Affordable Housing Committee (2021) on 2021-12-13 1:30 PM

Meeting Time: 12-13-21 13:30

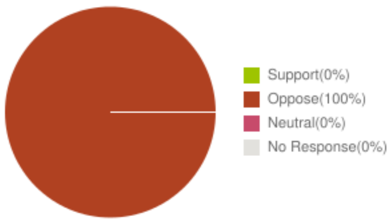
eComments Report

Meetings	Meeting Time	Agenda Items	Comments	Support	Oppose	Neutral
Affordable Housing Committee (2021) on 2021-12-13 1:30 PM	12-13-21 13:30	3	3	0	3	0

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 2021-12-13 1:30 PM

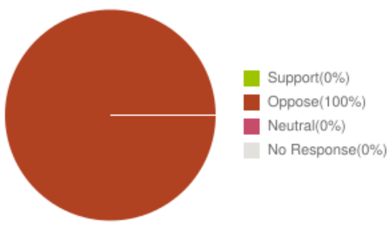
12-13-21 13:30

Agenda Name	Comments	Support	Oppose	Neutral
AH-14(5) Direct Referral COMPREHENSIVE AFFORDABLE HOUSING PLAN: INCOME GROUP DISTRIBUTION FOR RESIDENTIAL WORKFORCE HOUSING UNITS (AH-14(5))	3	0	3	0

Sentiments for All Agenda Items

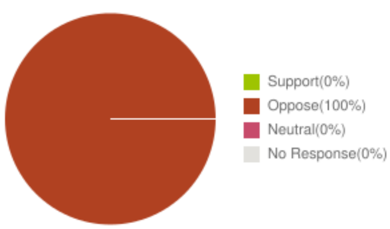
The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



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

Overall Sentiment



Guest User

Location:

Submitted At: 1:09pm 12-13-21

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 December 13, 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,
Mohannad H. Mohanna
President
Highridge Costa Development Company

Guest User
Location:
Submitted At: 8:06pm 12-12-21

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 <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 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 <60% AMI household units may indeed even be stronger than imagined. We recently completed Kahului Lani I with 83 units (<60 AMI) which rented up in record time. Our recently completed Kahului Lani II with 82 units (also <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 < 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

Kali Watson
Location:
Submitted At: 6:23pm 12-09-21

TESTIMONY IN OPPOSITION
Dear Chair Johnson, Vice-Chair Molina and Members of the Affordable Housing Committee:
Thank you for the opportunity to provide testimony in opposition to amending or setting new percentage of income group distribution. For projects that involve 100 percent residential workforce housing units, setting the percentage of rental units within income groups to 65% for "very low income" (50% AMI and below), 30% for "low income" (between 50% & 80% AMI) and 5% for "below-moderate income and "moderate income" residents (between 80% to 120% AMI) would be disastrous. The cash flow from these rentals would not be sufficient to support debt service, operational costs and the set asides for the required reserved funds for future anticipated repairs and renovations. It just does not pencil out and therefore wouldn't get funded by HHFDC. It's way too heavily weighted to very low-income tenants. A more balanced distribution might work, but would still be heavily depended on government grants and low interest loans with extended amortization periods, which are very competitive to begin with. Other funding such as low-income housing tax credits, Hula Mae Loans and Rental Housing Revolving Funds from HHFDC are also limited and are a part of the formula or proforma that make projects sustainable. With limited subsidies, the debt becomes larger and more dependent on sufficient rents. Inadequate rents, as would be generated by the proposed distributions, causes projects to be abandoned and never built.
We have developed quite a few affordable housing projects and are very sensitive to how major an impact rental

income can have on the long-term viability of these type of projects. We respectfully suggest that these percentages be revised and more evenly set.

Pupukahi I Holomua,

Kali Watson
President/CEO
Hawaiian Community Development Board