

AH Committee

From: Jeff Gilbreath <jeff@hawaiiancommunity.net>
Sent: Sunday, January 2, 2022 7:14 PM
To: AH Committee
Subject: AH Committee Presentation: Jan 3
Attachments: AH Committee Presentation - Jan 3.pdf

Importance: High

Aloha Affordable Housing Committee,

Please find our slides attached for my presentation on behalf of Hawaiian Community Assets regarding priority housing projects.

Mahalo,

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

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Hawaii Community Lending is a 501c3 nonprofit Native community development financial institution that increases access to credit and capital for the economic self-sufficiency of underserved Hawaii residents with a particular focus on Native Hawaiians.

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Priority Affordable Housing Projects

Presented by



Overview

- Priority Projects List
- Primary Barriers
- Recommendations
- Summary

Priority Project List

The Maui County Comprehensive Affordable Housing Plan will target its investments based on a list of priority projects that are most likely to begin construction in the next five years and to achieve the proposed plan goals and targets.

Background

- A list of 36 priority projects was developed by first taking inventory of county-owned lands and all existing lists
- Lists provided by the Department of Housing and Human Concerns, Department of Planning, Hawaii Housing Finance and Development Corporation, Department of Hawaiian Home Lands, Department of Education, County's 2018 Affordable Housing Implementation Plan
- New and potential project sites were identified in partnership with public and private sector stakeholders
- 4,311 total new affordable housing opportunities estimated from priority projects

Tier Definitions

- Tiered ranking system developed by PBR Hawaii and Associates
- Ranking system prioritized projects from 1 to 3
- Tier 1 and 2 projects have potential to start construction in the next five years
- Tier 3 projects are unlikely to start construction in the next five years but should be reviewed and considered as potential sites of affordable housing after the initial 5-year period

Tier	Definition	Criteria
1	Implementation phase. Strong potential to contribute to Affordable Housing inventory in next 5 years.	A. 2.97 projects (either proposed or approved) and other projects that offer 100% affordable housing at/below 140% AMI B. Approved 201H projects C. Approved market rate developments with no obvious barriers (will incur affordable housing requirements under Ch. 2.96) D. Proposed projects (affordable or market) with available infrastructure (i.e., zero cost or minimal upgrades, and/or readily available funding for improvements)
2	Concept/development phase, and/or requires barrier removal. Potential to contribute to Affordable Housing inventory in next 5 years.	A. County owned lands with no project proposed B. DHHL residential homesteads or agricultural lots where a home is allowed C. Potential 2.97 projects (anticipated 100% affordable housing, not formally proposed) D. Proposed 201H projects not in Tier 1 E. Proposed market rate developments without significant barriers
3	Further research needed. Unlikely to contribute to Affordable Housing inventory in next 5 years.	A. Non-County owned lands with no project proposed B. Approved market rate developments with significant development barriers of any kind C. Proposed market rate developments with significant barriers, including Stalled Projects

Priority Projects

- Find Tier 1 and 2 priority projects list in Maui County Comprehensive Affordable Housing Plan
- All projects listed in Appendices of plan
- Updates requested by HCA Team and provided based on builder feedback as of December 2021
- **Affordable Housing Coordinator should be appointed to maintain one priority projects list and develop builder partnerships**

Project-Builder	Location	Est # Affordable Homes	Notes
Pulelehua-Maui Ocean View LP	West Maui	500 rentals + for-sale	2022, Q2-Construction Start
Kahului Civic Mixed Used Complex-HHFDC	Central Maui	150 rentals	2022, Q1-Draft EA 2022, Q3-RFP 2024, Q3-Construction Start
Hale Kaiola-Alaula Builders	South Maui	40 for-sale	2021, Q4-Building Permits 2022, Q2-Lottery 2022, Q3-Occupancy
Kuikahi-Alaula Builders	Central Maui	200 for-sale	2022, Q1-Draft EA, 2.97 App Submitted
Hana Affordable Housing Project-Habitat for Humanity	Hana	25 for-sale	2021, Q4-Plans Under County Review, 201H Entitlements Revoked
Liloa Hale-Highridge Costa	Central Maui	149 rentals	2021, Q4-Fully Entitled 2022-Apply for LIHTC Funds
Waikapu East Subdivision #3-Waikapu Development Ventures LLC	Central Maui	80 for-sale	2021, Q4-Pending Subdivision Approval
Hale O Piikea-ʻIkenākea Development LLC	South Maui	224 rentals + for-sale	2022, Q3-Subdivision Approval, Permits 2022, Q4-Construction Start

Primary Barriers

Primary Barriers

- 1. High-Cost Community Serving Infrastructure**
2. Housing Subsidies to Target Affordability
- 3. Long, Drawn-Out Development Process**

Under the current affordable housing system, builders are required to expand and upgrade the community serving infrastructure before they can build even one affordable home.

Most of these projects are prohibitively expensive especially when there is no assurance if or when the expenditures will be reimbursed.

All too often these infrastructure improvements completely stall projects.

Under the current affordable housing system, it takes even 100% affordable housing projects an estimated 24 months to get approved.

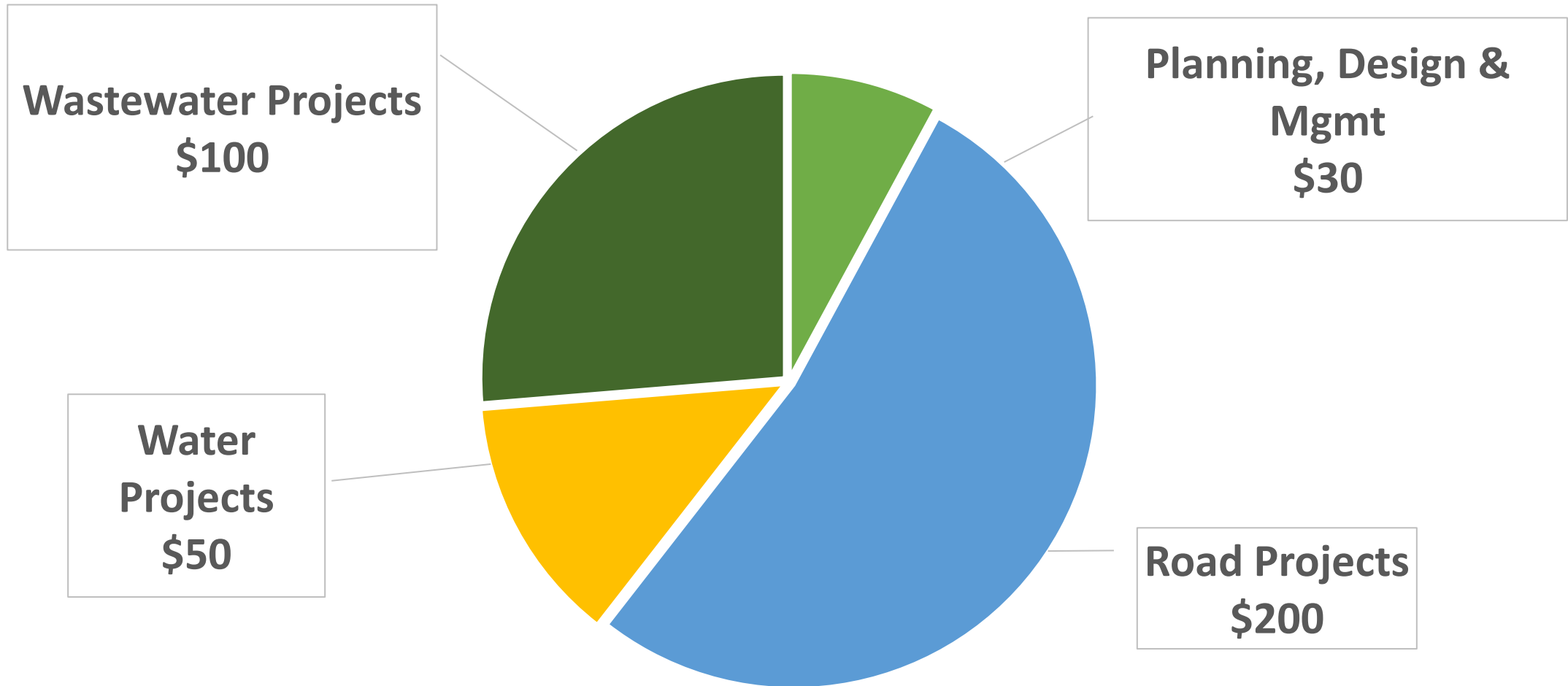
Additional requirements are added at multiple stages by the County and the Council.

Community members need to be engaged throughout the process to mediate concerns and lift up priorities.

The new affordable housing system will position the County to be proactive on developing affordable communities in a streamlined way and will provide sufficient funding to the Affordable Housing Fund to finance the development of community serving infrastructure.

County should target \$380 million in community serving infrastructure investments for key projects that have delayed affordable housing development particularly in Central, South, and West Maui

Community Serving Infrastructure - \$380M



Regional Infrastructure Needs – Overall

- Regional infrastructure assessments for Comprehensive Affordable Housing Plan conducted by Austin, Tsutsumi, and Associates
- Maps created with regional infrastructure improvements to support priority projects
- Find maps in Appendices of plan

Regional Infrastructure Needs – Central Maui

- **A new wastewater plant** is needed in Central Maui and there is a serious **need for new water supply storage**
- **Interconnection in Central Maui** is also **impeding development** of several major projects
- The **county should work with builders to determine the optimal locations for both the water and wastewater systems and provide the builder with the financing** necessary to complete development

Regional Infrastructure Needs – West Maui

- **The county needs to work with Department of Hawaiian Home Lands (DHHL) to bring new water supply to West Maui**
- **DHHL has access to water, they need financial assistance to complete the improvements and connect them into the county water system**

Regional Infrastructure Needs – South Maui

- **The county should move as quickly as possible to upgrade the wastewater treatment plant and eliminate disposal concerns in South Maui**
- **The county should provide the builder financing for the water storage tank and wastewater lift station that is impeding the development of the Maui Research and Technology Park.**

Regional Infrastructure Needs – Lanai

- **The county also needs to collaborate with developers of Lanai projects to ensure that the water and wastewater systems meet the needs of all three potential housing developments there**
- **The county should take the lead in financing the improvements needed and seek cost-sharing partnerships with the other entities**

Regional Infrastructure Needs – Hana

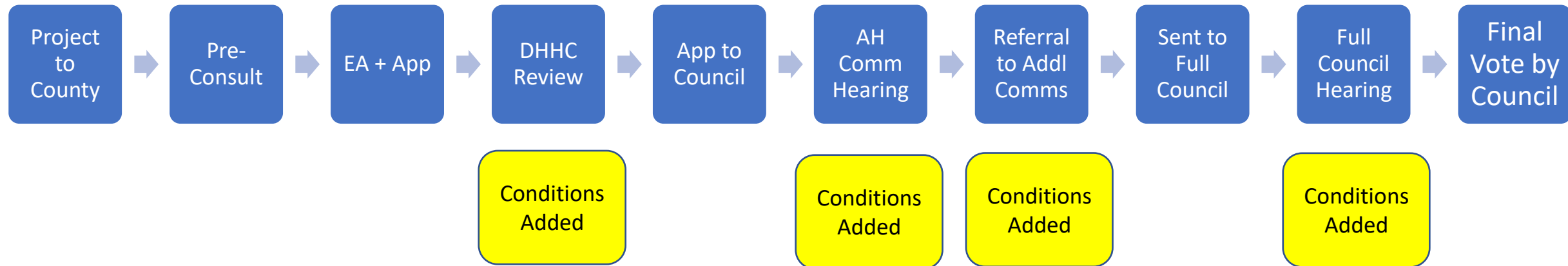
- **\$1.2 million storm drainage improvements needed** to create affordable homeownership opportunities for 25 Hana families

Regional Infrastructure Needs - Countywide

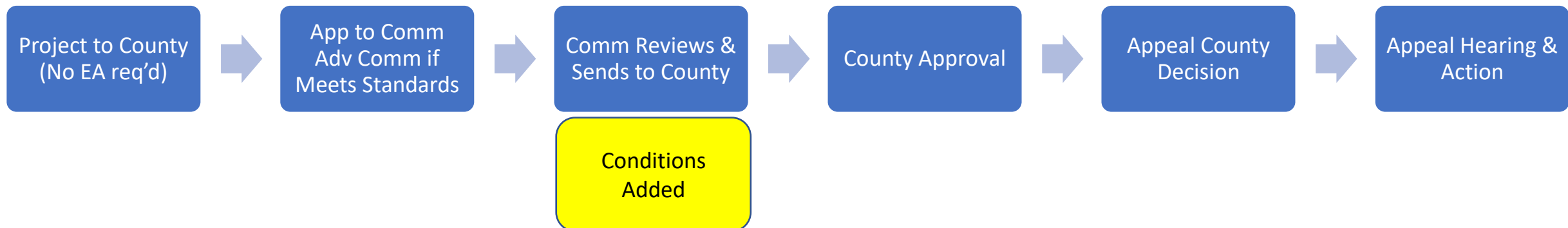
- **Align State funding from Federal infrastructure bill to invest in road improvements for priority projects**

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

Current System takes approximately 24 months to get approval.



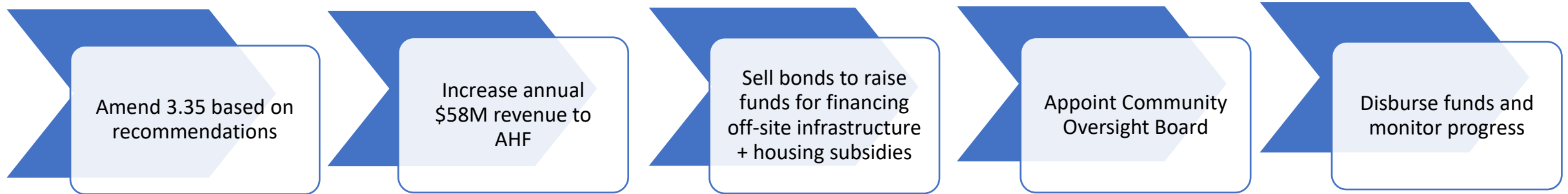
2) As-of-right development with design standards and community decision making = 6 months



Recommendations

Implement proposed goals and strategies to address high-cost community serving infrastructure for Tier 1 and Tier 2 projects and to streamline affordable housing development.

Strategy 1. Expand the Affordable Housing Fund



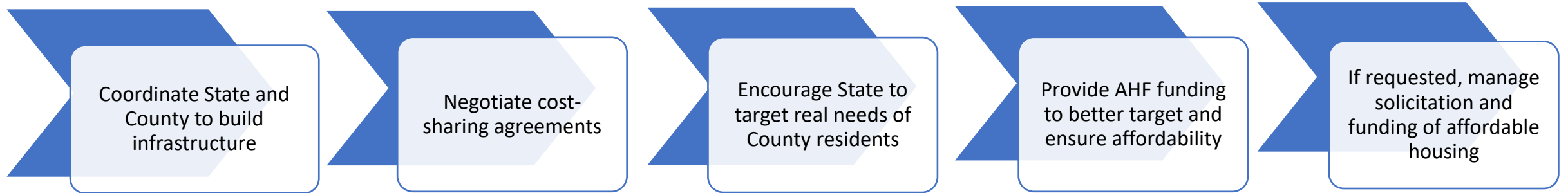
Result = Make funds available for investments in local communities and local renters and homebuyers

Strategy 4. Develop Affordable Housing on County-Owned Lands



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

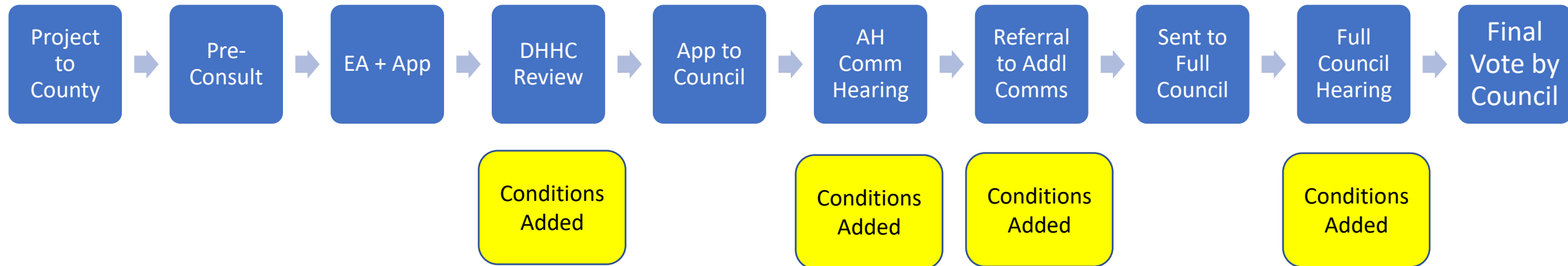
Additional Strategy. Partner to develop Affordable Housing on State-Owned and -Managed Lands



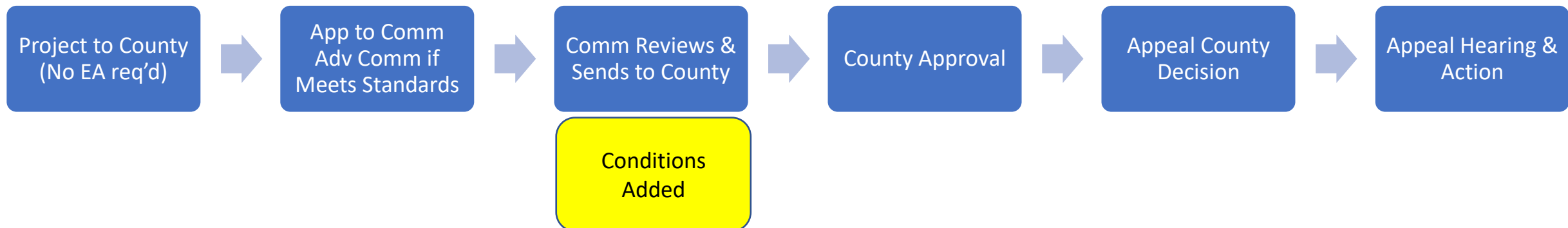
**Result = 1,100 homes affordable for local residents
below 120% AMI**

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



Proposed Action Steps

ASAP. (1) Appoint Affordable Housing Coordinator, (2) Develop implementation timeline and benchmarks for priority projects, (3) County conduct infrastructure assessments for priority projects on county-owned lands with existing resources, and (4) Council pass recommended changes to Affordable Housing Fund and create 2.97 fast-track approval process separate from 2.96

120 Days. (1) Nominate representatives to Community Oversight Board and Community Advisory Committees, (2) Establish County-Council working group to review and mediate on impediments for Tier 3 projects

180 Days. Contract for professional services to develop, implement, and administer action steps for

Summary

Summary

- High-cost community serving infrastructure is a primary barrier to us helping 4300+ local families access affordable housing
- Builders have been expected to pay for infrastructure costs upfront before they can build one affordable home, but cannot afford the required improvements
- County Affordable Housing Fund can be used to invest in community serving infrastructure upfront and create housing opportunities for our local people
- Council needs to approve recommended changes to Affordable Housing Fund and to create a 2.97 fast-track process that approves 100% affordable projects within 6 months of application
- **County must start community infrastructure cost assessments for Tier 1 and 2 projects with existing resources ASAP**
- An Affordable Housing Coordinator could facilitate this process and contract for expertise as needed