

Affordable Housing Committee (2021) on 2022-11-03 1:30 PM

Meeting Time: 11-03-22 13:30

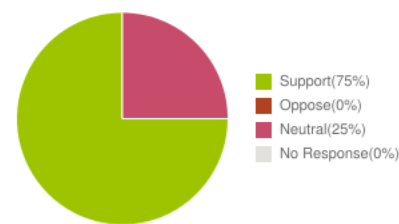
eComments Report

Meetings	Meeting Time	Agenda Items	Comments	Support	Oppose	Neutral
Affordable Housing Committee (2021) on 2022-11-03 1:30 PM	11-03-22 13:30	4	4	3	0	1

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 2022-11-03 1:30 PM

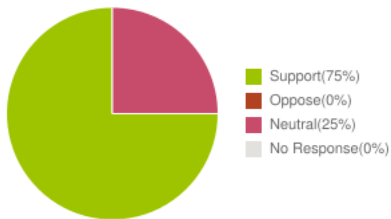
11-03-22 13:30

Agenda Name	Comments	Support	Oppose	Neutral
AH-31 BILL 103 (2022) BILL 103 (2022), RELATING TO RESIDENTIAL WORKFORCE HOUSING DEED RESTRICTIONS AND RESALE (AH-31)	1	1	0	0
AH-14(7) Direct Referral COMPREHENSIVE AFFORDABLE HOUSING PLAN: EXPANDING AFFORDABLE HOUSING FUNDING (AH-14(7))	1	1	0	0
AH-4(8) Rule 7(B) ESTABLISHING DESIGN STANDARDS FOR AFFORDABLE HOUSING PROJECTS LESS THAN 150 UNITS SO PROJECTS CAN BE APPROVED AS OF RIGHT (AH-4(8))	2	1	0	1

Sentiments for All Agenda Items

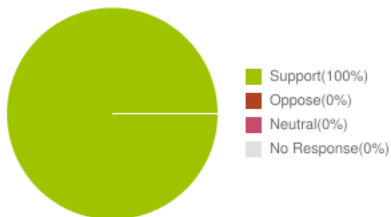
The following graphs display sentiments for comments that have location data. Only locations of users who have commented will be shown.

Overall Sentiment



Agenda Item: eComments for AH-31 BILL 103 (2022) BILL 103 (2022), RELATING TO RESIDENTIAL WORKFORCE HOUSING DEED RESTRICTIONS AND RESALE (AH-31)

Overall Sentiment



Guest User

Location:

Submitted At: 10:32am 11-03-22

November 3, 2022

Aloha e Councilmembers,

I am writing on behalf of Hawaiian Community Assets (HCA) and Hawaii Community Lending (HCL) to support Bill 103 and AH-14(7) and commend this committee in starting the conversation on the need for a more streamlined approval process for housing projects.

In addition, we are providing comments below to discuss the alignment of the proposed bills with the Maui County Comprehensive Affordable Housing Plan that HCA was contracted by the Office of Council Services to complete as well as additional actions our organization recommends for alignment with the plan.

Bill 103

The proposed changes in Bill 103 are consistent with the recommendations in the Maui County Comprehensive Affordable Housing Plan.

As it relates to affordability periods, the plan recommends the following:

All units built under the (2.96 Workforce Housing) program will be required to maintain the original affordability levels for at least 10 years, and longer if the county provides fee waivers and/or Affordable Housing Fund financing in the unit.

In addition, the plan recommended the following as it relates to calculating shared appreciation. This shared appreciation model was vetted by our team of experts and the development community:

Workforce housing owners will gain no equity appreciation for the first 10 years. Starting in year 10 and increasing until year 30 borrowers will receive 2.5% of the equity appreciation on their home for each year they live in the home past 10 years. All subsidies provided by the County will be a lien on the home and must be repaid on sale. The county will have the option to provide subsidy to a new low-income buyer so the home continues to be affordable.

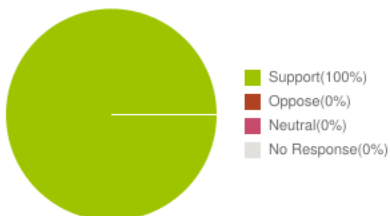
Mahalo for the opportunity to support and provide comments on Bill 103, AH-14(7), and as of right development. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need more information.

Sincerely

Jeff Gilbreath
Executive Director
Hawaii Community Lending

Agenda Item: eComments for AH-14(7) Direct Referral COMPREHENSIVE AFFORDABLE HOUSING PLAN: EXPANDING AFFORDABLE HOUSING FUNDING (AH-14(7))

Overall Sentiment



Guest User

Location:

Submitted At: 10:33am 11-03-22

November 3, 2022

Aloha e Councilmembers,

I am writing on behalf of Hawaiian Community Assets (HCA) and Hawaii Community Lending (HCL) to support Bill 103 and AH-14(7) and commend this committee in starting the conversation on the need for a more streamlined approval process for housing projects.

In addition, we are providing comments below to discuss the alignment of the proposed bills with the Maui County Comprehensive Affordable Housing Plan that HCA was contracted by the Office of Council Services to complete as well as additional actions our organization recommends for alignment with the plan.

AH-14(7)

The proposed changes to Maui County Code chapter 3.35 are consistent with the recommendations in the Maui County Comprehensive Affordable Housing Plan.

Our team highly encourages the committee to pass this bill as it would allow for funding from the Affordable Housing Fund to support direct subsidies to local homebuyers.

In addition, our organization recommends the committee and council consider additional changes to Maui County Code chapter 3.35 and 3.34 that would expand eligible uses of funds and codify recommendations included in the Maui County Comprehensive Affordable Housing Plan.

These recommended changes include the following:

Recommended Changes to 3.34

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
- _ Rehabilitation of existing structures
- _ Provision of housing counseling services and the development of a pre-qualified list of eligible buyers and renters

Additional recommended changes include:

- _ Secure loans from the fund with a deferred payment mortgage in the highest position achievable
- _ Generally, funds provided will not include interest. If interest is charged, the rate will not exceed two percent per annum for homeownership properties and three percent per annum for rental properties. All payments will be deferred until sale or refinance
- _ Limit borrower default actions to forfeiting land or property to the county or full repayment of the principal balance without interest

Recommended Changes to 3.35

- _ Generally, funds provided will not include interest. If interest is charged, the rate will not exceed two percent per annum for homeownership properties and three percent per annum for rental properties. All payments will be deferred until sale or refinance
- _ If the fund is used to pay for community serving infrastructure, the department shall establish a fair reimbursement for the market rate units benefitted by the infrastructure. Market rate units will reimburse the fund at building permit. Reimbursements will be permanently set aside in the affordable housing fund.
- _ Limit borrower default actions to forfeiting land or property to the county or full repayment of the principal balance without interest
- _ The Department of Housing and Human Concerns will be responsible for managing a community oversight board responsible for developing an affordable housing fund annual plan. The committee shall consist of nine members with one-third private sector representatives, one-third community members, and one-third public representatives

including the chair of the council's affordable housing committee. Committee members will serve five-year terms and be responsible for reviewing, scoring, and recommending grant and loan applications made to the fund. The department shall coordinate and conduct at least monthly committee meetings. The department shall propose an affordable housing fund annual plan based on committee member recommendations.
_ Report annually to the council on targets and metrics for the Affordable Housing Plan.

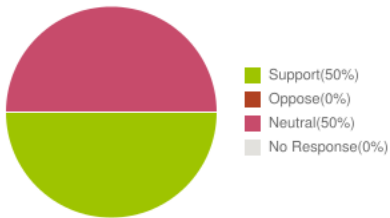
Mahalo for the opportunity to support and provide comments on Bill 103, AH-14(7), and as of right development. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need more information.

Sincerely

Jeff Gilbreath
Executive Director
Hawaii Community Lending

Agenda Item: eComments for AH-4(8) Rule 7(B) ESTABLISHING DESIGN STANDARDS FOR AFFORDABLE HOUSING PROJECTS LESS THAN 150 UNITS SO PROJECTS CAN BE APPROVED AS OF RIGHT (AH-4(8))

Overall Sentiment



Guest User

Location:
Submitted At: 10:52am 11-03-22

Aloha,

I hope this email finds you well.

Attached is testimony from the Grassroot Institute of Hawaii on agenda item 3 of the Affordable Housing Committee's 11/3/22 meeting.

Please let me know if you have any questions.

Mahalo,

Jonathan

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Jonathan Helton
Policy Researcher
Grassroot Institute of Hawaii

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November 3, 2022

1:30 p.m.

Maui County Council Chamber and Videoconference

To: Maui County Council Affordable Housing Committee

Gabe Johnson, Chair

Michael Molina, Vice Chair

From: Grassroot Institute of Hawaii

Joe Kent, Executive Vice President

RE: ESTABLISHING DESIGN STANDARDS FOR AFFORDABLE HOUSING PROJECTS LESS THAN 150
UNITS SO PROJECTS CAN BE APPROVED AS OF RIGHT (AH-4(8))

Comments Only

Dear Chair and Committee Members,

The Grassroot Institute of Hawaii would like to offer comments on by-right approval for housing projects.

We have written about the by-right approval process frequently over the past year,

1 and we very

much welcome the Council's willingness to consider it as a mechanism to combat Maui County's high housing prices.

Our view is that instituting by-right approval for affordable housing projects would streamline the process for homebuilders and potentially yield big savings for Maui homebuyers and renters.

That's because by-right approval is a process whereby a housing project can proceed without the vote of any government bodies, so long as it meets certain rules established well beforehand, usually by the county government.

1 "Sen. Chang hears how 'light touch density' could solve Hawaii housing crisis," Grassroot Institute of Hawaii, March 9, 2022; Jonathan Helton, "Best feature of Maui County Comprehensive Affordable Housing plan is at risk," The Maui News, Jan. 9, 2022.

Research has shown that political approvals slow down the building of homes in Hawaii, adding to their costs and sometimes discouraging their construction entirely.

According to economists at the University of Hawaii Economic Research Organization, Hawaii has the highest housing regulations in the country, and political approvals are among the reasons they mention for Hawaii's tight housing supply. 2

In contrast, by-right approvals can increase the housing supply.

The National Multifamily Housing Council, a national group focused on increasing access to multifamily housing, has written that by-right development "reduces both soft costs and land costs.3

"An efficient and predictable entitlement process," NMHC says, "reduces carrying costs, consulting fees and other costs associated with approval processes, when compared to a lengthy discretionary review process.

"When costs decrease," NMHC added, "developments require less financing and less rent to ensure project viability."

In human terms, the benefits of by-right approval are very real. Lower rents would make it more affordable for Maui residents to stay on Maui.

For those worried that by-right approvals might marginalize community voices, there still would be many ways available, including the community plans and any environmental rules, for citizens to voice their concerns.

If the Council does move forward to create standards for by-right approval, please be aware that the new county law formerly known as Bill 107 could complicate the by-right process.

Bill 107 lowers the sales price of affordable housing units, which makes it more difficult for

those projects to pencil out and incentivizes homebuilders to seek county funding, which creates yet another approval process.

3 “Tool: By-Right Development,” National Multifamily Housing Council, 2019, p. 72.

2 Rachel Inafuku, Justin Tyndall and Carl Bonham, “Measuring the Burden of Housing Regulation in Hawaii,” University of Hawaii Economic Research Organization, April 14, 2022, p. 6. For more information on how political approvals can impede housing projects, see: Limin Fang, Nathan Stewart and Justin Tyndall, “Homeowner Politics and Housing Supply,” University of Hawaii Economic Research Organization, July 7, 2022, p. 25.

Other than that, the point of by-right approval is to make the project-approval process fair. Once the Council, the county agencies and the community write the standards, affordable housing projects would simply need to comply with the rules to build.

Homebuilders thrive on certainty and fairness, and a solid, dependable by-right approval regime could yield big dividends to Maui homebuyers and the county as a whole.

Again, we applaud the Council for considering the by-right process, and if there is anything we can do to help in your deliberations, please feel free to reach out to us.

Thank you for the opportunity to testify,

Joe Kent
Executive Vice President
Grassroot Institute of Hawaii

Guest User

Location:

Submitted At: 10:36am 11-03-22

November 3, 2022

Aloha e Councilmembers,

I am writing on behalf of Hawaiian Community Assets (HCA) and Hawaii Community Lending (HCL) to support Bill 103 and AH-14(7) and commend this committee in starting the conversation on the need for a more streamlined approval process for housing projects.

In addition, we are providing comments below to discuss the alignment of the proposed bills with the Maui County Comprehensive Affordable Housing Plan that HCA was contracted by the Office of Council Services to complete as well as additional actions our organization recommends for alignment with the plan.

As of Right Development

Our organizations commend the committee in starting the conversation on the need for a more streamlined approval process for housing projects.

According to research conducted for the Maui County Comprehensive Affordable Housing Plan, it currently takes 100% affordable housing projects 24 months to obtain County approvals from site control. The long approval timeline adds costs and uncertainty for builders and makes them ineligible for financing to move their project forward and deliver affordable homes to our local people in a timely manner. For our local 100% affordable housing builders, this delayed timeline may result in the project not going forward at all.

For example, pre-development financing and recoverable grants, which are critical at the earliest stage of development for projects to be viable, are currently available through community development financial institutions. However, the funds carry 24- to 36-month terms. For a builder to take advantage of these resources, they would need to be assured their project can be approved, built and sold or rented to local residents within 3 years. Today, projects take 5 or more years to be completed.

As of right development would streamline the County approval process for projects that meet established design

standards and community engagement requirements (see Appendix E. Design Standards proposed in the Maui County Comprehensive Affordable Housing Plan for standards that were vetted by our team of professionals and the development community). This would build certainty into the process and create the conditions for projects to access pre-development financing and recoverable grants that are available but unable to be accessed at this time for the reasons listed above.

With the recent passing of Bill 107, which has reduced sale price guidelines and codified these changes in statute, and continuing increases in interest rates, it will become more and more difficult for our local 100% affordable housing builders to deliver affordable homes and still recoup costs. An as of right development process has the ability to shorten the timeline on builders, which would in-turn reduce costs and position them to be better able to meet the requirements under the new sales price guidelines.

The Maui County Comprehensive Affordable Housing Plan identified 4 ways in which the Council can streamline the approval process to meet the goal of delivering 5,000 affordable homes to local residents under 120% area median income by 2025.

Our organizations highly recommend the Council move forward with action to implement all 4 of these recommendations for streamlining County approvals and engage the development community on additional as of right development processes.

These recommendations include the following:

Method 1

Currently, all Council members serve on the following committees:

- _Affordable Housing
- _Budget, Finance and Economic Development
- _Planning and Sustainable Land Use

The Council could eliminate redundancy and decrease approval timelines for projects by eliminating steps in the current process by:

1. Identifying the appropriate committees for which the project should be referred once the application has been approved by the DHHC and transmitted to the Council.
2. If the Council determines the need for projects to be referred to one, or all, of the above committees, committee chairs and the council chair could coordinate efforts for a joint hearing or at the full council rather than require hearings with the same council members in multiple committees.
3. The full council could review and issue approvals, approvals with modifications, or disapprovals.

This method would reduce project approval timelines by an estimated six months and would free up the full council and council committee calendars for other actions.

Method 2

Another method to eliminate redundancy and decrease approval timelines is by using an established process currently implemented through the Planning Department and the Hana Community Advisory Committee. Under this existing process, projects are reviewed for their adherence to established design standards and guidelines and implementing a public review process is led by an advisory committee with representatives from the community where the project proposes to be developed.

The following steps for the strategy are based on the existing Hana Community Advisory Committee process:

1. Developer submits application to Planning Department that includes:
 - a. Applicant name
 - b. Proof of ownership or if not property owner a notarized authorization from owner
 - c. Structural and landscape plans
 - d. Signage and graphics
 - e. Identification of building materials
2. Planning Department forwards to the Community Advisory Committee.

3. Committee reviews application using design standards and guidelines and sends recommendations to the Planning Director within 60 days.
4. Planning Director takes action to approve, approve with modifications, or disapprove within 30 days.
5. Appeals to the Planning Director's decision can be made to the Committee within 30 days of Director's action.
6. Commission must take action within 30 days to override the decision of the Planning Department.
7. Commission decision can be appealed with a lawsuit.

This method would reduce project approval timelines to an estimated 180 days, increases community engagement, and would free up the full council and council committee calendars for other actions.

Method 3

A third method to reduce approval timelines and costs on affordable housing projects could be to exempt projects that are 100% affordable for households below 140% AMI that meet standard design and guidelines from having to submit an EA/EIS with the project application. Under state chapter 343, projects considered to have a "significant effect on the environment" would still be held accountable public health, safety, and cultural and environmental resource standards.

This method would reduce project timelines by an estimated twelve to twenty-four months and decrease upfront costs on affordable housing developers at the application phase before their projects have been approved as long as they meet the Environmental Council's definition of having "minimal or no significant impact on the environment".

On the January 5, 2021, the State Environmental Council gave the Maui County Department of Planning the opportunity to amend the county's exemption list for Chapter 343 to comply with the newly approved Hawai'i Administrative Rules, which may provide opportunity for small affordable housing projects to be included⁸. Until such time as the county submits their updated list, the current exemption list from 2007 is in place.

Method 4

A final method is related to the approval is specific for accessory dwelling, _ohana, and single family owner-builder units serving renters or homebuyers at or below 100% AMI.

The City and County of Honolulu has passed legislation that includes a 'One Time Review' (OTR) process for accessory dwelling and _ohana units. The OTR process is meant to reduce the building permit processing time and is as follows:

1. Owner may complete pre-check form and submit to Department of Planning and Permitting to determine if their lot qualifies for an accessory dwelling unit or _ohana unit.
2. During the pre-check process, owner is required to gather signatures from multiple agencies to confirm that the building site meets the code requirements and has access to sufficient utility infrastructure.
3. Once the pre-check form is signed by all appropriate departments, owner files a notarized declaration of restrictive covenants and description of the property, such as the deed or other conveyance document with the original to the State Bureau of Conveyances and a copy to the Department of Planning and Permitting.

This strategy could be implemented to reduce development timelines and costs on owner-builders in order to increase the number of in-fill affordable housing opportunities through the County. Technical assistance from community development nonprofits has been key for the success of similar programs, such as the LA ADU Accelerator program which also seeks to create units accepting Housing Choice Vouchers that in turn help make payments for mortgage financing obtained for their construction.

Mahalo for the opportunity to support and provide comments on Bill 103, AH-14(7), and as of right development. Please contact me directly at 808.587.7653 or jeff@hawaiiancommunity.net should you have any questions or need more information.

Sincerely

Jeff Gilbreath
Executive Director
Hawaii Community Lending