AH Committee

From: Autumn R. Ness
Sent: Thursday, February 24, 2022 10:16 AM
To: AH Committee
Cc: Gabe Johnson; Kate Griffiths; Paige Greco
Subject: PLEASE USE THIS ONE INSTEAD for communication related to AH-14(7)
Attachments: In Progress (2).pdf

Please find attached. (there was a tiny text problem on the first slides I sent)

CM Johnson will refer to these slides during his opening remarks in Friday's AH Committee meeting.
Paige, are you able to cue these up and share screen for him when he's ready?
Mahalo!

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Imagine what's possible~~

The Comprehensive Affordable Housing Plan asks us to think differently about housing, subsidies, and the county's role in housing our residents.

"Today the Affordable Housing Fund (AHF) operates from the perspective of limited resources. Developers request funding at levels that are competitive for the resources available, not to meet the needs of county residents."

"It is our collective responsibility to ensure homes are affordable for all."

"Our current affordable housing system does not invest in our local renters and homebuyers to make homes affordable. This is a result of decades-long disinvestment by the federal, state, and county governments in affordable housing and a

There is a false narrative that has taken hold that views support to our local residents as a "give away" to those who are undeserving."

Subsidies, either to renters or local homebuyers, should be viewed not as a "give away", but as an investment in making home affordable for our local people and future generations.

Our current affordable housing system is outdated and is providing the type and price of homes exactly as it is set up to do. It fails at delivering homes that are affordable for two primary gap groups in Maui County - households at or below 50% AMI and those at 61-100% AMI17

The dominant narrative is that publicly funded grants and loans, also known as subsidies, are "giveaways" made to those of us who are undeserving. This false notion of the role public grants and loans play in assisting our local renters and homebuyers in accessing affordable homes is outdated and wrong. This false narrative is challenged by the role of housing subsidies offered in the private marketplace. Private banks, credit unions, the mainstream mortgage lending industry overall, and low-income housing tax credit investors, offer grants for down payment and closing costs, reduced fees for first-time homebuyers, and mortgages and equity investments that are subsidized by our federal tax dollars. **Our unwillingness to embrace the view that public grants and loans are "investments" that serve as a bridge to affordable homes for our low- and moderate-income renters and homebuyers is stifling our ability to align private and public resources.** Without aligning these resources, our current affordable housing system is creating a sense of scarcity which leads to uncertainty. **The system is unnecessarily limiting its potential in making more affordable opportunities possible for our families and to support broad-based economic activity and overall community development.**

Our affordable housing crisis, made worse by the COVID-19 global pandemic, promises to get worse if Maui County is unable or unwilling to make the investments in our local renters and homebuyers that are needed to achieve truly affordable housing.

Under the current affordable housing system, a scarcity of resources has limited the capacity of county, councilmembers, community members, and other key stakeholders to contribute solutions to meet the demand for housing among local residents. **Scarcity of resources has resulted in divisions within every part of the affordable housing system from public agencies to for-profit developers to community development nonprofits.** Those with certain relationships and resources tend to benefit from the status quo, while at the same time more local renters and homebuyers find themselves in the affordable housing crisis.

Extremely low property tax rates have left the county little to no resources to fill the gap, leaving county departments with a lack of staffing and resources to create affordable opportunities for county residents who are most in-need. The entire system operates on an assumption of scarcity of resources, creates competition among various interests, dictates short-term council policy making, leads to developer uncertainty, and keeps the county from taking the lead on planning healthy, vibrant and affordable communities.

Council action items

(Budget items are listed on a separate matrix)

Update the county rent and sales price guidelines Maximum monthly payment of principal, interest, taxes, insurance, mortgage insurance, and homeowner association fees capped at 31% of the homebuyer's gross monthly income. In Progress	**Amend 2.96 to eliminate the requirement for developers to maintain waitlists.** the developer will work with the county or its administrator to market the availability of housing and the creation of a wait list *(should occur in coordination with county contracting with organization for credit counseling and pre-approval)*	**Amend 2.96 to:** **-set the marketing period for for-sale homes at a maximum of 180 days** -prohibit the sale of a home for non-Maui County residents -prohibit sale of a home at any income level other than that committed to by the developer -if the home is still available after 180 days, Affordable Housing Coordinator, or a contracted Treasury certified CDFI administering the county's interim financing and buyback fund, acquires the home and subsequently sell to an approved buyer on the prequalified First-Time Homebuyer Program list.	Establish a **local residency requirement** for for-sale programs by amending ordinances 2.96, 2.97, 3.35, and all other applicable affordable housing policies by including an updated "Qualified Resident" definition as a person who has been **resident of Maui County or employed full time in Maui County for the last 2 years**	**HOUSING IS A HUMAN RIGHT**	**Phase out apartment district properties allowed to be used for short-term occupancy at resale** permit and tax them as short-term vacation rentals with revenue dedicated to the Affordable Housing Fund. In Progress	**Enforce** 2.96 and federal fair housing and **fair lending laws against mortgage steering**. Levy fines for violators In Progress

This is not about building what we can with our current resources.
This is about increasing the resources we have so we can build what we actually need.

Ensure long term affordability for rental and for sale homes supported with county resources	Amend 2.96/3.35 income requirements to **serve AMI brackets in need, as identified by the most recent Hawaii Housing Planning Study** **15% is for households 80% to 120% AMI** **35% is for households 50% to 8[illegible]** **[illegible]olds [illegible] to 50% AMI**	**Amend ordinance 3.35 to allow for use of Affordable Housing Fund monies for Affordable Housing Plan initiatives.** Including: • community serving infrastructure • Housing subsidies, grants, IDAs and loans to assist low-income renters and homebuyers with upfront costs of obtaining rentals and mortgage financing • Deferred payment mortgages for targeting affordability for local residents • support services for Tier 1-2 projects • Planning/design for County- owned Tier 1-2 projects (already can?) • Comprehensive infrastructure assessments for priority project areas • Enable bond sales • Cultural, environmental and health impact assessments on county owned land • Rental housing gap financing • Ohana and ADU development, individual septic and wastewater systems, and long-term financing • Existing structure acquisition (already can?) • Rehabilitation of existing structures (already can?) • Provision of housing counseling services and the development of a pre-qualified list of eligible buyers and renters	Amend 2.96 credits: Affordable housing credi[illegible]ed to [illegible] d[illegible] [illegible] one phase and can be used to offset the requirement in a subsequent phase or development. Existing credits may only be sold to developers in the same community plan area.

In Progress

In Progress

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Update 2.96 requiring developers to dedicate 20% of land in a project for housing that serves <50% AMI and 61-100% AMI.	**Sell bonds** to fund the Affordable Housing Fund *How can council facilitate?*	**Amend 2.97 Include pre-approved ADU's** 'ohana units and owner-builder homes using pre-approved plans.

Hold listening sessions between for-profit and nonprofit developers	Develop a **fee structure** on market rate units that would recoup most, if not all, of the **funds invested in infrastructure** over time.	**Establish project design standards** for affordable housing projects of less than 150 units in Central, South, and West Maui so projects can be approved as of right rather than requiring council approval.

Establish Council-County representative working group to **review and mediate on impediments of Tier 3, stalled and delayed projects** listed in the plan	**Establish Community Advisory Committees**	**Update the county zoning code** to lower housing costs and promote affordability by design.

Separate the Department of Housing and Human Concerns into two different departments	Council amends 2.97 ordinance to **streamline the planning and permitting processes of 100% affordable projects**	**County-initiated state land use boundary changes and county zoning changes** for all county and state-owned property in community plan areas deemed suitable for residential development.

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The following changes are recommended to Maui County Code Section 3.35 to meet the priorities of the AHF in providing sufficient funding for the plan:

- Expand eligible uses of funds to include:
  - First-time homebuyer gap financing, deferred payment mortgages
  - Rental housing gap financing
  - ‘Ohana and ADU development, individual septic and wastewater systems, and long-term financing
  - Existing structure acquisition
  - Rehabilitation of existing structures
  - Planning, design, and construction of units and infrastructure needed to meet workforce housing needs
  - Provision of housing counseling services and the development of a pre-qualified list of eligible buyers and renters
  - Health, cultural, and environmental impact assessments on county-owned land
- The County may use this revenue to finance the sale of bonds
- Add “Qualified Resident” definition to be a person who has been a resident of Maui County or employed full time in Maui County for the last 2 years as defined by tax returns or documentation provided by an employer
- Change adopting fiscal years to 2022 through 2046
- Council shall adopt a special tax on nonowner-occupied properties and short-term rentals that will raise $58.5 million annually into the fund
- Allow carry over of funds from fiscal year to fiscal year

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- Limit administrative expense to 3% of the fund over and above program implementation and monitoring costs
- Eliminate Department of Housing and Human Concerns ability to adjust area median income for Hana, Lanai, and Molokai
- Under grant and loan requirements, assign responsibilities to the "County or its administrator" or "designee"
- Allow for distribution or redistribution of grant or loan funds to other organizations for the purposes of individual development accounts, deferred payment mortgages, and/or financing for accessory dwelling units and 'ohana units including individual water and septic systems