. Area median incomes and, by extension, affordable rent guidelines are



substantially lower for Maui County than for Honolulu County. Additionally, Maui County publishes its own set of income and rent restrictions that are substantially lower (7-10%) than those published by HUD and HHFDC. Adding the burden of deeper affordability restrictions will result in fewer projects being possible on Maui, which will ultimately result in the exacerbation of the existing affordability crisis faced by the county.

To achieve the county's goal of providing deeper affordability in new affordable housing projects without negatively impacting production, we recommend the county consider various types of ongoing project-based rental or operating subsidy. Increasing the availability of Section 8 vouchers to lower income residents is also a viable approach to increasing access to housing for these individuals and families without amending the affordability requirements of Section 2.96.

Finally, regardless of how the legislation will ultimately read, we would suggest that existing projects and projects that have already submitted their environmental assessment, entitlement or financing applications be exempted from the rule change as deeper affordability requirements may render these projects infeasible. Removing these projects from the pipeline will not benefit anyone, least of all those in need of affordable housing.

Thank you for your consideration as well as your ongoing work on this very important topic. Please do not hesitate to contact me if you have any questions or would like to discuss further.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mohanna", is written over a horizontal line.

Mohannad H. Mohanna
President
Highridge Costa Development Company

AH Committee

From: Cassandra Abdul <cassandra@nahaleomaui.org>
Sent: Saturday, November 13, 2021 7:32 AM
To: Alice L. Lee; Gabe Johnson; Keani N. Rawlins; Kelly King; Mike J. Molina; Shane M. Sinenci; Tamara A. Paltin; Tasha A. Kama; yukilei.sugimura@mauicount.us
Cc: AH Committee
Subject: Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing Units(AH-14(5))
Attachments: 2021-11-15 Affordable Housing (AH-14(5)).pdf

Aloha, Councilmembers,

We submit written testimony for Monday's Affordable Housing Committee meeting, as eCommerce is a challenge to use.

Thank you for all you do to increase affordable housing for our workforce.

Cassandra

Cassandra J Leolani Abdul
Executive Director & Principal Broker
Na Hale O Maui
190 N. Church Street
Wailuku, HI 96793
Ph. 808.244.6110
Mobile 808.304.3533

To learn more about Na Hale O Maui and to make a donation please visit <https://www.nahaleomaui.org>

Changing lives, one home at a time.

Mission: To secure and preserve a permanent supply of affordable housing alternatives for low and moderate income households in Maui County.

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November 15, 2021

Hon. Gabe Johnson, Chair
Affordable Housing Committee
200 S. High Street
Wailuku, HI 96793

Subject: Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing Units (AH-14(5))

Dear Chair Johnson and Committee Members:

Housing and Land Enterprise of Maui, dba Nā Hale O Maui (NHOM) is a grassroots, membership-based Nonprofit 501 (c) 3 Community Land Trust, established *to secure and preserve a permanent supply of affordable housing alternatives for low- and moderate-income households in Maui County*. Our focus is truly affordable homes in perpetuity for workforce families earning between 80%-140% of the Area Median Income (AMI) for Maui County.

We are deeply grateful to the County of Maui for continuing to be a crucial partner in the development of affordable and workforce housing with NHOM. The purchase, rehabilitation and/or building of 46 homes in Central, South, West and Up-County Maui for 53 island families (7 resales) was only possible through a collaboration with the County. We want to continue to work with the County and to be one of the (many) tools in the affordable housing toolbox.

Nā Hale O Maui is an unwavering supporter of affordable and workforce housing whether provided by for-profit developers like West Maui Land, Aina Lani Pacific, A&B, etc., or nonprofit organizations like Habitat for Humanity, Lokahi Pacific, Nā Hale O Maui, EAH Housing, Hale Mahaolu, Ikaika Ohana, etc. The focus is providing affordable, workforce housing for island families.

We understand the critical need for affordable and workforce housing for island families. Every one of us has been touched by the loss of our family members, friends and neighbors who have finally given up on the high cost of housing and living here. We have watched them move to the mainland where they have a better chance of attaining home ownership. Our community is diminished with each loss of 'ohana.

We appreciate the hard work, time, effort and funds leadership has invested in researching the best way to create and implement changes that will result in more affordable and workforce housing in Maui County.

Details on proposed changes are important to understand along with keeping the 'big picture' in mind. Our community is diverse and includes most categories you can think of including income. To truly fix our housing crisis, we must address the full housing spectrum, and be aware of

potential unintended consequences that can occur when only a single category of need is addressed to the detriment of others.

We are convinced that we can find agreement on the optimal ways to increase affordable and workforce housing opportunities for our island families. Our community has common goals and objectives that must surpass the differences in opinion.

Nā Hale O Maui strongly supports affordable and workforce housing initiatives and developments. We appreciate the continuing collaboration and work we undertake together as a community to deliver homes as quickly as possible and make inroads in the pent-up and future housing needs in Maui County.

We value the Affordable Housing Committee and Council taking steps to implement the findings of the recent Maui County Comprehensive Affordable Housing Plan developed by Hawaii Community Assets, et al.

We respectfully bring to your attention the proposed distribution of affordable rental and for-sale housing for very low to above-moderate income households. Public housing units have traditionally provided housing for the very low- and low-income households with Section-8 and similar support. It can be very challenging for all income levels to attain home ownership, and even more so for very-low and low-income households. Homebuyers must

- accumulate a down payment & closing costs (escrow & lender,)
- qualify for a mortgage at prevailing rates and terms, and
- sustain housing expenses (i.e., Principal, interest, Private Mortgage Insurance (PMI), Real Property Taxes and Homeowners Insurance) that amount to 30% or less of their gross monthly income.

We ran a quick scenario on what amount of household expenses (principal & interest, PMI, RPT, Ins.) income qualified families could afford according to County guidelines of expense to monthly gross household income. We found that, given the current HUD income and sale guidelines, families would have to spend in excess of 30% of gross household income. In our exercise, the ratio fell between approximately 42% - 50%. The lower the AMI, the higher the cost burden.

Households should be encouraged to use this interim time as an opportunity to prepare for homeownership by saving for a down payment, taking financial literacy and homeowner classes, repairing and/or improving credit, and working with nonprofits like Habitat for Humanity to accumulate self-help hours.

Please reconsider removing the discretion to grant exemptions by the Director of Housing and Human Concerns. We understand that this has only been granted for projects that increase the number of units or serve lower AMI groups. Forcing any project that does not meet the proposed distribution will need Council approval, adding to the time and uncertainty and delaying or reducing the affordable housing we so badly need.

Hon. Gabe Johnson, Chair
Affordable Housing Committee
November 15, 2021
Page 3

We are confident that including qualified nonprofit housing organizations and experienced developers and contractors in the exploration of balanced ways to increase affordable and workforce housing will increase the delivery of critically needed homes. Nonprofit organizations in collaboration with for-profit developers and the County of Maui can deliver more affordable workforce housing across a broad spectrum of need for island families. Together, we will support our families' need for truly affordable and attainable housing. We can keep our workers and our 'ohana here in Maui.

Mahalo piha for your support of affordable workforce housing!



Cassandra Abdul
Executive Director

Changing lives, one home at a time!

Mission: To secure and preserve a permanent supply of affordable housing alternatives for low and moderate income households in Maui County.

AH Committee

From: Grant Chun <GChun@halemahaolu.org>
Sent: Monday, November 15, 2021 8:54 AM
To: AH Committee
Cc: David M. Raatz
Subject: Agenda Item AH14(5) - Testimony of Grant Chun, Hale Mahaolu
Attachments: Chairperson Gabe Johnson Affordable Housing Committee 111521.pdf

Some people who received this message don't often get email from gchun@halemahaolu.org. [Learn why this is important](#)

Aloha Chair Johnson: Please find attached hereto my testimony pertaining to today's agenda item AH14(5). Mahalo. Grant Chun

Grant Y. M. Chun
Executive Director



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HALE MAHAOLU
WHERE ALOHA LIVES

November 15, 2021

Chairperson Gabe Johnson
Affordable Housing Committee
Maui County Council
200 S. High Street
Wailuku, HI 96793

RE: Agenda Item AH-14(5)

Dear Chairperson Johnson:

I am writing for the purpose of respectfully providing input on the proposed amendments to Maui County Code Section 2.96.040 which are the subject of your honorable committee's meeting on November 15, 2021.

Specifically, the draft bill for an ordinance before your committee speaks to the breakdown of rental units by income, distributing a certain percentage of a project's rental units to those with incomes in certain income categories as defined by the Maui County Code.

Understanding that the goal of this legislation is to make more units available to those in the 'very low income' and 'low income' categories of residents, we would respectfully suggest that the best way to achieve this is to make Section 8 vouchers more readily available to these groups.

Once that is done, those residents will be able to enjoy rental subsidies that will allow them to successfully enter into and afford leases on units that come available on the market, while still providing adequate rental income for projects to sustain themselves going forward.

Trying to achieve this goal by prescribing the percentage of units that are rented at rates tailored to a certain group creates issues as far as the financial sustainability and stability of the operation of a property. Without being able to address the requirement of financial sustainability, the availability of funding through the low income housing tax credit process comes into question, and thus the proposal could unwittingly create a scenario where funding for new affordable housing projects becomes unavailable.

In reality, landlords like Hale Mahaolu are glad to be able to provide for those in the 'very low income' and 'low income' categories, and frequently these tenants are accommodated for in units have rental pricing that coincides with the 60% AMI standard. However, when these tenants have vouchers they pay only 30% of their monthly household income in rent, even if that amount is less than the rent at 60% AMI, with the balance covered by their Section 8 subsidies.

The problem with the proposed language is that it creates limitations on what can be reflected in financial spreadsheets relevant to the assessment of a project for funding purposes.

200 HINA AVENUE, KAHULUI, HI 96732 | PH: 808.872.4100 | FAX: 808.872.4120 | TDD# 800.545.1833 EXT. 432 | WWW.HALEMAHAOLU.ORG



Chairperson Gabe Johnson

November 15, 2021

Page | 2

An alternative amendment that would reflect current practice which actually does accommodate for these families would be as follows:

- “2. Unless an exemption is granted by the [director,] council, the percentage of rental units within each income group [shall] must be as follows:
- a. One-third of the rental units [shall] must be for “very low income” and “low income” residents.
 - b. One-third of the rental units [shall] must be for “below moderate income” residents or below.
 - c. One-third of the rental units [shall] must be for “moderate income” residents or below.”

Thank you very much for your work on this important topic. Please do not hesitate to contact me should there be any questions.

Sincerely yours,

A handwritten signature in blue ink that reads "Grant Y. M. Chun". The signature is written in a cursive, flowing style.

GRANT Y. M. CHUN

Executive Director

AH Committee

From: Monte Heaton <monte.heaton@housingpartners.com>
Sent: Monday, November 15, 2021 12:51 PM
To: AH Committee
Cc: David M. Raatz; Moe Mohanna
Subject: Agenda Item AH14(5) - Testimony of Mohannad H. Mohanna, Highridge Costa Development Company
Attachments: HCDC Testimony Agenda Item AH-14(5).pdf

Some people who received this message don't often get email from monte.heaton@housingpartners.com. [Learn why this is important](#)

Aloha Chair Johnson,
On behalf of Moe Mohanna, please find attached his testimony pertaining to today's agenda item AH14(5).
Mahalo,

Monte Heaton
Highridge Costa Development Company
Project Manager
(O) (424) 258-2910
(M)(424) 295-2255

Because of concerns related to Covid-19, Highridge Costa will be switching to a remote work setup until further notice. While my office line does redirect to my cell, directly dialing my mobile line will be the best way to reach me. I will be operating during regular business hours during this time, so please do not hesitate to contact me for any and all business matters.



November 15, 2021

Chairperson Gabe Johnson
Affordable Housing Committee
Maui County Council
200 S. High Street
Wailuku, HI 96793

RE: Agenda Item AH-14(5)

Dear Chairperson Johnson:

I am writing for the purpose of respectfully providing input on the proposed amendments to Maui County Code Section 2.96.040 which are the subject of your honorable committee's meeting on November 15, 2021.

Specifically, the draft bill for an ordinance before your committee speaks to the breakdown of rental units by income, distributing a certain percentage of a project's rental units to those with incomes in certain income categories as defined by the Maui County Code.

Highridge Costa is a developer in the business of building exclusively affordable housing, and the county's goal to increase housing affordability for Maui County's most in-need populations is laudable. With this being said, the draft bill as written is likely to have the opposite effect by limiting affordable housing production. As you are aware, requiring 65% of affordable units in any project with a workforce housing agreement to be limited to 50% Area Median Income (AMI) rents will not just impact large market rate developments. These agreements will also affect even 100% affordable developments that seek to utilize the county's Affordable Housing Fund (AHF) or fast track 2.97 entitlement process. We estimate that this bill's changes will increase the amount of AHF required by affordable projects by over 30%. While the council has stated its intent to increase the availability of funding resources to cover this increase in need, it has not made clear any intent to remedy the operational burden this rule will place on new housing projects.

Very few affordable housing projects are built without financing from the state, most notably the Rental Housing Revolving Fund (RHRF) administered by the Hawaii Housing Finance and Development Corporation (HHFDC). The RHRF provides debt financing to projects and as such, applicants for the RHRF must demonstrate the project's ability to repay this debt within some reasonable period of time, with a general preference for under fifty years. This repayment is in addition to the IRS and HHFDC requirement that any and all deferred developer fees be repaid in fifteen years and that projects maintain a 1.15 debt service coverage ratio for the duration of the tax credit compliance period. Projects on Maui are already at a significant competitive disadvantage to Oahu when it comes to meeting these requirements. Area median incomes and, by extension, affordable rent guidelines are



substantially lower for Maui County than for Honolulu County. Additionally, Maui County publishes its own set of income and rent restrictions that are substantially lower (7-10%) than those published by HUD and HHFDC. Adding the burden of deeper affordability restrictions will result in fewer projects being possible on Maui, which will ultimately result in the exacerbation of the existing affordability crisis faced by the county.

To achieve the county's goal of providing deeper affordability in new affordable housing projects without negatively impacting production, we recommend the county consider various types of ongoing project-based rental or operating subsidy. Increasing the availability of Section 8 vouchers to lower income residents is also a viable approach to increasing access to housing for these individuals and families without amending the affordability requirements of Section 2.96.

Finally, regardless of how the legislation will ultimately read, we would suggest that existing projects and projects that have already submitted their environmental assessment, entitlement or financing applications be exempted from the rule change as deeper affordability requirements may render these projects infeasible. Removing these projects from the pipeline will not benefit anyone, least of all those in need of affordable housing.

Thank you for your consideration as well as your ongoing work on this very important topic. Please do not hesitate to contact me if you have any questions or would like to discuss further.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mohanna", is written over a horizontal line.

Mohannad H. Mohanna
President
Highridge Costa Development Company



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

AH-14 (5)
Income Group Distribution for Residential Workforce Housing Units
Monday, November 15, 2021

Dear Committee Chair Johnson, Vice-Chair Molina and
Members of the Affordable Housing Committee,

We understand these proposed changes are based on the recommendation from the Hawaiian Community Asset Comprehensive Housing Plan, which used the 2019 Hawaii Housing Study and projects already in the pipeline to determine what is still needed within the next 5 years, which their plan focused on. We also acknowledge the great need for housing in the very low- and low-income AMI levels as additional subsidies are required for these projects to pencil out.

We feel the Hawaiian Community Assets recommendation is realistic for the next 5 years based on what is already in the pipeline. However, we are concerned that shifting these percentages and cutting out the moderate and below-moderate levels will impact future housing beyond 5 years. This is about what is occurring and needed in the next 5 years, not a long-term solution and we should not be changing the code every 5 years. Constantly changing the code creates inflexible systems whereas priority determinations can be changed based on changing conditions and future Hawaii Housing Study updates.

Given this, we believe the Council and Department should work with developers on the need for housing and rentals at the very low, low and below-moderate levels now instead of revising the code, which will likely need to be altered again in a few years when a new study is conducted.

Additionally, we question the need for the change from the director to the council for granting exemptions. While the County Council is moving bills through the process quickly, we believe an exemption request would still need to go through at least 1 committee hearing and first and second reading at the Council, which usually takes over a month. Even a month adds time to the process and as we all know, time equals money! That and any delay in considering an exemption request going through the Council versus the efficient Department Director protocol now can equate to higher priced homes and rental units.

Mahalo for the opportunity to provide testimony.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

November 13, 2021

Committee Chair Gabe Johnson

Council Affordable Housing Committee

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

My name is Leilani Pulmano. I have experience with affordable housing policy in Hawaii and would like to provide my testimony on the subject revisions to Chapter 2.96 of the Maui County Code. I was on the Board for Hawaii Housing Finance Development Corporation (HHFDC) for eight years with three of those years as the Chair. I am currently a Board member on the Hawaii Public Housing Authority (HPHA). My testimony is based on my experience as a Board member and reflects my individual opinions on this legislation.

First, HUD and HPHA have policies regarding mix income projects and communities. The deletion of the "Above-moderate income" category reduces the range of incomes for housing opportunities.

Second, mix income projects with a higher income range allows for the flexibility of developers to reach lower income brackets while still ensuring that a project is financially feasible. This is known as income averaging. As you know, any project that is not financially feasible will not go forward. The deletion of the "Above-moderate income" category removes this flexibility and will make 100% affordable project less feasible.

Third, a significant amount of government funding is available for projects that provide housing for families that earn 60% or below of Area Median Income (AMI). Most of the HHFDC funding focuses on projects in this income category. I am not aware of any funding that provides for families earning 80% - 100% or even to 120%, and more so 140% of AMI. These families have no opportunity for financial assistance to rent or purchase a home, except for this housing policy requirement. It's important to note that these families are providing a large share of taxes that, in part, support the government funding for housing families that earn 60% or below of AMI. The deletion of "Above-moderate income" category provides no opportunities for families earning more than 120% of AMI as part of this County's housing policy.

Fourth, past projects have shown that it is difficult for home ownership within the below moderate (80%-100% AMI) income category to qualify for homeownership. We ask that you review these income group distributions to reflect the likelihood of home ownership. As you have heard, many in the below moderate income category are just simply not ready for homeownership with a lack of down payment and financial means to qualify for a mortgage.

Fifth, in reviewing the Comprehensive Affordable Housing Plan, there was no mention of revising the income group distributions reflected in the proposed revisions to MCC 2.96. These changes will likely 1) make many projects infeasible as the cost to subsidize the onerous requirements would be too much; and 2) only projects that would provide homes in the higher income categories (greater than 180% AMI) would be able to subsidize these proposed income group distributions. This would lead to Maui County advocating for housing in the two ends of the housing spectrum – the low end and the high end, completely missing the middle-income housing category.

I would encourage the Committee to look at amendments that would incentive developers to provide housing that you are seeking.

Mahalo,

Leilani Pulmano



November 14, 2021

By eComment

Re: Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing units (AH-14(5))
 Testimony in opposition, as written
 Affordable Housing Committee Meeting November 15, 2021, 1:30pm, via BlueJeans

Aloha Chair Johnson, Vice Chair Molina, and Councilmembers:

Mahalo for allowing me the opportunity to share our thoughts with you on the agenda item: “Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing units (AH-14(5)).” As written, we oppose AH-14(5).

We all recognize the need for affordable housing in Maui County. It has been almost twenty five years since the last housing development was constructed on Lānaʻi. With your support of Council Resolution 21-136 and the recent Land Use Commission approval of the District Boundary Amendment for our Hōkūāo 201H Residential Housing project, affordable housing on Lānaʻi is not elusive. However, AH-14(5), as written causes us concern for future rental and ownership affordable units on Lānaʻi.

Requesting data to be provided for the justification of the proposed changes

We understand the intent of AH-14(5) is to increase affordable housing for County residents by adjusting the distribution of units required as residential workforce housing units for various income category groups as defined in Section 2.96.020, Maui County Code. Below is a table that outlines the current and proposed changes.

Income Category	AMI ¹ range	Ownership		Rental	
		Current Code	Proposed Code	Current Code	Proposed Code
Very low	50% or less		15%	33.33%	65%
Low	Greater than 50% up to 80%		45%		30%
Below Moderate	Greater than 80% up to 100%	30%	40%	33.33%	5%
Moderate	Greater than 100% up to 120%	50%		33.33%	
Above Moderate	Greater than 120% up to 140%	20%			

¹ AMI is defined as Area Median Income

In our housing surveys on Lānaʻi regarding income levels and interest in affordable rentals, the data set does not support the proposed changes in AH-14(5). Albeit, this is a much smaller data set than the entire Maui County, which would be affected by AH-14(5). Our survey targeted the following persons:

- Lānaʻi residents
- Lānaʻi residents interested in renting (not owning)

A few questions regarding the proposed changes:

1. Are there data sets justifying the changes in percent allocation for all income levels proposed?
 - a. If yes, would the committee be willing to share the data set with the public?
 - b. If no, how did the committee determine the percent allocation proposed?
2. Has the committee considered island specific proposed changes?
 - a. Given the unique distribution of workforce, housing situation, etc. on each of the islands, it may be worth collecting data to and adjusting according to island, should any changes need to be made to the allocations.
3. Has the committee done any community outreach to persons in the above moderate income level such as teachers, construction workers, and hotel workers on each of the islands?
 - a. The proposed changes removes any opportunity for above moderate income levels to participate in workforce housing.

We support the intent of increasing the number of housing opportunities for the residents of Maui County, however we humbly request the following from the committee:

- **We encourage a more measured data driven approach** to altering the language in Maui County Code in order to avoid unintended consequences.
- **We also encourage more community outreach** to those that would be “left behind” as these workers are the backbone of our island economy.
- **We ask that you consider each island separately** as there are very different circumstances on each island that would benefit from a more deliberate versus broad approach to the changes proposed.

Mahalo for your service to our community and for consideration of our testimony,

Keiki-Pua S. Dancil, Ph.D.
Senior Vice President, Government Affairs & Strategic Planning