

## AH Committee

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**From:** Ana L. Lillis  
**Sent:** Thursday, February 24, 2022 9:51 AM  
**To:** AH Committee  
**Cc:** Mike J. Molina; Stacey L. Vinoray; Paige Greco; Alison N. Stewart  
**Subject:** CM Molina Memo- AH 14(7) for upload  
**Attachments:** AH 14(7) Molina Memo\_signed.pdf

Aloha AH Staff,

Please upload CM Molina's signed memo attached. Please inform the Committee Chair and confirm when the upload is complete on Grancius.

Mahalo,  
Ana

Ana Lillis  
Executive Assistant  
Office 808-342-5346



**Office of Councilmember Michael J. Molina**  
Makawao, Ha'ikū, Pā'ia Residency Seat  
200 South High Street, 8<sup>th</sup> Floor  
Wailuku, HI 96793

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February 24, 2022

MEMO TO: AH-14(7) File

F R O M: Michael J. Molina, Councilmember

SUBJECT: **COMPREHENSIVE AFFORDABLE HOUSING PLAN: EXPANDING AFFORDABLE HOUSING FUNDING** (AH-14(7))

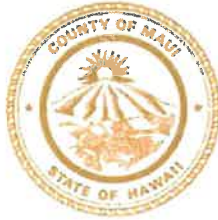
The attached correspondence pertains to Item AH-14(7) on the Committee's agenda.

Attachment

MICHAEL P. VICTORINO  
Mayor

LORI TSUHAKE  
Director

LINDA R. MUNSELL  
Deputy Director



DEPARTMENT OF HOUSING  
& HUMAN CONCERNS  
COUNTY OF MAUI  
2200 MAIN STREET, SUITE 546  
WAILUKU, MAUI, HAWAII 96793  
PHONE: (808) 270-7805

January 19, 2022

Honorable Michael P. Victorino  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 1/24/22  
Mayor Date

For Transmittal to:

Honorable Michael J. Molina  
Councilmember  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

Dear Councilmember Molina:

**SUBJECT: HOME RESTORATION GRANT**

Thank you for your communication dated December 30, 2021 regarding requested information on matters relating to your proposed Home Restoration Grant Program. The Department's responses are below. Please note that these comments are based on an initial review of the draft program outline that was provided and that the Department would welcome the opportunity to participate in future discussions or assist further.

- 1. Do you have any suggestions to improve the draft Home Restoration Grant Program outline? Please include any recommendations that may improve the program's performance and accessibility for long-term homeowners.**

The Department suggests a few adjustments regarding the timing of the program and repayment requirements. First, the Department suggests that this program be administered on a first-come, first-serve basis rather than a lottery

application – this would allow the Department to focus program efforts on potential applicants who are ready to proceed with their permit applications and in need of financial assistance to do so.

Another suggestion is to require repayment of the grant award at the time the loan is issued for construction rather than waiting for a condition to occur in the future. Having the funds returned to the County sooner will allow the possibility of aiding a larger number of households. This suggestion will require additional research and assumes that lenders will be agreeable to this condition.

Regarding anticipating the long-term success and viability of this type of program, the Department requests consideration that only essential monitoring components be included in the program requirements. For example, the draft program outline that was provided to the Department references a potential of 25 participating properties and a 2-year construction completion timeline. If all active properties used the maximum proposed time allowed and the program operates for 10 years, there will be a potential of 125 homes to monitor. This projected figure will increase should some homes only need a shorter amount of time to complete construction. In-depth monitoring requirements that may be administratively feasible for 25 homes may not be feasible for 100+ homes that a program like this may serve in the years to come.

Further, the Department notes that creating a new program with appropriate guidelines that align with the programmatic objectives requires resources and time for hiring and research. For example, homes may need repair even if they do not meet the standards for HUD Section 8 failure. It seems that helping homeowners with these repairs could be very advantageous to keeping families housed in safety.

- 2. Does the Department inspect properties for compliance with any program under the U.S. Department of Housing and Urban Development?**
  - a. If so, please list the applicable programs.**

Yes, the Department does inspect properties for compliance with the U.S. Department of Housing and Urban Development. Programs that require inspections and other monitoring include the Section 8 Housing Choice Voucher Program, the HOME Investment Partnerships Program, and the National Housing Trust Fund.

- 3. Would the Department require additional staff to administer this grant?**
  - a. If so, how many additional staff members? Please include applicable position titles in your response.**

Yes, the Department will require additional staff to administer this grant. The Department anticipates a need to hire one Housing Program Specialist II to

administer the proposed program as written, and may need to increase or otherwise adjust the number of staff members depending on changes to the program proposal or future administration of the program.

**4. Do you see any issue with the Home Restoration Grant Program fitting under the Home Acquisition and Ownership Programs Revolving Fund if Chapter 3.34 is updated to include the new program?**

No, Maui County Code Chapter 3.34 is an appropriate Code to acknowledge the Home Restoration Grant Program. The Department feels that programs designed to preserve homeownership and safe, decent housing are an important component of a homeownership continuum.

Thank you for the opportunity to provide this information. Should you have any questions, please feel free to call me at Ext. 7805.

Sincerely,



LORI TSUHAKE, LSW, ACSW  
Director of Housing and Human Concerns

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Alice L. Lee

Vice-Chair  
Keani N.W. Rawlins-Fernandez

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Director of Council Services  
Traci N. T. Fujita, Esq.

Deputy Director of Council Services  
David M. Raatz, Jr., Esq.

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.MauiCounty.us](http://www.MauiCounty.us)

December 30, 2021

Lori Tsuhako, Director  
Department of Housing and Human Concerns  
County of Maui  
Wailuku, HI 96793

Dear Ms. Tsuhako:

**SUBJECT: HOME RESTORATION GRANT**

I am in the process of drafting legislation to address generational family homes being sold instead of being improved by the long-term homeowner. A significant barrier for long-term homeowners to qualify for a home improvement loan is the standard bank requirement for owners to have costly permit plan drawings in-hand before the loan can be secured.

I am requesting your input on a proposed new grant to enable long-term homeowners to afford permit plan drawings so they may qualify for home improvement loans. Attached to this letter is a draft "Home Restoration Grant Program" outline that I may use to create formal legislation.

May I ask for your comments on the following questions:

1. Do you have any suggestions to improve the draft Home Restoration Grant Program outline? Please include any recommendations that may improve the program's performance and accessibility for long-term homeowners.
2. Does the Department inspect properties for compliance with any program under the U.S. Department of Housing and Urban Development?
  - a. If so, please list the applicable programs.
3. Would the Department require additional staff to administer this grant?
  - a. If so, how many additional staff members? Please include applicable position titles in your response .

Ms. Lori Tsuhako  
December 30, 2021  
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4. Do you see any issue with the Home Restoration Grant Program fitting under the Home Acquisition and Ownership Programs Revolving Fund if Chapter 3.34 is updated to include the new program?

May I further request a response no later than **January 18, 2022**. To ensure efficient processing, please send your response to [mike.molina@mauicounty.us](mailto:mike.molina@mauicounty.us). Should you have any questions please contact me or my Executive Assistant, Ana Lillis at [ana.lillis@mauicounty.us](mailto:ana.lillis@mauicounty.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Molina". The signature is fluid and cursive, with the first name "Michael" and last name "Molina" being clearly legible.

MICHAEL J. MOLINA  
Councilmember

cc Linda Munsell, Deputy Director

## Draft Home Restoration Grant Program Outline

### Overview:

Long-term homeowners often struggle to afford the project plans required to secure a home improvement loan from banks.

Up to \$30,000 will be available for any costs associated with securing permit plans for home improvement if certain criteria is met. The grant must be repaid if the home is sold. This concept is similar to the first-time homebuyer program repayment criteria.

Qualifying properties will receive expedited permit review and waived permit fees.

Many property owners cannot afford out-of-pocket costs to apply for a home improvement loan due to the plans and drawings needed before being approved for the loan.

### Draft Provisions:

- To qualify for the grant, the home must meet the definition of dilapidated:
  - “Dilapidated Home” means: At least 30 years old and is unable pass a HUD inspection.
  - Verify whether DHHC has HUD inspection staff or if other criteria for this definition should be considered.
- Applicant must have been on title at least 10 years prior to apply for grant.
  - Recently inherited lineal descendant of deceased 10-year owner on title will qualify
- Applicant must presently live on the property or intend to be the owner-occupant after project completion. Long-term rental with owner-occupant present on property is also acceptable.
  - Long-term rental without owner-occupant present will not qualify for the program.
- Applicant must not have \$75,000 in assets (retirement not included).
- Project plans must demonstrate the property will pass a HUD inspection if completed as verified by DHHC.
- Project plans must demonstrate the home will be outside of the 3.2-foot sea level rise exposure area and outside of a special flood hazard area upon completion.
- Owner agrees to the property being banned from applying for any transient vacation rental permit for 10 years after construction is completed.

- An application for a vacation rental permit after 10 years will trigger repayment of the grant.
- Owners must prequalify for a reconstruction loan to apply for the lottery.
  - If the preference of DHHC is to be on a first-come-first-serve basis, this option may be explored instead of a lottery.
- If selected, the project will receive expedited permit review and waived permit fees.
- Only three properties may participate in the program at any time per community plan area (maximum 25 active in the entire County).
- 2-year timeframe for construction to be completed.
  - Although this is redundant to the maximum reconstruction loan term- it can be included for clarity.
- To prevent “house flipping”, restrict the resale of the home for 10 years, but allow each year it is unsold to advance through the 5 income AMI groups before reaching unrestricted market sale:
  - a. If sold within 1-2 years: can’t exceed very low income (>50% AMI)
  - b. If sold within 3-4 years: can’t exceed low income (80% AMI)
  - c. If sold within 5-6 years: can’t exceed below-moderate income (100% AMI)
  - d. If sold within 7-8 years: can’t exceed moderate income (120% AMI)
  - e. If sold within 9 years: can’t exceed above-moderate income (140% AMI)
  - f. At 10 years, the home can be sold unrestricted by AMI.
    - DHHC may recommend a greater or lower restriction period.
- Upon sale of the property, the grant must be repaid to the County.
- After a project is complete, another property may apply if they are in the same community plan area.
- Housing Director must provide Council with an annual report on the program’s performance.