

AH Committee

From: Jeff Gilbreath <jeff@hawaiiancommunity.net>
Sent: Friday, July 16, 2021 1:05 PM
To: Alison N. Stewart; AH Committee
Subject: Maui Housing Plan Power Point for July 19
Attachments: Maui County Comprehensive Affordable Housing Plan.pptx

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

Aloha Alison and Affordable Housing Committee,

Please see our attached power point for the Maui County Affordable Housing Plan.

The following individuals are part of our HCA team and will be attending as subject matter experts who will be ready to assist during Q&A sections:

- Rhonda Alexander-Monkres, rhonda@hawaiiancommunity.net
- Blossom Feiteira, blossom96708@yahoo.com
- Stan Keasling, stan.keasling@gmail.com
- Kenna StormoGipson, kenna@hibudget.org
- Tom Schnell, tschnell@pbrhawaii.com
- Selena Pang, spang@pbrhawaii.com
- Terrance Arashiro, tarashiro@atahawaii.com
- Adrienne Wong, awong@atahawaii.com
- Tyler Fujiwara, tfujiwara@atahawaii.com
- David Ferrier, dferrier@rcac.org
- Bonnie Craigie, bcraigie@rcac.org
- Alan Nazzaro, anazzaro@rcac.org
- Maren McCleary, mmccleary@rcac.org

Mahalo,

Jeff Gilbreath *he/him/his* ([what's this?](#))

Interim Executive Director
Hawaiian Community Assets
200 N. Vineyard Blvd. #B140
Honolulu, HI 96817
Direct: 808-587-7653
Main: 808-587-7886
Toll Free: 866-400-1116
TTY: 877-477-5990
Fax Direct: 808-628-6879
Web: www.hawaiiancommunity.net

 Please consider the environment before printing this email

The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential, proprietary and or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this email in error, please contact the sender and delete the material from all computers.

Maui County Comprehensive Affordable Housing Plan

Presented by



Purpose. The purpose of the plan is to respond to the Office of Council Services' request for proposal issued August 2020...**to assess the availability of government and private lands for development of affordable housing and provide guidance on decision-making for specific projects and strategies to achieve the development of 5,000 units affordable to households below 120% area median income (AMI) in the next five years.**

Area Median Income (AMI) to Annual Income

AMI %	Annual Household Income			
	1	2	3	4
50%	\$36,200	\$41,350	\$46,500	\$51,560
60%	\$43,440	\$49,620	\$55,800	\$61,980
80%	\$57,920	\$66,160	\$74,400	\$82,640
100%	\$72,400	\$82,700	\$93,000	\$103,300
120%	\$86,880	\$99,240	\$111,600	\$123,960
140%	\$101,360	\$115,780	\$130,200	\$144,620

Disclaimer: These are official HUD and State AMI levels, however, AMIs are believed to be overstated. HUD and State AMI levels for rural communities are extrapolated from urban Honolulu data.

Analysis of the Affordable Housing System

Current System

Produces for sale housing at >120% AMI and rentals at 50-60% AMI

Fails to deliver homes affordable to highest need local residents

Waives affordability restrictions when low-income buyers “cannot” be found

Mandates only 10-year affordability restrictions

Assumes developers can pay for extremely high-cost community serving infrastructure

Serious lack of public investment to target affordability that is needed

County has few tools to meet demand of local residents

Overregulation and conflicting policy decisions

Lack of certainty in process and outcome

Low property tax rates on non-owner occupied housing mean insufficient resources for affordable housing investments

The system operates on an assumption of scarce resources, creating competition among various interests, pushing council to make policy by project, adding to developer uncertainty, and keeping county from taking the lead on affordable communities.

Analysis of the Affordable Housing System

The new system will operate with sufficient resources, reduce unnecessary competition, encourage council to make policy rather than project decisions, create certainty for developers, and allow county to lead on creating affordable communities.

New System

Home production meets the real needs and ensure long-term affordability

Developers will work with county to access land and develop affordable homes

Grants and no-cost loans are “investments” that will buy down cost of homes for local residents with greatest need (<50% AMI and 61-100% AMI)

Adopts new zoning code to build mixed income, mixed-use communities that look like traditional Maui

Will protect valuable health, cultural and environmental resources and engage community members in affordable housing process

Raises tax revenue on those who can afford it the most to house those who need the most

County will lead in providing safe drinking water, wastewater systems and roads that do not threaten public health or environmental or cultural resources

County will have the resources and tools to target affordability of local residents

For-sale homes will receive county subsidy, earn limited equity appreciation and be resold to low-income homebuyers

Rentals will be affordable in perpetuity

Comprehensive Affordable Housing Plan

The Maui County Comprehensive Affordable Housing Plan asserts that it is **our collective responsibility to ensure homes are affordable for all**. It requires that units be affordable for everyone, **even those with the lowest incomes**.

Affordable Homes in the Plan

3,481 Rentals

# of Homes	AMI %	Est. Monthly Rent*
154	>80-120	\$1,846-\$2,637
1,086	50-80	\$961-\$2,132
2,241	<50	\$567-\$799

*Includes utilities

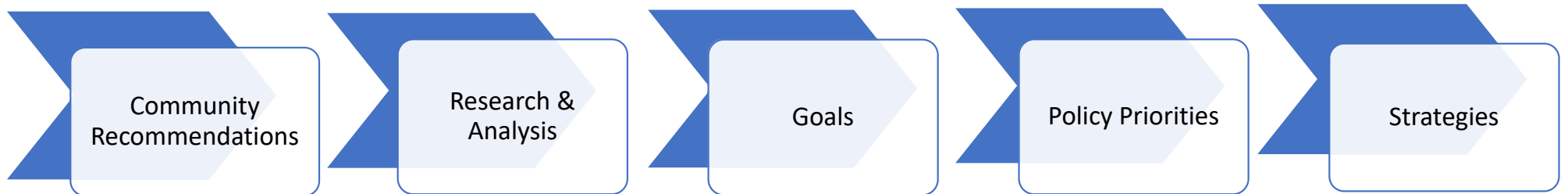
1,519 For-Sale Homes

# of Homes	AMI %	Monthly Mortgage**	Est. Purchase Price
616	>80-120	\$1,725-\$2,697	\$361,300-\$565,000
654	50-80	\$1,319-\$1,725	\$276,300-\$361,300
249	<50	\$729-\$968***	\$276,300-\$326,300

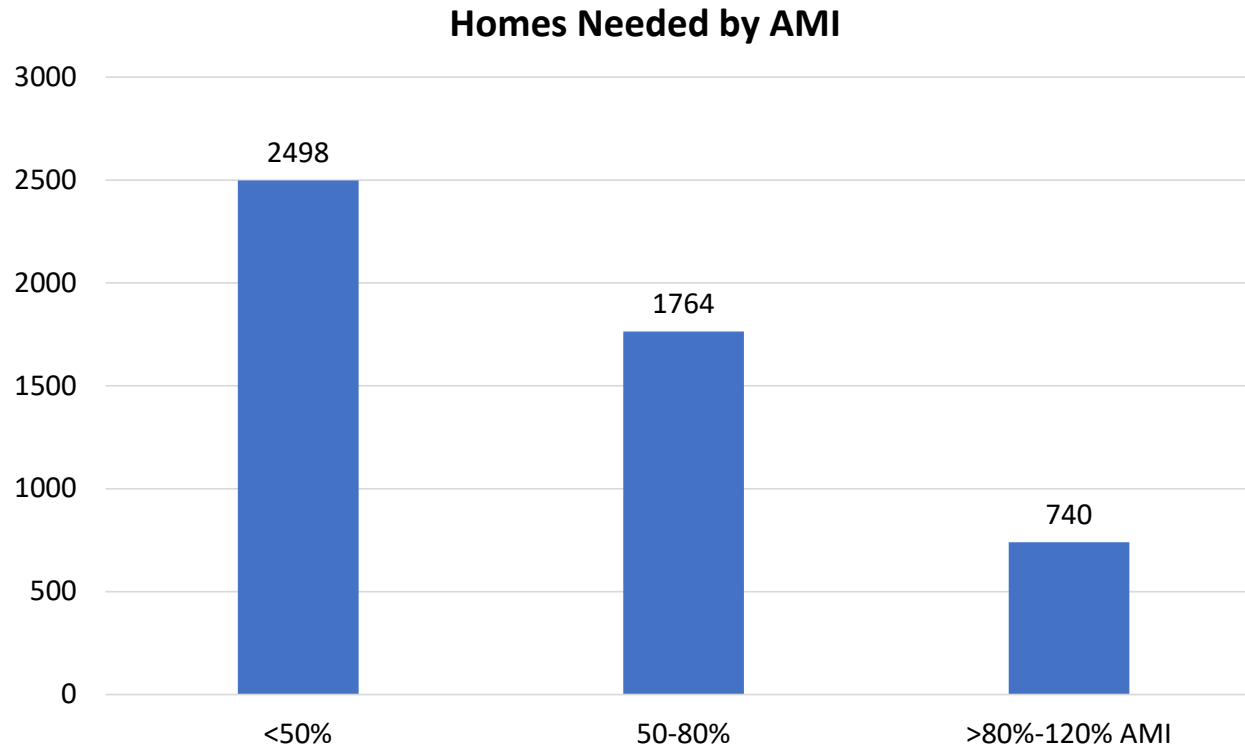
**Includes principal, interest, taxes, insurance, and HOA fees

***Assumes use of USDA 502 Direct mortgage interest credit that reduces rate to 1%, 38-year term

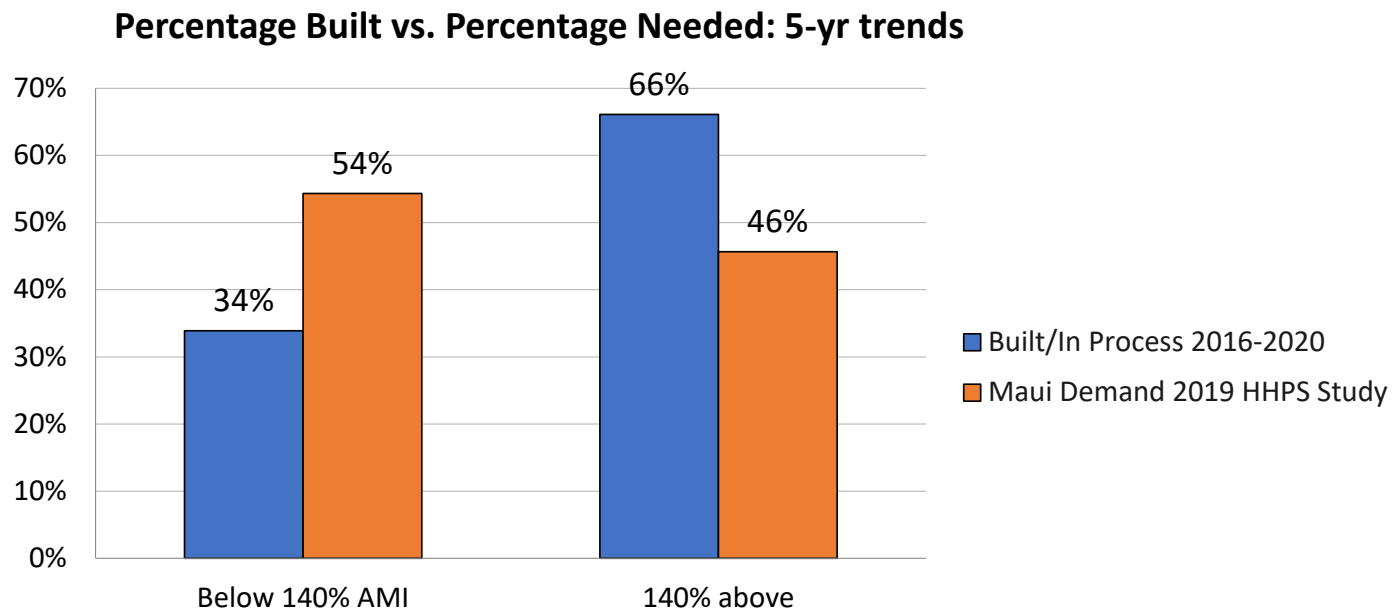
Methodology



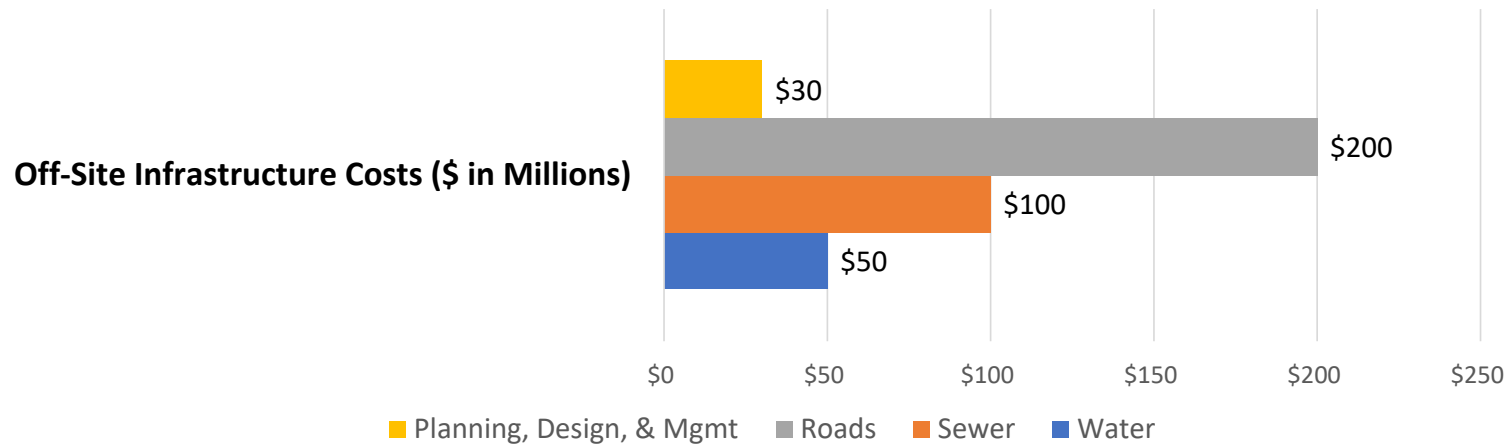
Assumption 1. The housing provided by the plan must respond to the need as identified by the most recent Hawaii Housing Planning Study.



Assumption 2. Current workforce housing ordinance requires 20% of units produced in a development to be affordable. This will not meet the 54% needed to serve lower income residents.

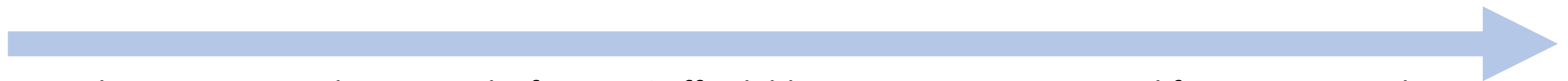


Assumption 3. The county needs to remove the barriers to affordable housing development.



Unlock an estimated 4,311 affordable opportunities for local residents in 5 years + additional homes in future

Current System:



It takes approximately 24 months for 100% affordable projects to get approval from site control.

New System:



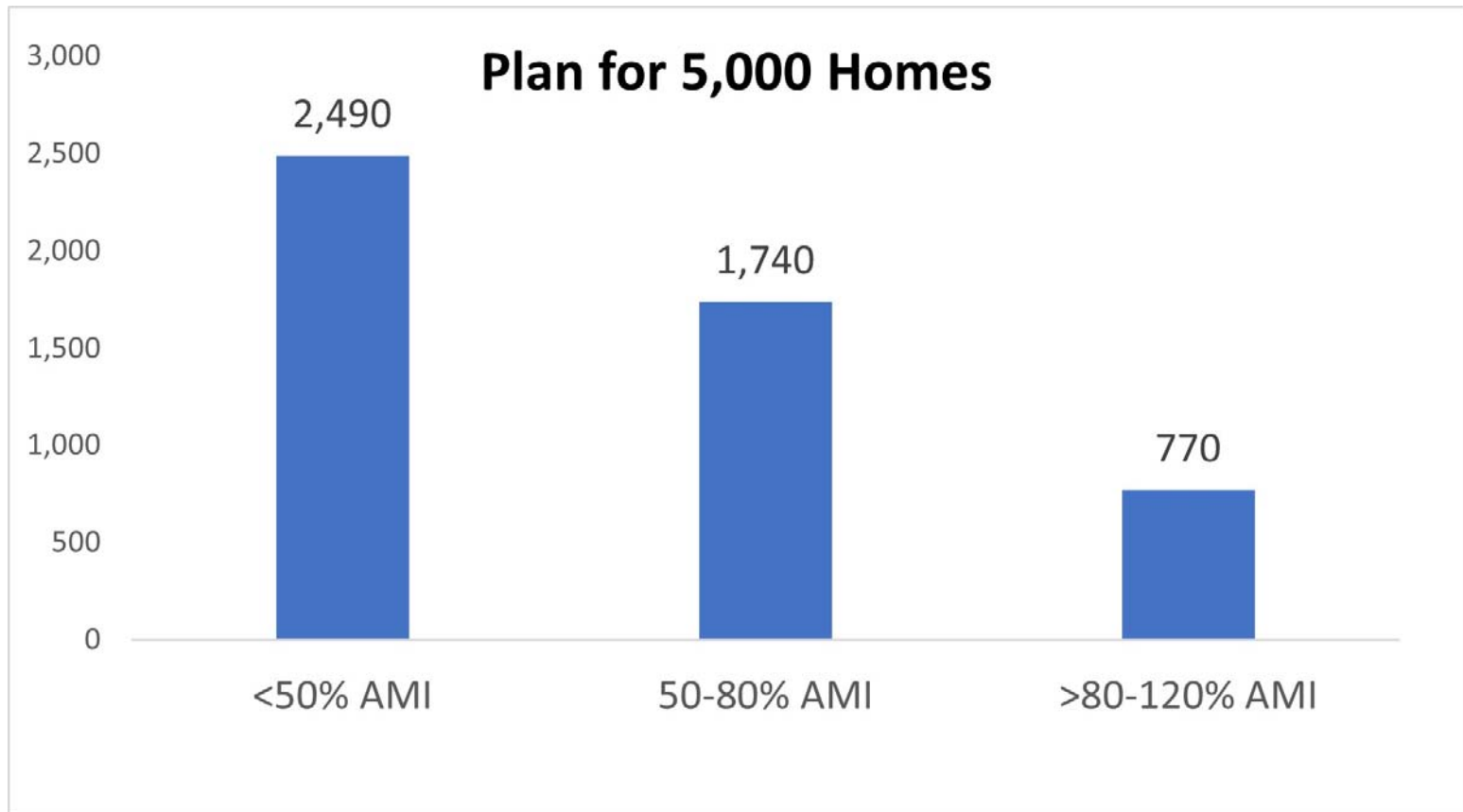
6 months to approval

Community Recommendations were gathered through 8 months of outreach and connecting with approximately 1,600 County residents.

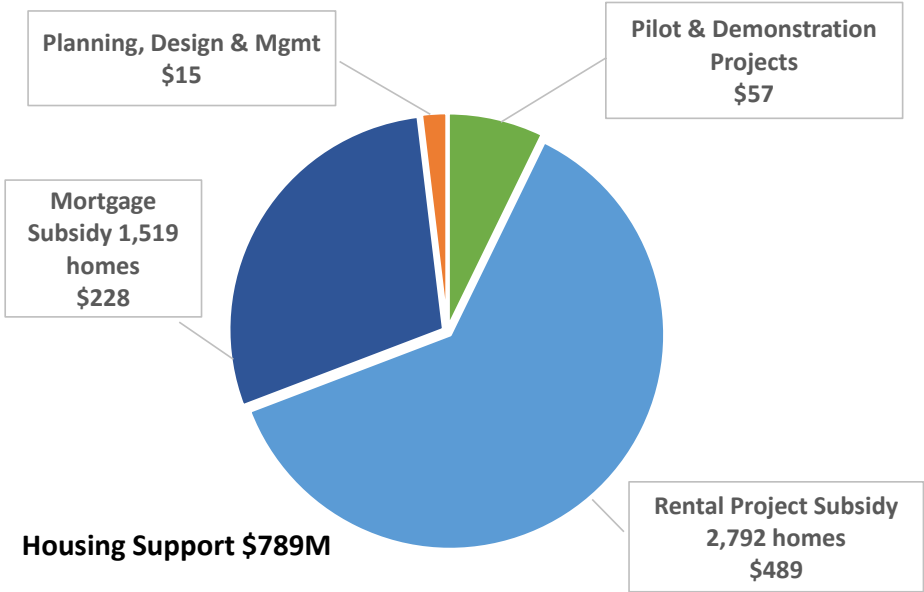
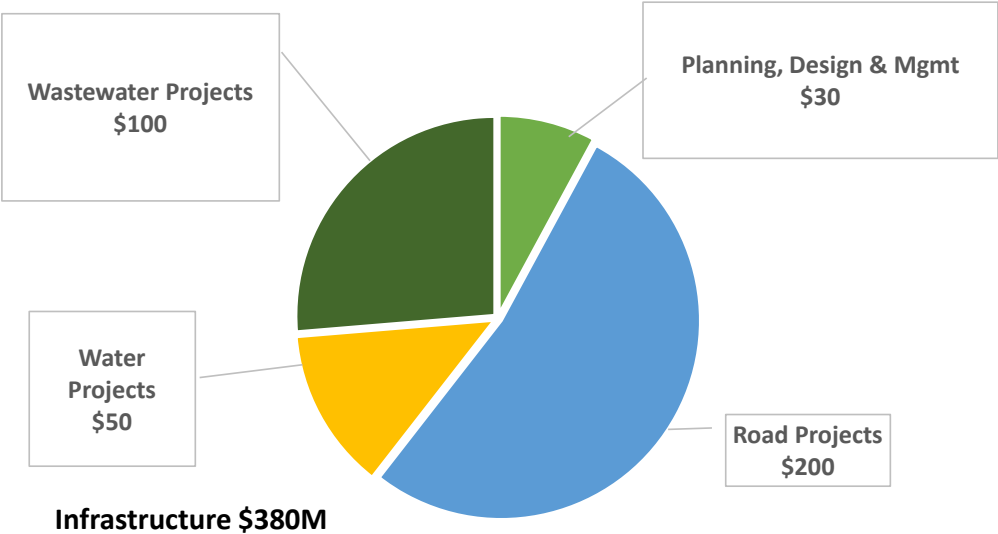
- 15 community meetings
- 66 key stakeholder interviews (includes meetings with the development community, real estate professionals, county departments, House Maui Initiative Advisory Board)
- 16 councilmember feedback sessions
- 2 county council study sessions

The community recommendations form the foundation of the plan.

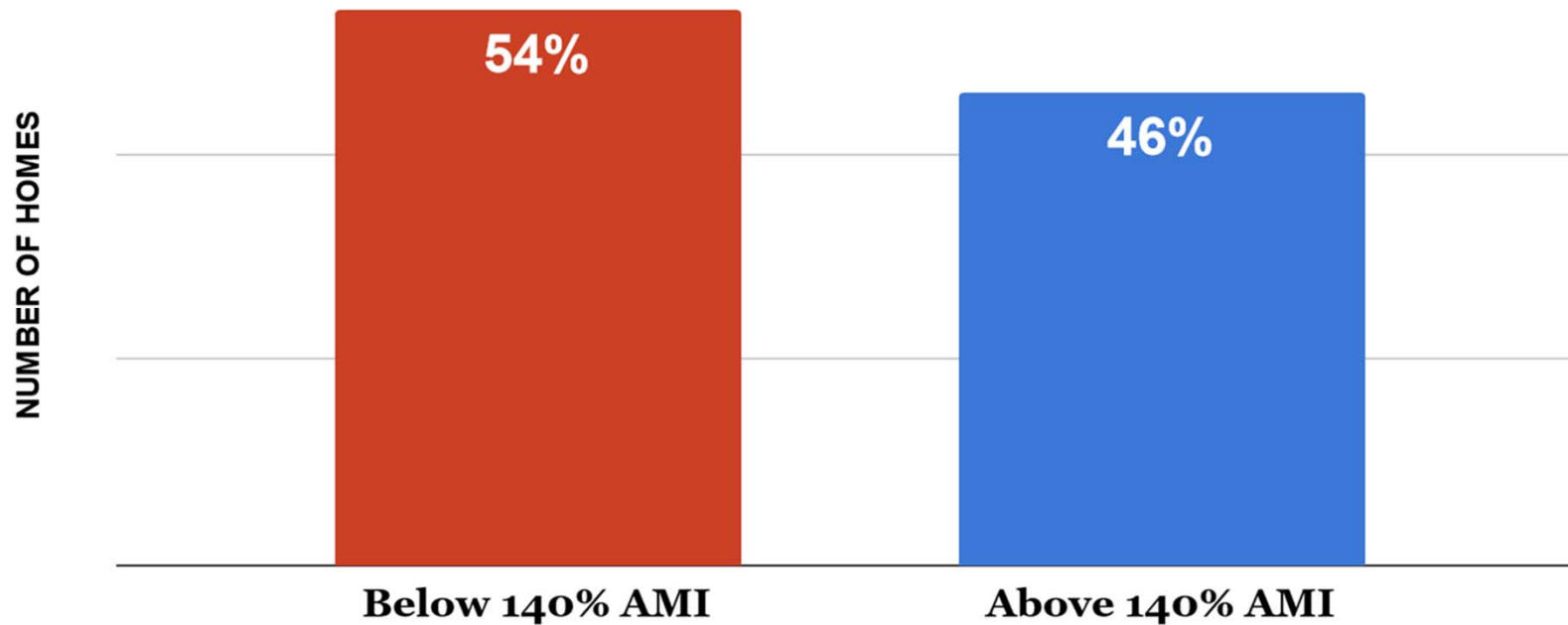
Goal 1. Build 5,000 affordable homes for local residents at or below 120% AMI



Goal 2. Provide sufficient funding to the Affordable Housing Fund to finance affordable housing and community serving infrastructure



Goal 3. Require developers to dedicate 20% of their land to affordable housing and develop dedicated land at higher densities to meet affordable housing demand (54% of total demand)



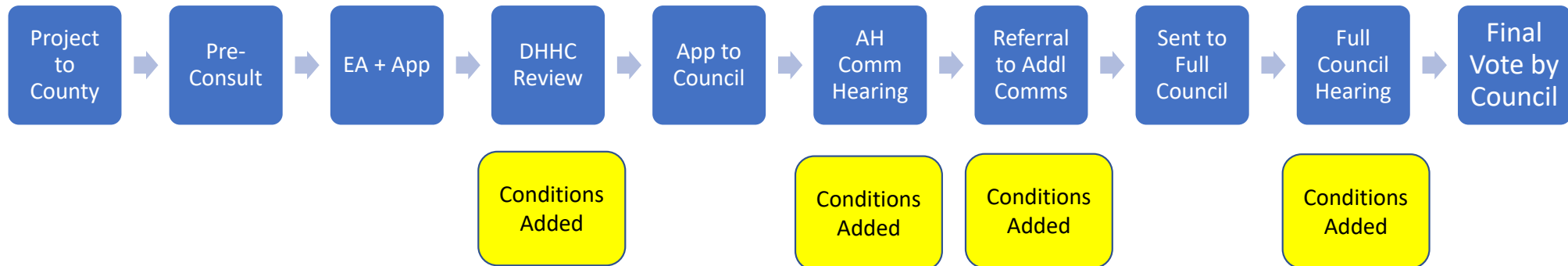
Goal 4. Use county owned land to develop affordable housing

1,300 estimated affordable homes

- Central Maui—Baseyard
- West Maui—Kihei Fire Station + Police Station
- Paia—Soccer Field
- Lanai—5th Street Property

Goal 5. Make the development process more accessible, predictable and timely

Current System takes approximately 24 months to get approval.

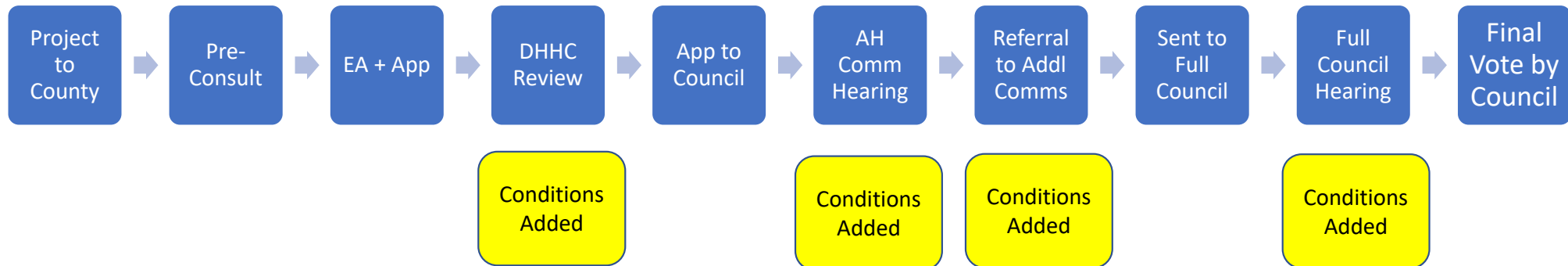


New System offers 3 other ways to reduce the timeline and make it more predictable:

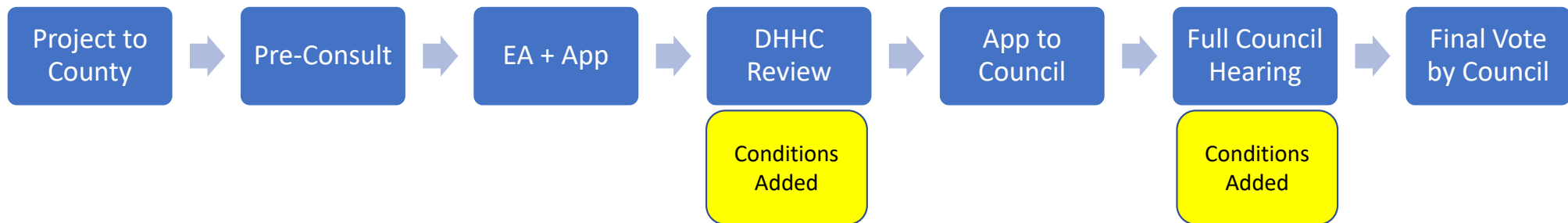
- 1) Hearing with full Council one time = 18 months**
- 2) As-of-right development with design standards and community decision making = 6 months**
- 3) One-Time-Review for pre-approved accessory, ohana, and owner-builder units = 60 days**

Goal 5. Make the development process more accessible, predictable and timely

Current System takes approximately 24 months to get approval.

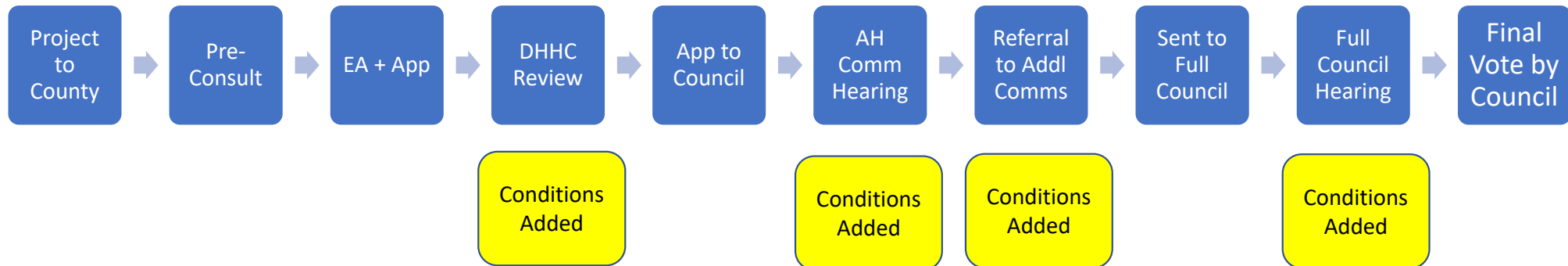


1) Hearing with full Council one time = 18 months

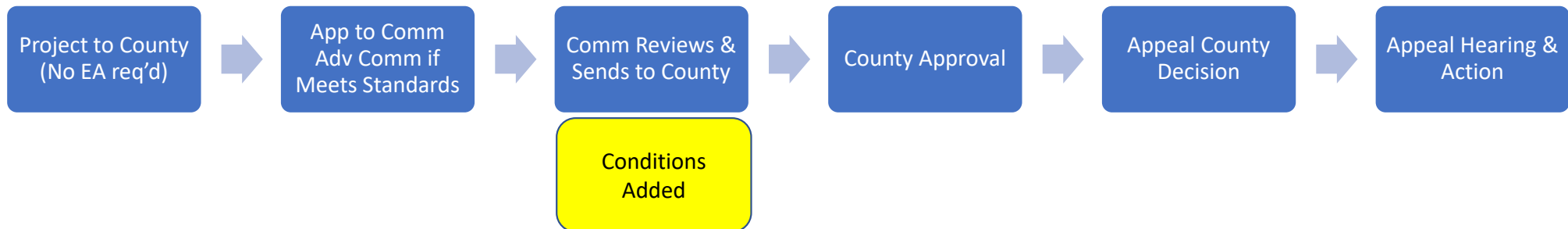


Goal 5. Make the development process more accessible, predictable and timely

Current System takes approximately 24 months to get approval.



2) As-of-right development with design standards and community decision making = 6 months



Goal 5. Make the development process more accessible, predictable and timely

3) One-Time-Review for pre-approved accessory, ohana, and owner-builder units = 60 days



Q&A

Policy Priority 1. Update county zoning code to lower housing costs and promote affordability by design

Recommended Actions

- 1. County and its contractor, Orion, should facilitate conversations with building industry professionals, nonprofits, and community members to further identify zoning reforms.**
- 2. Council should request a timeline, benchmarks, and reporting from County on completion of zoning reform by 2023.**

Recommended revisions:

- Eliminate zoning districts.
- Establish minimum densities for all for-sale developments recommended at no lower than 5 units per acre.
- Require duplexes on all corner lots, and corner lots are limited in size to a 25% increase over the average lot size or 9,000 square feet, whichever is smaller.
- The county should initiate state land use boundary changes and county zoning changes for all county and state-owned property in community plan areas deemed suitable for residential development.
- Adopt project design standards for affordable housing projects of less than 150 units in Central, South, and West Maui so projects can be approved as of right rather than requiring council approval.
- Reduce parking requirements for projects on or near public transportation stops.

This is not a complete list and the County is encouraged to gather additional recommendations from the development community.

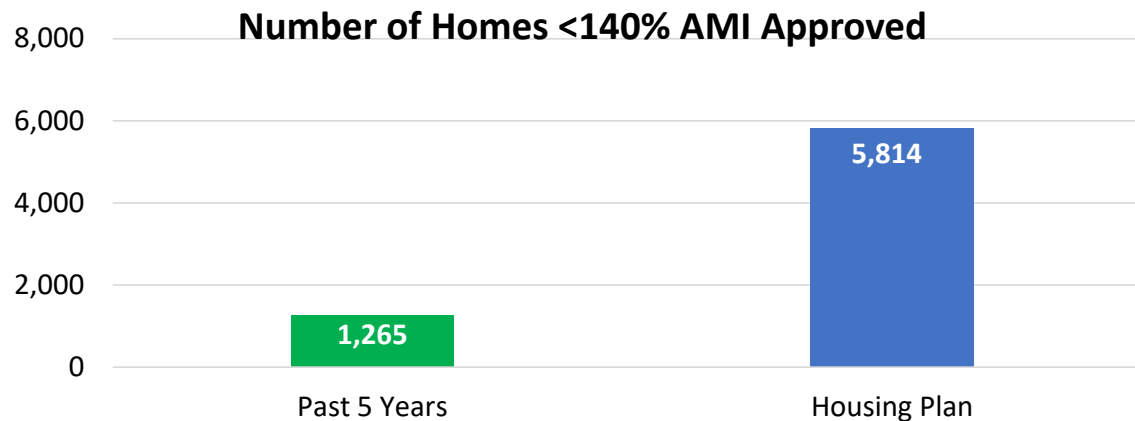
Policy Priority 2. Increase funding for the Affordable Housing Fund to...

- * Enable bond sales**
- * Expand eligible uses of funds**
- * Target real needs of local residents**
- * Establish community oversight board**

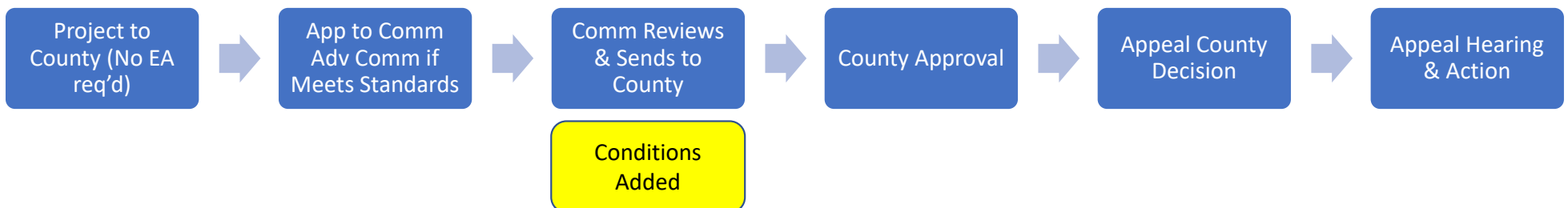
Key recommended revisions:

- Enable sale of bonds.
- Expand eligible uses:
 - Deferred Payment Mortgages for first-time homebuyers and ADUs/Ohana units
 - Rental housing gap financing
 - Existing structure acquisition and rehabilitation
 - Planning, design and construction of units
 - Housing counseling services and development of prequalified renters and homebuyers
 - Health, cultural, and environmental impact assessments on county-owned land
- Add “Qualified Resident” definition
- Allow for DHHC or a contracted third-party to administer grants and loans out of AHF
- Allow for distribution and redistribution of grant and loans funds out of AHF (i.e. deferred payment mortgages, individual development accounts, grants)
- Move county financing to subordinate position
- Reduce interest rates on AHF financing to 0-2% (rentals) and 0-3% (homeownership) and defer payment
- DHHC to establish reimbursement of AHF-funded off-site infrastructure on market rate homes
- Establish Community Oversight Board

Policy Priority 3. Streamline planning and permitting processes under 2.97 to allow as of right/administrative project approval



Reduce approval to 6 months with goal to approve 4x as many 100% affordable projects during same timeline

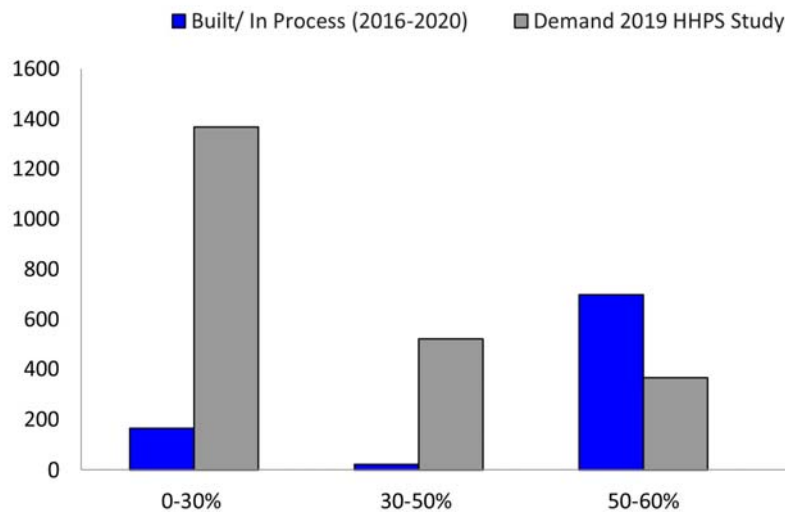


Key recommended revisions:

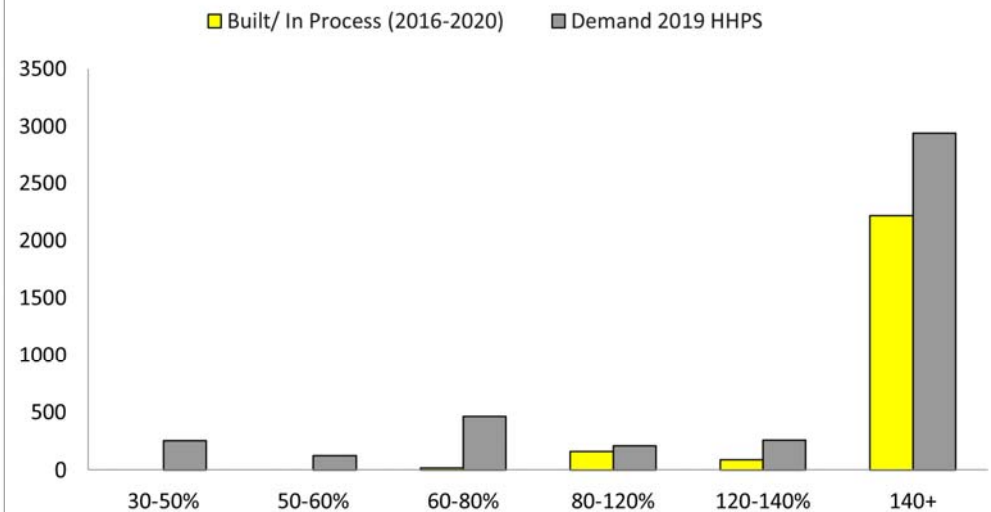
- Requirements for community meetings
- Income distribution of projects to address demand in most recent Hawaii Housing Planning Study
- Conform deed restrictions to updated 2.96 ordinance
- Adoption of design standards for 100% affordable projects
- Establish community advisory committees
- Affordable housing credits limited to developers developing multiple phases or multiple properties in one community plan area where excess affordable housing units are developed in one phase and can be used to offset the requirement in a subsequent phase or development. Existing credits may only be sold to developers in the same community plan area, in accordance with 2.96.050
- Annual report by DHHC Director

Policy Priority 4. Update workforce housing ordinance 2.96 requiring developers to dedicate land to housing for extremely-, very low-, low-, and moderate-income local residents based on real demand

Rental Supply vs Demand



Ownership Supply vs Demand

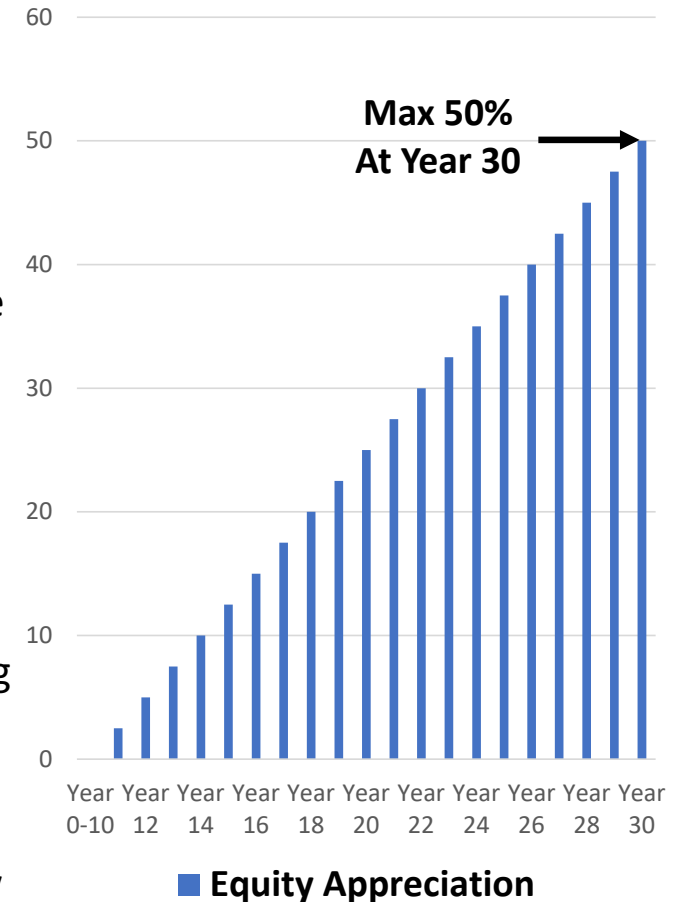


Key recommended revisions:

- ❑ **Land Dedication.** Change from requiring the construction of units to the dedication of land.
 - ❑ 20% of the land will be dedicated to affordable housing.
 - ❑ Units built by the developer will count towards land dedication.
 - ❑ County, or its designee, will select developers to complete projects on dedicated land.
 - ❑ The landowner will have the first-right-of-refusal to build the affordable housing on dedicated land, but the types of developments will be negotiated as part of the development review and approval process.
 - ❑ Projects of less than 10 acres will have alternative methods for meeting the land dedication requirements, but developers will not have the ability to split their projects into multiple parcels of less than 10 acres.
- ❑ **Subsidies.** County will provide subsidies to the buyers or rental developments so they meet the housing needs of Maui residents, as regularly updated by the county, and the developers will be required meet the rent levels or sales prices of the homes by using the subsidies offered.
- ❑ **Affordability.** All units built under 2.96 will be required to maintain the original affordability levels for at least 10 years, and longer if the county provides fee waivers and/or Affordable Housing Fund financing in the unit. (i.e. Rentals = perpetuity; For-Sale = 30 years + sale of homes to prequalified low-income buyers)

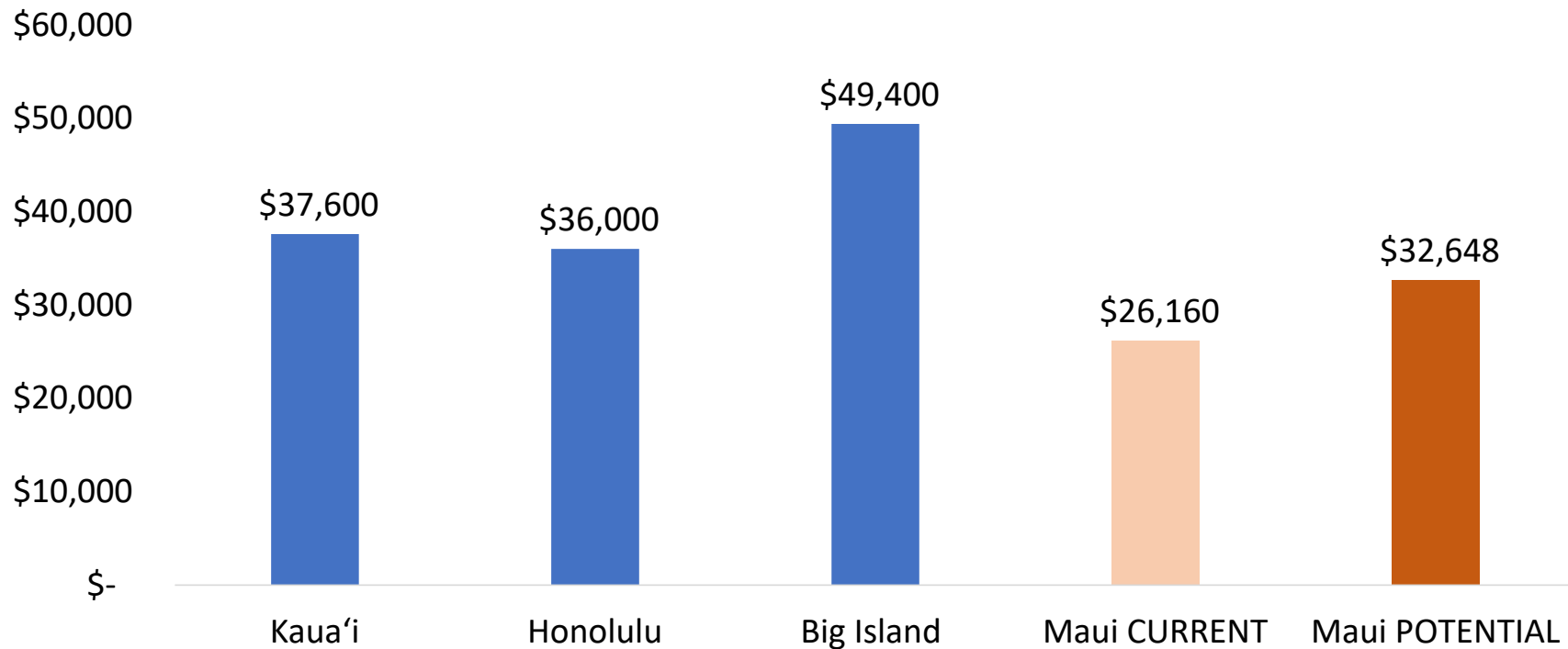
Key recommended revisions:

- ❑ **Credits.** Affordable housing credits will be limited to landowners developing multiple phases or multiple properties where excess workforce housing units are developed in one phase and can be used to offset the requirement in a subsequent phase or development. Existing credits may only be sold to developers in the same community plan area.
- ❑ **Use of Updated 2.97 Process.** All workforce housing projects developed on land transferred to the county will be 100% affordable and will participate in the 2.97 fast track process for approval.
- ❑ **Equity Appreciation.** Workforce housing owners will gain no equity appreciation for the first 10 years. Starting in year 10 and increasing until year 30 borrowers will receive 2.5% of the equity appreciation on their home for each year they live in the home past 10 years. All subsidies provided by the County will be a lien on the home and must be repaid on sale. County can keep subsidy in home for a new prequalified low-income buyer so the home stays affordable.



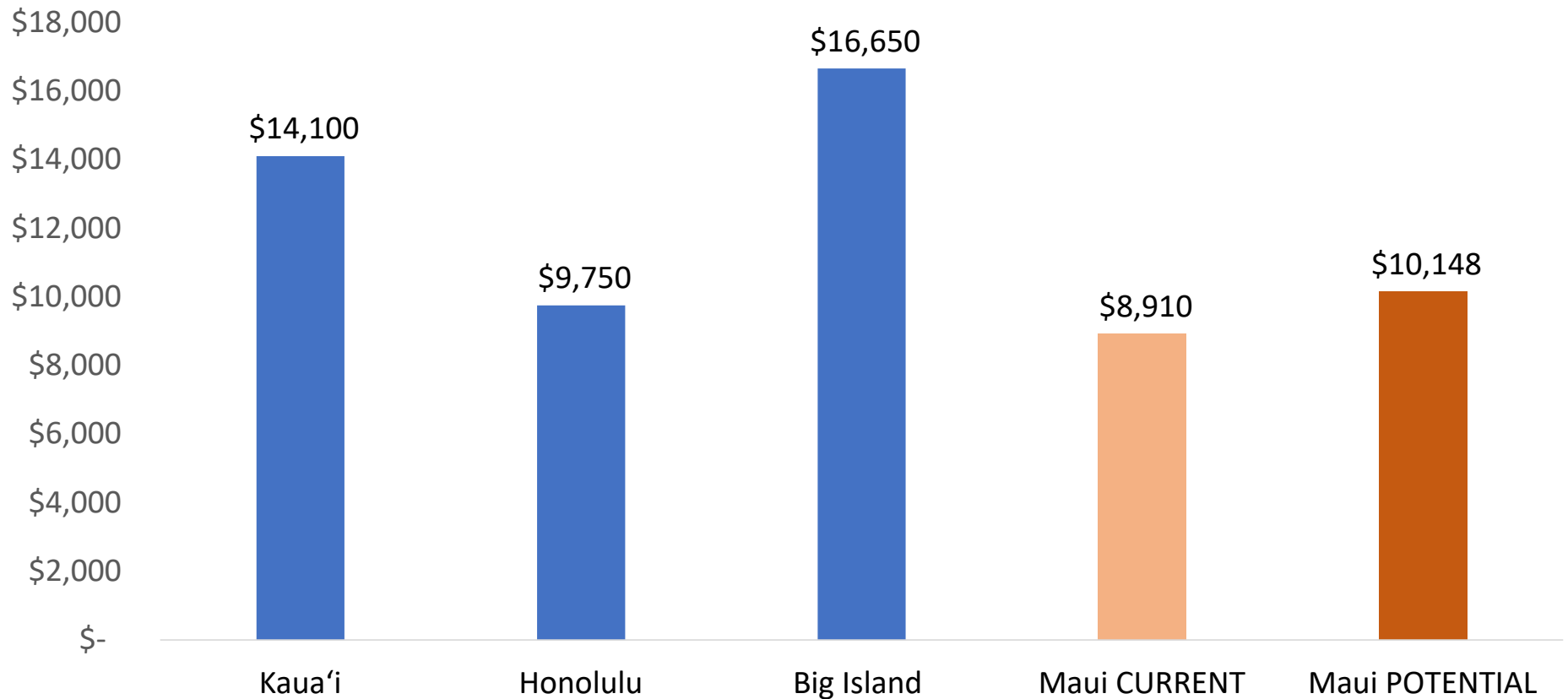
Policy Priority 5. Amend real property tax code to generate \$58.5 million into the Affordable Housing Fund annually to repay bonds sold under the plan

\$4M home



RPT Comparison with Other Counties

\$1.5M Home



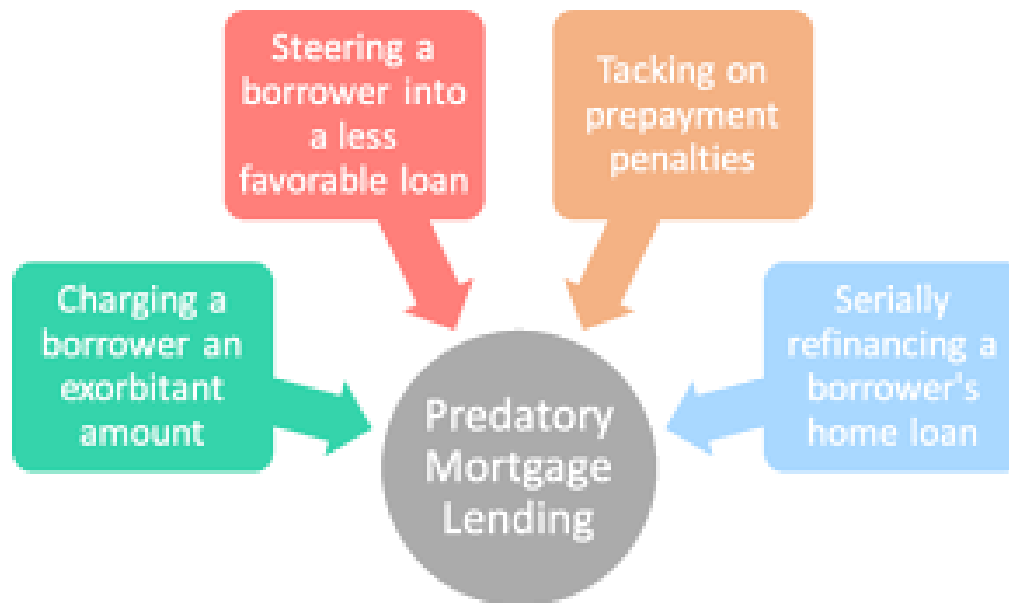
Policy Priority 6. Establish local residency requirement for affordable housing subsidies and definition of qualified resident for housing units

8 of 10

High-cost communities researched have a local preference for their affordable housing subsidies or units

“Qualified Resident” is a person who currently resides or is employed within the County of Maui, for a period of at least 2 years prior to the filing of an Application for an Affordable Housing Unit, with documentation, including but not limited to, three years of filed income tax returns, W2s, or benefits statements confirming residency or employment within the County of Maui, with at least 75% of a residents income generated within the County.

Policy Priority 7. Enforce fair housing and fair lending laws and levy fines for violations with resources to support the Affordable Housing Fund



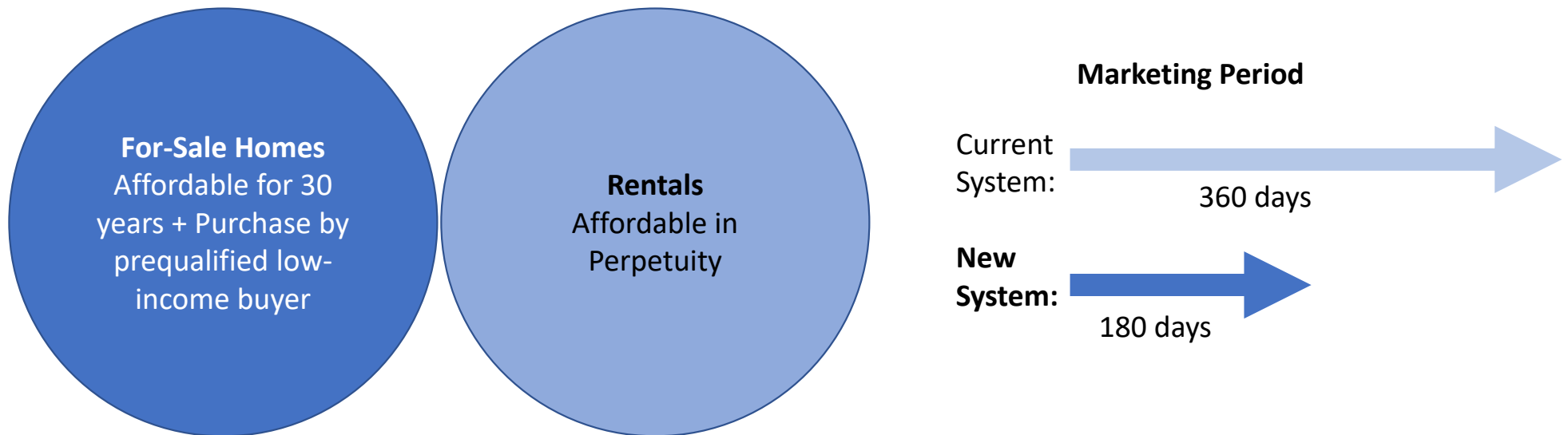
Policy Priority 8. Update county’s rent and sales price guidelines to promote equity and access to affordable mortgage financing for all its residents

Single-Family Home 80% AMI, 4-pers HH	Current System	New System
Mortgage Amount	\$376,100	\$333,946
Down Payment + CC	\$37,610	\$33,395
Monthly Payment	\$2,219*	\$1,795
Total Savings Over Life of Loan		\$156,855

Assumes 30-year mortgage, 5% down, 5% fixed APR, estimated 5% closing costs

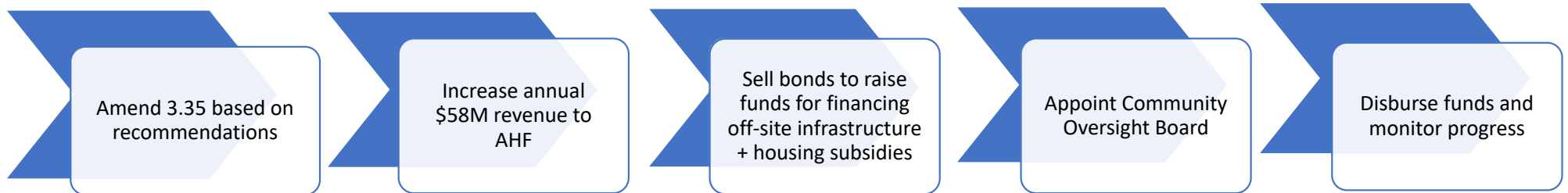
*Current guidelines do NOT include taxes, insurance, and HOA fees which are required as part of homeowners' monthly payments

Policy Priority 9. Ensure affordable homes supported with county funds are rented or bought by local households below 120% AMI in a timely manner and remain affordable long-term



Q&A

Strategy 1. Expand the Affordable Housing Fund



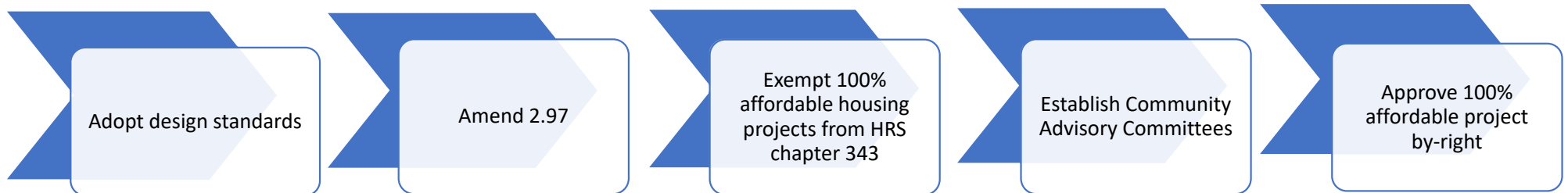
Result = \$1.169B available for investments in local communities and local renters and homebuyers

Strategy 2. Workforce Housing Agreement and Development of Dedicated Land



Result = Meet 54% of housing need among local families below 140% AMI

Strategy 3. By-Right Development of Affordable Housing Projects



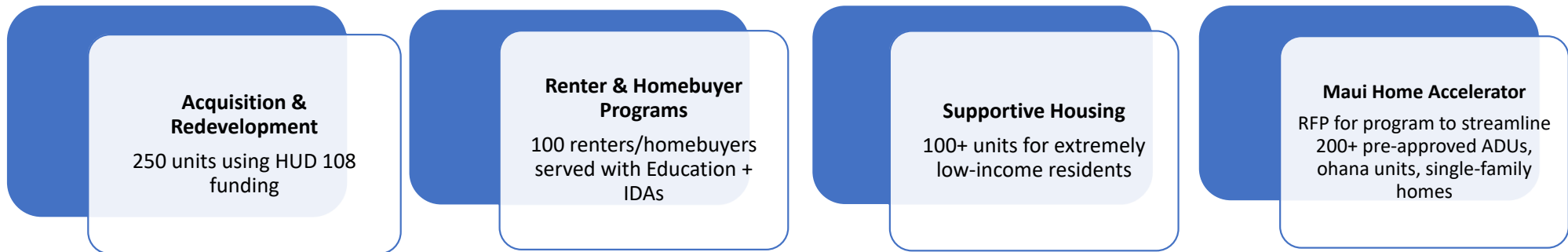
Result = Reduce the approval timeline for 100% affordable projects by 18 months

Strategy 4. Develop Affordable Housing on County-Owned Lands



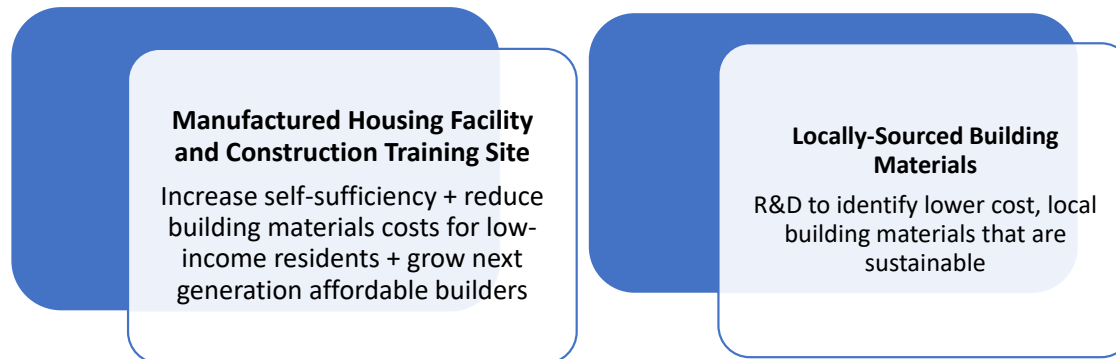
**Result = 1,300 homes affordable for local residents
below 120% AMI**

Strategy 5. Pilot and Demonstration Projects



Result = More than 600 affordable opportunities for local residents using and testing creative solutions

Strategy 5. Pilot and Demonstration Projects



Result = Decrease cost of homes, increase self-sufficiency, and build a pipeline of local residents in the construction trades

Implementation 1. Create a cabinet-level affordable housing coordinator position in the mayor's office to manage plan implementation

Administration

Affordable Housing
Coordinator

Implementation 2. Appoint members to the Affordable Housing Fund community oversight board and community advisory committees

Administration

Affordable Housing
Coordinator

Community Oversight
Board

Community Advisory
Committees

Implementation 3. Create partnerships to meet needs of extremely-, very low-, and low-income local residents below 80% AMI

Administration

Affordable Housing
Coordinator

Community Oversight
Board

Community Advisory
Committees

Housing Counseling
Agencies

Treasury Certified
CDFIs

CDCs + Affordable
Housing Developers

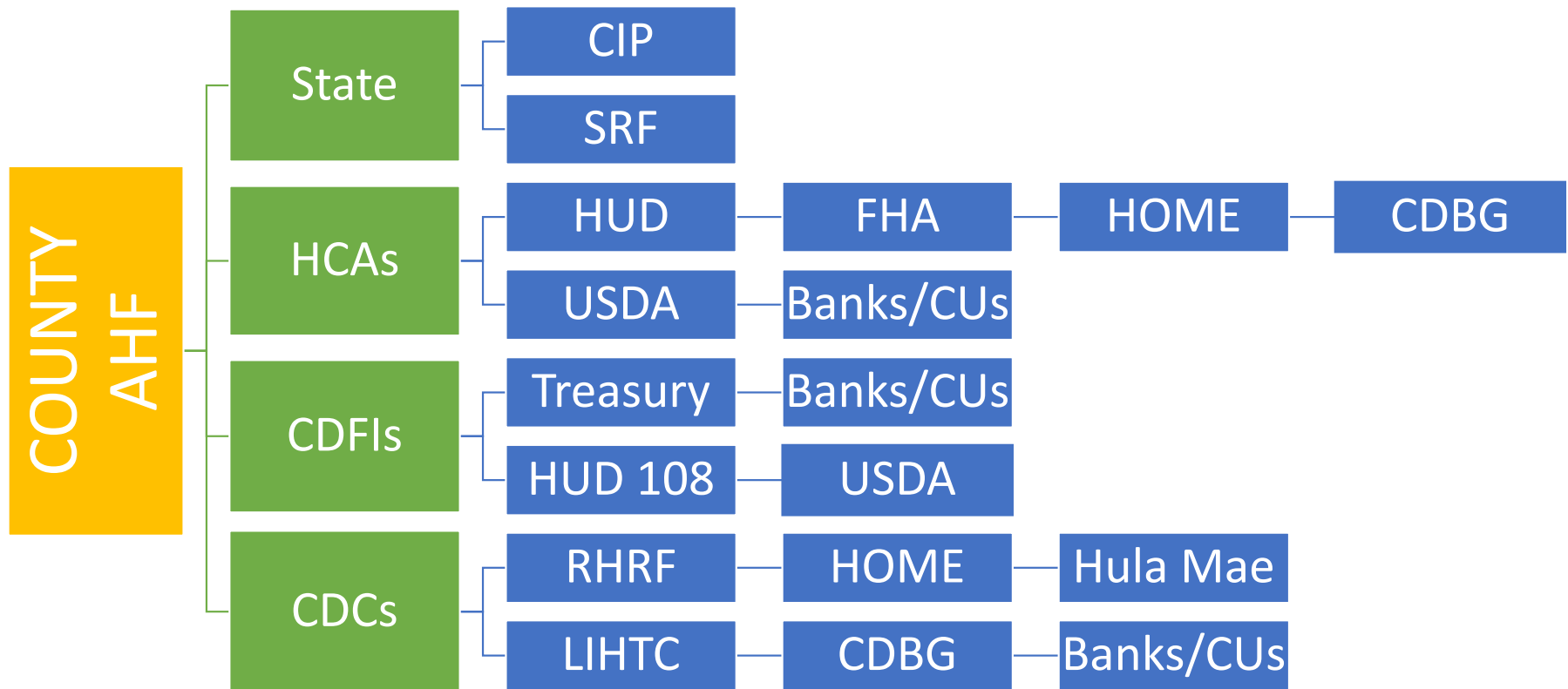
Implementation 4. Invest in capacity building for public and private sector

1. Training, capacity building and relationship building for nonprofits and individual project managers who have or who may develop housing in Maui County.
2. Conduct large scale analyses (i.e. archeological, environmental, health impact assessments).
3. Improve county communication regarding entitlement and funding approvals.
4. Advocacy and partnerships for increased funding from public and private sources.
5. Commitment to award of some project funding to nonprofits that are expanding capacity (i.e 10% of award to “growing” nonprofits for capacity building).
6. County endorsement of capital campaigns for nonprofits to build financial capacity.
7. Training and internship opportunities in the housing development and construction trades.

Implementation 5. County and Council to come to agreement on Year 1 action steps, including review and movement of priority projects Tiers 1-2 and addressing potential issues with Tier 3 and Delayed/Stalled projects

IMPORTANT: The plan is comprehensive and any changes will impact the projected number of affordable home opportunities that will be available to local residents.

Align New and Existing Resources to make investments in our greatest assets – our local communities and our local families



Q&A