

RFP for a Comprehensive Affordable Housing Plan

Michael Williams January 27, 2020

Stand Up Maui

Maui Tomorrow

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An affordable housing plan should have:

Types and numbers of housing needed

A Map

A schedule

A budget

Types and numbers of housing needed

AMI segments (0-80%, 80%-140%)

Rentals or for-sale

**Ideally in planned communities,
with walkable business centers,
parks, and tied to mass transit nodes.**

2019 Hawaii Housing Planning Study

By 2025, Maui County will need about:

- 4,300 Affordable units (0-80% AMI)
- 1,400 Workforce units (80-140% AMI)

----- With two caveats -----

- ***“The analysis for Tables 32 and 33 did not account for people who are currently doubled-up for economic reasons.” (p 44).***
- **Not clear how many housing units are estimated “in the pipeline”**

The Map(s) will show:

- TMKs the County should acquire
- Housing Project Locations
- Location of assorted related land uses, plus infrastructure to support them.

What is preventing “non-profits” from building more units?

The same thing that prevents for-profits from building more units:

- availability of properly zoned land,**
- cost of land,**
- cost of bringing the necessary infrastructure to the site.**

County will acquire land for lease to developers.

(The County would continue to own the land.)

For both rental housing

and for-sale housing,

With shared appreciation and deed restrictions in perpetuity, using the County's Chapter 2.97 Fast Track Program for 100% affordable homes.

Criteria for site selection:

- Use land designated for residential housing in the applicable community plan.
- *Other lands should be investigated / prioritized for development. -- Most Community Plans are old.*
 - Remove* designated residential land that is not suitable for affordable housing.
 - Add* agricultural land suitable for affordable housing; then update community plans.

Prioritize housing project locations

On land that is marginal for agriculture.

Not so rocky or steep as to increase construction costs

Outside of Special Management Areas (SMA)

Plan will consider future climate change impacts

- Sea-level changes**
- Flooding and storm-water runoff**
- Fires due to droughts and increased fuel loads**

Need for safe locations—out of tsunami zone

Minimize future relocation of infrastructure

For each proposed housing project provide:

- ***Required zoning changes, special permits, and other entitlements.***
- ***Strategies for fast approvals.***

Schedule will show dates for

- Land acquisition
- Infrastructure build out
- RFPs to developers for prospective projects
- Construction start, completion dates—each project
- Master list of qualified tenants and home-buyers
- Housing Project Prioritization for the greatest need:
 - lower end of the income spectrum: 0-80% AMI

What kind of master list of qualified applicants?

- Prioritize new housing for current or recent residents**
- One county-wide master list, not separate for each project**
- Help applicants qualify**
- Maintain and update applicant information to keep list current**

Budget will show amount of County funds needed annually

- Land acquisition
- Potential additional County **developer subsidies** to make a specific project feasible
- Revenue available each year from **Real Property Tax increases**

Non-County money (Developers or Housing Authority to muster):

- **State special funds**
- **Federal sources such as HOME, HUD, CDBGs, USDA**
- **Social Impact investments and grants**

**Evaluate federal Opportunity Zone
tax subsidies
to help build affordable housing**

Opportunity Zone Districts

**Wailuku, Hāli'imaile, portion of Makawao,
Kaunakakai on Moloka'i,**

Comprehensive Plan Components (Part 1)

- Feasibility of a County Housing Authority, rather than using private developers
- Hold community outreach public meetings in summer or fall 2020
- Increase County aid directly to renters and buyers
 - Expansion of the First-Time Home-buyers program
 - Programs to ease security deposit burden on low-income renters

Comprehensive Plan Components (Part 2)

- Evaluate proposed changes to County's inclusionary zoning, Chap 2.96**

- Evaluate possible improvements to County's
Fast Track 100% affordable program, Chapter 2.97**

Farm Workforce Housing

On-farm Worker Housing:

- To house farmworkers on active farms
 - Create zoning category for non-permanent, modular homes
 - Amend County Code to allow placement on ag-zoned land

Off-farm Worker Housing:

- Design low cost units for rent/sell to farmworkers
 - Identify private land for County acquisition
 - Infrastructure build out schedule and budget
 - Provide strategies to reserve for farmworker families

County should partner with DHHL + Hawaiian Homes Commission for infrastructure near and on HHLs

Use County funds for:

---Roads and streets

---Water meters and pipes to connect them

---Wastewater treatment—sewers or modern septic tanks

Moving Hawaiian families into homestead houses frees up homes for other low income residents—benefits for all

Cost savings in providing homes

- Evaluate alternative designs and material
- Consider multi-family units: duplexes, 4-plexes, or larger; 4 - 8 stories high
- Experimental or non-conventional designs and materials
tiny homes, modular or factory built homes,
bamboo homes, hempcrete homes, mobile homes, etc.
- Utilize low-cost design features: carports, no recessed lighting, ceramic tile instead of stone countertops, etc.

Real Property Tax Reform

- **Create real property tax incentives for long-term rentals**
- **Raise extra revenue to finance bonds for Land Acquisition Infrastructure buildout**

Divide new class of Non-Owner Occupied into 2 new classes

Long-Term Rental for parcels with at least one dwelling occupied by local tenant, but with no dwelling occupied by the parcel owner;

Non-resident-occupied class: A new class of parcels with dwellings in which no resident lives: the “vacant” or “investment” or “second” homes

Thereafter, six classes of parcels with dwellings:

Owner-Occupied

Long-Term Rental

Non-condo Long -Term Rental Apartments

Short-Term Rental

Commercialized residential (B&Bs)

Not Occupied by a Resident

Maui's housing market is different

Almost half of all home sales to out-of-state buyers, and at the high end, a much higher share

- The major driver of Maui's unaffordable home prices
- Many Maui homes are owned by Honolulu residents who also bid up housing prices

Maui County property tax rates:

- lowest in the country
- very low compared to other tropical resort locales

How much new RPT revenue is achievable?

For example, suppose there are 5,000 such “vacant” home parcels on Maui with an average value of \$1 million. Those parcels are now in the “Residential” class, with a tax rate of \$5.60/\$1,000, which is only 0.56%. If that rate were raised to 2%, the property tax rate would rise from \$5.60 to \$20.00/\$1,000. On a second, “investment home” worth \$1 million, it would increase the annual tax bill from \$5,600 to \$20,000. *Producing an extra \$14,400 RPT revenue from each “vacant” parcel, or $5,000 \times \$14,400 \rightarrow$ \$72 million / per year!*

Benefits of extra RPT revenue from vacant, 2nd investment homes

A portion of the tax increase could fund Comprehensive Affordable Housing Plan implementation (by allowing hundreds of millions in bond sales).

Just an extra \$40 million RPT revenue a year, devoted to principal and interest on a 30-year bond sale, could provide over \$800 million for affordable housing.

The remainder allows the County to cut fees on rubbish collection, vehicle taxes, etc., benefitting every local resident directly.

Use FY 2021 Affordable Housing Fund to pay for Plan

Maui County Charter:

Section 9-20 Affordable Housing Fund

“The revenues . . . in this fund shall be utilized for the . . . expansion of affordable housing . . . including . . . planning . . .”

Use FY 2021 Affordable Housing Fund to pay for Plan

Maui County Code:

Section 3.35.040 - Use of fund.

The council may make appropriations from the affordable housing fund for the following:

C. For planning . . . of affordable . . . housing . . . ;
(Ord. 3481 § 3 (part), 2007)

If necessary, the Council can amend the Code.

Major Community Contributors:

Stan Franco, Kehau Filimoe'atu, Kevin Carney,
Luicenne de Naie, Simon Russell, Autumn Ness,
Denise Boswell, Tom Cook, Jim Hammett, Bill Greenleaf,
Lawrence Carnicelli, Scott Shapiro, Delene Osorio,
Ray Phillips, Vince Bagoyo, Dick Mayer

Major Maui County Contributors:

Linda Munsell, Buddy Almeida, Marcy Martin,
Saumalu Mataafa, Stacy Crivelo, Michele Mclean

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