

## AH Committee

---

**From:** Gary Furuta <gary@gsfhi.com>  
**Sent:** Sunday, December 12, 2021 7:52 PM  
**To:** AH Committee  
**Cc:** Jeff Furuta; Andrew Furuta; Grant YM Chun; Michael Magaoay (mymagaoay@gmail.com); Rob Van Tassell; Thelma Akita-Kealoha (thelma.kealoha@catholiccharitieshawaii.org); Linda Munsell  
**Subject:** Affordable Housing Committee Agenda Item AH-14(5)

You don't often get email from gary@gsfhi.com. [Learn why this is important](#)

Chairman Gabe Johnson and members of the Affordable Housing Committee:

Catholic Charities Housing Development Corporation, a wholly owned subsidiary of Catholic Charities Hawaii, and GSF LLC, respectfully provide input on the proposed MCC Section 2.96.040 amendments, specifically on areas related to 100% affordable rental units...

- a. Effective date of amended changes.
- b. Requiring the distribution of affordable rental units by number of units and income categories as defined by the Maui County Code, to include, "below-moderate" and "moderate", i.e., 80% - 120% AMI, households.
  - i) LIHTC cannot directly finance any unit above 60% AMI. Costs related to non-LIHTC units cannot be included in eligible basis.
  - ii) A Project requesting RHRF monies is given preference if has an LIHTC award in place.

Effective Date. We are unclear what projects the amended Ordinance will impact, e.g., approved and/or in process for EA, SMA, 2.97, new applications, etc.

LIHTC/RHRF. Our development team has developed over 20  $\leq 60\%$  AMI affordable rental housing projects on Oahu, Big Island and Maui. Federal and state LIHTC and RHRF awards by far provide the largest sources of funds (80% - 90%) in the financing stack needed to develop low-income rental housing projects. HHFDC administers the LIHTC and RHRF financing awards for the state. If this legislation passes as currently drafted, based on limited government financing and HHFDC's competitive scoring criteria for awarding LIHTC/RHRF, Maui projects may have difficulty competing for the critically needed LIHTC (state and federal) and RHRF funds. This could drastically reduce Maui County's ability to develop 30%, 50% and  $\leq 60\%$  AMI rental units, which still is a direly needed sector of the Maui affordable housing market as validated by both Hawaiian Community Assets and our Maui market reports. Scoring is extremely competitive statewide with LIHTC and RHRF requests oversubscribed every year and aggressively sought after by all counties.

The demand for  $\leq 60\%$  AMI household units may indeed even be stronger than imagined. We recently completed Kahului Lani I with 83 units ( $\leq 60$  AMI) which rented up in record time. Our recently completed Kahului Lani II with 82 units (also  $\leq 60\%$  AMI) already has over 300 completed applications and an additional 400+ names on the wait list. Maui Property Manager Hale Mahaolu (Grant Chun) has a backlog for several hundred units Maui-wide, especially for one-bedroom units. Adding to the need for rentals in this segment are the unmet  $\leq 60\%$  AMI ownership household demand that must live in rentals. Home ownership at the low-income household level cannot be addressed and underwritten without very deep already limited government assistance. Maui County should promote the award of government LIHTC and RHRF monies for Maui low-income rental projects and be as competitive as possible.

Recommendation. To add clarity and eliminate the possibility of Maui projects being at a disadvantage of receiving LIHTC and RHRF awards, ***we respectfully request exemptions within Section 2.C.4, of the amendment, for the following:***

- ***Projects that have already applied, are in process or have been processed, for 2.97, SMA, EA, etc., and***
- ***100% low-income rental projects using LIHTC and RHRF financing for projects targeting households at ≤60% AMI.***

We understand that the goal of the proposed legislation is to make more units available to those residents in the various income categories. We are concerned that there may be inadvertent consequences which would put Maui low-income rental projects, which are in great demand, in jeopardy of not receiving important and necessary LIHTC and RHRF financing. We would appreciate your consideration on the above requested items and be glad to meet with you and the Affordable Housing Committee regarding this matter as well as LIHTC and RHRF development financing and the state's point scoring scenario for 9% and 4% tax credit projects. Thank you for your, and the Affordable Housing Committee's continued support and commitment to providing affordable housing on Maui.

Thank you,  
Gary S. Furuta, Project Manager  
GSF LLC