

DEPARTMENT OF HOUSING AND HUMAN CONCERNS

Strategic Plan for Housing

Objectives of the Strategic Plan

- Analyze available data about Maui County's affordable housing needs
- Strategically focus on a few key goals that the Department can achieve in a relatively brief period of time
- Concurrently engage in long-term, systemic interventions to increase the inventory of affordable housing units in the County

RECEIVED AT AH MEETING ON 8/7/19

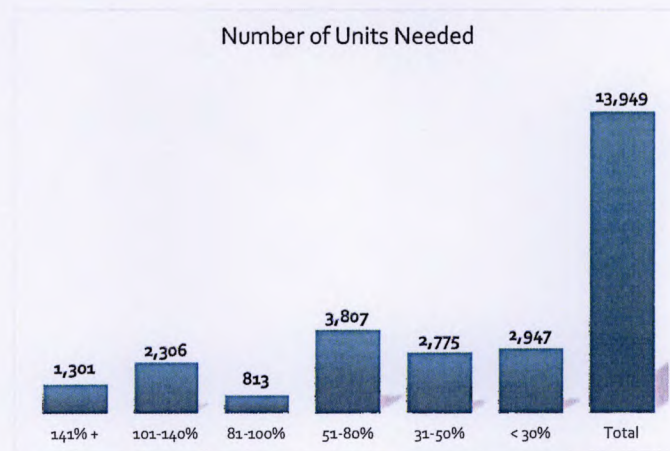
Terminology

- What is Affordable Housing? = AH units are units with monthly mortgage or rent payments including utilities that would require no more than 30% of the monthly household income for a household earning a specified % of the HUD Area Median Income (AMI)
- Area Median Income for Maui County is \$83,300 for a family of 4
- 80% of AMI = \$66,640
- Workforce Housing = housing that is affordable to those who earn between 80-140% of Area Median Income per MCC 2.96 (\$66,640-\$116,620/year)
- Affordable Housing = housing that is affordable to those who earn less than 80% AMI

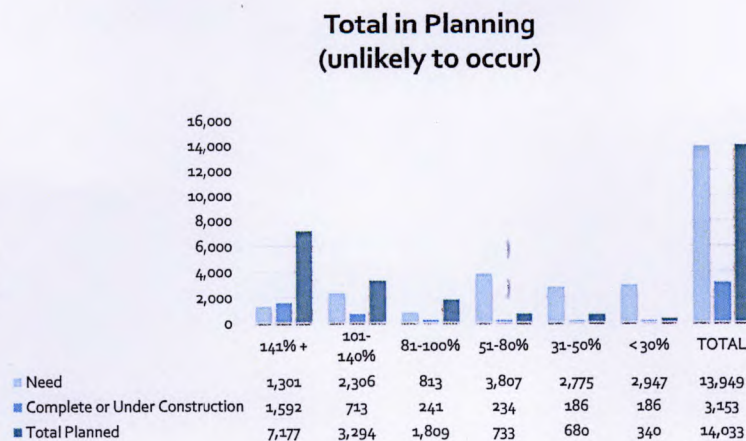
How did DHHC determine Maui County's need for affordable housing?

- Hawaii Housing Planning Study of 2016
- Affordable Housing Policy Plan Final Report by SMS of August 2018
- The Temporary Investigative Group of the Planning Committee (TIG) of October 2016
- Department of Housing and Human Concerns' Semi-Annual report entitled "Status Up-date Maui County Affordable Housing Projects" of July, 2019

What does the data say?

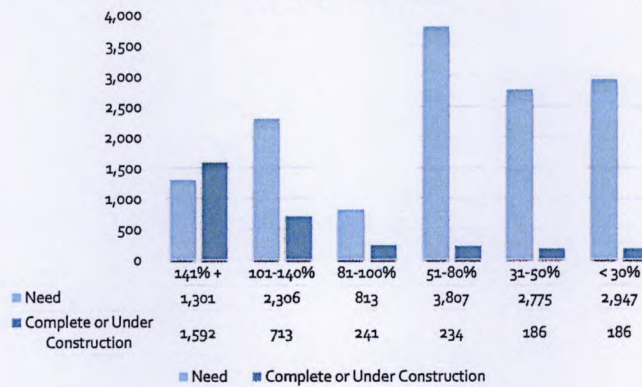


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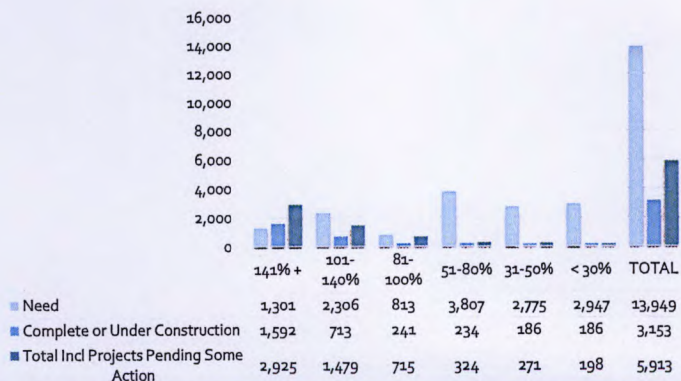
The Reality

Under Construction Now



Projects pending final subdivision, permitting, etc.

Pending Units



What does it mean?

- We need 14,000 units of housing by 2025 to keep up with the need
- We anticipate the creation of 5,913 units, a deficit of approximately 9,000 units
- Projects may be “in planning” stages to be built but face barriers that keep them from moving forward
- Predominantly the units that are anticipated to be built are in higher AMI levels than what we need

What are the realities we must face?

- No infrastructure = no housing
- There is no miracle solution, no one panacea to the housing shortage
- Affordable housing is expensive to develop. Building more affordable housing units for the lower AMI will require subsidies, development incentives, etc.
- There is no perfect project
- We are facing a big deficit of affordable housing that has grown over the past 30-50 years. We CAN and must chip away at it or we will not reach our goals
- The challenge stretches across all Departments, the County Council and the public. We must all work together. DHHC is committed to that effort



How do we put the puzzle together?

- DHHC is not doing this alone
- Planning, Water, Public Works, Environmental Management are contributing in a coordinated way toward the development of affordable housing, both in the short- and long-term
- DHHC will continue to work with Departments and Developers
- DHHC's primary role in the development of housing is to FACILITATE MULTI-FAMILY PROJECTS FOR FAMILIES IN THE LESS THAN 81% AMI BRACKET

Attainable Housing Maui Nui Workgroup

- Established by Mayor Victorino and facilitated by Managing Director Baz to ensure that the Administration remains focused on the production of attainable housing units
- AHMN works to coordinate the responsible County entities' work with developers to address obstacles
- Fast tracking process is being utilized for the review of projects and permits

Other Actions that DHHC will take

- We need housing at all Workforce and Affordable AMI levels, however, DHHC will direct financial resources in the area of greatest need $\leq 80\%$ AMI
 1. Focus use of federal HOME (80%AMI) and Housing Trust Fund (30% AMI) resources to multi-family projects.
 2. Explore the use of Community Development Block Grant (CDBG) resources to leverage funding for prioritized AH projects
- For projects that address the 81-140% of AMI:
 1. Facilitate project approval process with developers and the County Council
 2. Utilize the Attainable Housing Maui Nui Workgroup to create efficiencies in processing
- Utilizing State funds, complete the development of affordable rental housing units at the former MCC dorm property in Kahului.
- 1. While construction of the 12 family units is being done, concurrent planning for the potential development of an additional 50 units on that property.

Other Actions DHHC will take

- Work with the County Council, others in the Administration, and the public to determine the best and highest use of the County's Maui Lani properties.
- Move forward with site studies for County-owned parcels already identified as potential sites for affordable housing. The Council has provided \$450,000 for these parcel studies.
- DHHC's Development Coordinator at the Housing Division will begin work in early September. This position will be working with developers to move forward projects that meet the County's prioritized needs, and will be charged with project management of the MCC dorm project

Other Actions DHHC will take

- Cooperate and participate with the County Council's planned feasibility study for the establishment of a Housing Authority.

Other Actions DHHC will take to address housing at the 0-80% of AMI (cont)

- Utilize Project Based Section 8 funding for prioritized AH projects for example for units at 30% AMI
- Through scoring, prioritize Affordable Housing Fund resources for those proposed developments that bring the most non-County funding to the table (e.g. low income tax credits, DURF, Rental Housing Trust Fund, and private capital)
- Shift Affordable Housing Fund RFP process to earlier in the year to enable project developers to use County funding to secure additional non-County funding
- Through scoring, prioritize proposed projects serving the lowest AMI groups
- When possible, shift from AHF grants to loans thus creating a revolving fund (and advancing the objective of providing affordable housing through recycling the funds into additional units)

Policy

- MCC 2.96 / 3.35 – Long-term affordability vs. perpetuity
- Pursue Amendment to MCC 2.96
- Hire a Consultant / Economist:
 - To assist us in evaluating changes to MCC 2.96
 - Cost of those changes in terms of subsidy
 - Personnel required to support those changes

MCC 2.96/3.35 - Long-Term Affordability

- Long-term Affordability – remaining flexible
 - Use and need may change, e.g. Old Fairgrounds, Old Wailuku Post Office
- Defined as remaining affordable as long as:
 - There is a need for the affordable housing
 - The cost to keep the property affordable does not exceed the ROI
 - Resale price (using shared appreciation)
 - Cost to maintain or to bring the property up to acceptable standards

MCC 2.96 Amendments - Long-Term Affordability

- Longer Deed Restricted Periods
 - 10 - 15 year (or longer) deed restriction for home buyer units
 - 30 year (or longer) restriction for rental projects (current requirement)
- Shared Appreciation in Perpetuity
 - What about building equity?
- Re-set the clock upon transfer? DHHC can opt out if:
 - Property is no longer affordable based on shared appreciation price
 - Property is in poor condition
 - There is no longer a need for such housing

MCC 2.96 Amendments – Change the Numbers

- Would we get more units by lowering the requirement below 25%?
 - Current effective result = 20% of units
 - Would developers build more housing if the IZ were lower?
- What is the likely effect of :
 - Increasing the deed restricted period on sales?
 - Serving more of the lower AMI levels?
 - Shifting more of the burden to new commercial development?
 - Offering density bonuses?

MCC 2.96 Amendments - Rentals

- Income Groups – Rentals:
- Consider Incentivizing Lower Income Distribution
- Currently:
 - 17% rented at < 50% AMI
 - 17% rented at between 51 – 80% AMI
 - 34% rented at between 81 – 100% AMI
 - 34% rented at between 101 – 120% AMI
- Consider decreasing the MCC 2.96 requirements for projects targeting < 81% AMI

MCC 2.96 Amendments - Commercial

- Commercial Requirements
- Currently MCC 2.96 is triggered if they develop 10 or more lots
- A mall, creating demand for hundreds of jobs may be only one lot
 - Consider requiring Commercial developers to partner with the County on housing for their workers

Other Policy Recommendations

- Strengthen Resident Preference
- Residential Property

MCC 2.96 - Strengthen Residential Preference

- MCC 2.96 defines a Resident as:
 - Currently employed in the County
 - Retired from employment in the County (employed here immediately prior)
 - A full-time student residing in the County
 - A disabled person residing in the County, who was employed here prior
 - The parent or guardian of a disabled person residing in the County
 - A spouse or dependent of any such employee, retired person, etc. above
 - In the event of the death of the individuals above, the spouse/dependent is a resident

MCC 2.96 - Strengthen Residential Preference

Selection Priority – can we always choose residents first?

- As long as one resident is seeking housing – they should receive priority
 - Seek models which have been shown to be effective in housing workforce 1st
 - Amend MCC 2.96 to accommodate this prioritization
 - Homeownership
 - Rental units (including the waitlist)
- Residents shall receive first priority for the available units every time

Residential Property Taxes

- Maui is a very attractive place to buy real estate for 2nd homes
 - 52% of our homes are sold to people who do not reside here
- Consider ways to adjust Residential Property Taxes to make this less attractive
 - Increase to a level similar to other high cost resort areas in the mainland
 - Provide significant homeowner exemptions for owner occupied dwellings
 - Provide similar exemptions for long-term rental units

