

AH Committee

From: Tracy Nakamoto <tracy@munekiyohiraga.com>
Sent: Tuesday, October 05, 2021 7:44 AM
To: AH Committee; Alison N. Stewart; Laksmi M. Abraham
Cc: 'Jeff Furuta'; Gary Furuta (gary@gsfhi.com); andrew@gsfhi.com; Kari Luna Nunokawa; Tessa Munekiyo Ng
Subject: Affordable Housing Committee Recessed Meeting – October 4, 2021
Attachments: Hale Mahaolu 2021 - October 1 2021 - Hale Pilina - Housing Demand by Unit Type.pdf; 210216 Maui affordable Kahului 2021v1A (002).pdf

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To: Affordable Housing Committee Staff
Alison Stewart
Laksmi Abraham

From: Kari Luna Nunokawa, Senior Manager

Attachment:

1	10/4/21	Hale Pilina Market Study
1	10/4/21	Hale Mahaolu Support Letter for Unit Offering

Message:

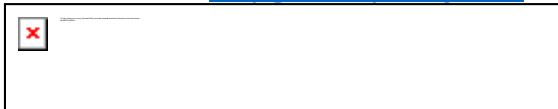
Aloha!

Please see the Hale Pilina Market Study and support letter from Hale Mahaolu regarding the reasoning behind offering one- and two-bedroom units. The project is sending these documents ahead of time in anticipation of Councilmember Paltin's request from the September 27, 2021 Affordable Housing Committee meeting.

Mahalo! Kari

Tracy Nakamoto, Administrative Assistant

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HALE MAHAOLU
WHERE ALOHA LIVES

October 1, 2021

Chairperson Gabe Johnson
Affordable Housing Committee
Maui County Council
200 S. High Street
Wailuku, HI 96793

RE: AH-2(1) - Hale Pilina Rental Housing Project (Kahului)

Dear Chairperson Johnson:

In your honorable committee's discussions concerning the above-referenced project, a question arose as far as the market demand for rental housing units of various sizes. Hale Mahaolu maintains wait lists for our various properties, and so I thought that the information provided below would be helpful in addressing those questions.

We have four (4) properties which provide family housing to the community, with the remainder of our portfolio being dedicated to housing for senior citizens. Within those family housing properties, we offer units which provide 1-bedroom, 2-bedrooms, 3-bedrooms, and 4-bedrooms. The wait lists on those properties provide guidance on the demand for various unit types.

Overall, the wait lists for these properties indicate that 72% of the pending requests for units are for 1-bedroom units; 21% of the pending requests are for 2-Bedroom units, with the remaining 7% of requests being for 3-bedroom and 4-bedroom units. What we have observed is that there are many individuals and couples in our community who are not senior citizens who are in desperate need of housing.

As an example, Hale Mahaolu's Luana Gardens family housing complex in Kahului provides some valuable guidance insofar as the wait list for families seeking a 1-bedroom unit numbers over 1,000, while those seeking a 4-bedroom unit is 68.

Thank you for the opportunity to provide this information which we hope proves helpful in your committee's work.

Sincerely yours,

GRANT Y. M. CHUN
Executive Director

*ANALYSIS OF THE MAUI HOUSING MARKET FOR AFFORDABLE
MULTI-FAMILY UNITS*

*SERVING FAMILIES
IN CENTRAL MAUI*

FOR

Catholic Charities Housing Development Corp.

PROJECT NAME: Hale Pilina

By

Pacific PGK, LLC
4480 Ahukini Rd.
Lihue, HI 96766

OVERVIEW

CONTEXT: Catholic Charities Housing Development Corporation is going to develop an affordable rental family project in Kahului, Maui. The current plan is for a two-phased family affordable project, Hale Pilina. They have engaged Pacific PGK, LLC to describe and analyze the market for affordable housing rentals by families on the island of Maui.

The purpose of the study is to be included as a part of the application of the developer for submitting to the Maui County Planning department as part of the MCC 2.97/EA process. It will also contain the information specified by Hawaii Housing Finance and Development Corporation in their January 2019 Qualified Action Plan Appendix One.

Per those guidelines, the study will complete the application by performing that part of it that calls for an independent study of aforementioned affordable rental project.

SCOPE OF WORK: As stipulated by the Hawaii Housing Finance and Development Corporation, this Market Study will include:

1. A statement of the competence of the market analyst.
2. A description of the proposed site.
3. Geographic definition and analysis of the market area.
4. Identification of the project including location, unit counts, income levels and target population.
5. Analysis of household sizes and types in market.
6. Demographic analysis of the number of households in the market area which are income eligible and can afford to pay the rent. Estimate of capture rates for the market areas.
7. A description of comparable developments in the market area.
8. Analysis of practically available rents, vacancy rates, operating expenses and turnover rates of comparable properties in the market area.
9. Analysis of practically available rents, vacancy rates and turnover rates of market rate properties in the market area.
10. Expected market absorption of the proposed rental housing, including a description of the effect of the market area.
11. Identification and commentary of proposed projects in the market areas.

I. STATEMENT OF THE COMPETENCE OF THE MARKET ANALYST

Pacific PGK, LLC has provided the residential and commercial real estate markets of Hawaii with expert real estate consulting services. It is headed by Paul Kyno, who has had hands on experience with developing successful affordable housing projects. In 1993, Kyno founded the Kauai Housing Development Corporation, a 501c3 non-profit specializing in the development of affordable housing. In 1993 - 1994 he represented the State of Hawaii on the Affordable Housing Advisory Council for the 9th District of the U.S. through the Federal Home Loan Bank of Seattle. He was nominated by Governor Neil Abercrombie to the Board of Directors of the HHFDC (Hawaii Housing Finance and Development Corporation) and served 2011-14.

Ricky Cassidy, market analyst for the firm, has a 28-year history in Hawaii of performing various marketing studies and reports, including the 2014 Affordable Rental Housing Update commissioned by HHFDC, all four counties and other federal and state agencies. Cassidy has performed over 200 affordable rental market studies and over 40 affordable for sale market studies, as well as over 250 market studies.

Note that the data and statements herein are based on independent research and are in no way contingent upon outside findings or recommendations.

II. DESCRIPTION OF PROPOSED SITE

SPECIFIC SITE: Hale Pilina is located on the old site of the swap meet, in the downtown area of Kahului. It is within walking distance to the two major malls on the island, the industrial area along the harbor and Hana Highway. The TMK is (2)3-7-013:026, and part of it fronts Puunene Avenue, to the east.

The central location of the project enjoys convenient access to public transportation routes, health and social services, government offices, shopping and restaurants in the area. The downtown development will be a unique community which will provide an ideal environment for positive, healthy lifestyles.

GENERAL COMMUNITY: Maui County is the third-largest county in the state, as ranked by population and economic activity, behind the City & County of Honolulu (Oahu) and the Big Island of Hawaii. Historically, Maui-Lahaina - was the original port of the nation of Hawaii, as well as the first resort area in the state. Maui has since grown into the state’s second-largest tourist destination, thanks to the major resort areas in West and South Maui.

III. GEOGRAPHIC DEFINITION OF AND ANALYSIS OF MARKET AREA

The County of Maui will serve as the market area for study. Such a definition was analyzed and deemed appropriate for the following reasons:

- Almost 99% of the entire island’s population lives in within a 22-mile radius of Hale Pilina Affordable Family Housing Project,
- All major retail, recreational, and medical facilities are located within an 8-mile radius, and
- There is an acute need for any affordably priced shelter on the island.

By way of context, the few similar projects within a fifteen-mile radius that could be considered comparable exhibit high occupancy, low vacancies and very long waiting lists.

IV. IDENTIFICATION OF THE PROJECT & DESCRIPTION

The project location is in the downtown area of Kahului. Kahului is the business and political center of the island. The TMK is (2)3-7-013:026. A portion of the property fronts Puunene Avenue, to the east, and to the west, South Kaulawahine Street.

The project will involve the new construction of three three-story buildings, comprising of 178 one, and two-bedroom living units and providing affordable long-term rental housing for low-income Maui residents.

Phase I will have three story buildings with 88 one and two bedroom family units and one two bedroom manager’s unit. Phase II will be on the same property and also have three story buildings with 90 one and two bedroom family units. The majority of the units will be at 60% AMI, the remaining units split between 50% and 30%.

The table below shows how the project will be configured with the following unit mix:

PROJECT UNIT BREAKDOWN

Beds	30% AMI	50% AMI	60% AMI	Totals
1 Beds	9	5	40	54
2 Beds	0	4	30	34
Totals	9	9	70	88

Since the targeted population is households making 30% AMI, 50% AMI and 60% AMI, we show the allowed rents for 2020.

PROJECT UNIT PRICING GUIDELINES

Beds	30% AMI	50% AMI	60% AMI
1 Beds	\$576	\$961	\$1,153
2 Beds	\$692	\$1,153	\$1,384

The project’s strongest selling points:

- Affordability
- Newly built units
- Safe project, familiar neighborhood, vibrant Central Maui community

V. ANALYSIS OF HOUSEHOLD SIZES & TYPES IN THE MARKET

The study guidelines call for an analysis of household types and sizes in the market. The following describes household types.

Housing Unit Types	Maui
Total Housing Units	71,747
Occupied Housing Units	54,387
Vacant Housing Units	17,360
Vacant and Available	8,192
Vacant and Unavailable	9,168
Vacant for agricultural use	5
Vacant for seasonal use	6,882
Other Vacant	2,281
Housing Stock	62,580

In terms of households, we used the TMK housing data from the county. We estimate that 64% of the total renter population in the target market are two to five person households. We estimate most of the renter population are one to two person households.

RENTER POPULATION, ALL MAUI, BY PEOPLE/HOUSEHOLD

	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+-Person
Share	33%	29%	15%	11%	5%	3%	4%

The following tables show total stock of condominiums on the island for the number of bedrooms contemplated by the subject property: One, and Two Bedrooms. As seen, most units are investor units, non-owner-occupants residing in them.

OWNER OCCUPANT VS. NON-OWNER OCCUPANT (OO), ALL MAUI

Bedrooms	Non-OO			Owner OCC			Total Units	Non-OO Shares
	Units	Assessed Value	Interior Sq Ft	Units	Assessed Value	Interior Sq Ft		
1	6,780	\$487,873	721	642	\$348,707	667	7,422	9%
2	7,226	\$703,332	1,034	1,816	\$398,958	910	9,042	20%

The following table compares the house in stock for the island with the number of units in the project. I

PROJECT SHARE OF MAUI CONDO HOUSING STOCK

Bed Rooms	Non- Owner Occupied Unit Counts	Owner Occupied Unit Counts	Total Units In Area	Project Unit Count
1	6,780	642	7,422	54
1	7,226	1,816	9,042	34

HOUSEHOLD CONDITIONS, SIZE AND OWNERSHIP:

A major effect of high housing costs on households is that they re-rent part of their shelter to friends or families. Evidence of this is measured by the US Census, and they define crowding as 2 or more persons per bedroom.

They also measure doubling up via surveys and define that as ‘more than one family group’ in a household. In the last Housing Planning Study, such a survey was performed and the results from Maui show that for owners, 4.5% of the respondents characterized their living situation as ‘crowded’ and another 14.7% indicated ‘doubling up’ in the household. For renter respondents, 18.4% of them indicated ‘crowding’ and another 13.5% said yes to ‘doubling up.’”

CROWDING & DOUBLING UP, ALL MAUI HOUSEHOLDS SURVEYED

	Owners	Renter
Crowded	4.50%	18.40%
Doubled up	14.70%	13.50%
Crowded & Doubled Up	18.00%	26.60%

The following tables show the data by area.

MAUI HOUSEHOLDS DOUBLING UP, BY AREA

	Upcountry	Central Maui	North Shore	South Maui	West Maui
Yes	12.20%	13.70%	13.50%	16.30%	16.50%
No	87.80%	86.30%	86.50%	83.70%	83.50%

MAUI HOUSEHOLDS CROWDING, BY AREA

Ppl/Bedroom	Upcountry	Central Maui	North Shore	South Maui	West Maui
Less than 2	92.30%	88.80%	94.90%	91.10%	85.70%
More than 2	7.70%	11.20%	5.10%	8.90%	14.30%

MAUI HOUSEHOLDS DOUBLING UP & CROWDING, BY AREA

	Upcountry	Central Maui	North Shore	South Maui	West Maui
Either or Both	18.70%	22.70%	17.40%	22.00%	25.50%
Neither	81.30%	77.30%	82.60%	78.00%	74.50%

VI. DEMOGRAPHIC ANALYSIS OF INCOME ELIGIBLE HOUSEHOLDS

OVERVIEW: The scope of work calls for a demographic analysis of the number of households in the market area that are income eligible and can afford to pay the rent.

The target market is comprised of those households who satisfy the income restrictions and other requirements for entering into a rental contract for these units. The project will be producing one-bedroom, two-bedroom and three-bedroom unit rentals for those making approximately 30%, 50% and 60% of the Area Median Income (AMI).

The target AMI income limits per family, according to the Housing Department of Maui’s May 1, 2020 AMI definition, are described below.

MULTIFAMILY TAX SUBSIDY PROJECT INCOME LIMITS, 2020

AMI	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person
30%	\$21,540	\$24,600	\$27,690	\$30,750	\$33,210	\$35,670	\$38,130
50%	\$35,900	\$41,000	\$46,150	\$51,250	\$55,350	\$59,450	\$63,550
60%	\$43,080	\$49,200	\$55,380	\$61,500	\$66,420	\$71,340	\$76,260

Using the above guidelines, the table below depicts the total population of households in the County (meaning, on the island) who are renting, categorized by income bracket according to the number of people in the household.

This data comes from Ribbon Demographics, a firm that specializes in taking US Census data and separating it into segments that are useful for projecting the demographic demand for affordable housing. It defines the relevant target markets of the project.

RENTER ONLY HOUSEHOLDS BY AMI AND FAMILY SIZE, 2020

AMI	1 Person	2 Person	3 Person	4 Person	5 Person
30%	1,944	892	514	355	215
50%	1,598	1,247	580	404	222
60%	656	468	357	203	111

Of note here is that the data is only for households that are currently renting, as opposed to those owning – and not owning - as having the potential for renting one of these units. The reader should keep in mind that there are current homeowners who would qualify, given their average income. However, since they probably will not relocate from their home to a rental unit, and they need to dispose of their ownership interest to qualify, they are not considered here. That said, they well could do so, particularly in the case of parents deeding their home to their children.

The next step is to determine the number of people in the household who would qualify to live in a unit. This is done relative to the number of bedrooms, per the project’s unit supply.

The rules regulating the rental of the studios and one-bedrooms say that no less than one person and no more than two people can rent a one-bedroom unit. For two-bedroom units, no fewer than two people and no more than five people can rent a unit.

OCCUPANCY REQUIREMENT

Bedrooms	Occupancy Range
1 Bedroom	1-2 Persons
2 Bedroom	2-5 Persons

From this one can derive the number of households in the market area who make the allowable income or less. This becomes the number of households that constitutes the total potential demand for the project’s supply. This analysis begins with deriving the demand for the one-bedroom unit.

ONE-BEDROOM UNITS: The supply by bedroom and target AMI is defined below.

PROJECT SUPPLY, BY TARGET AMI

Target AMI	Bed/Bath	Unit Count
30%	1 Bed	9
50%	1 Bed	5
60%	1 Bed	40

Note: 2 of one bedroom units from the 30% AMI will go to Homeless.

The next table describes the maximum income that a household qualifying for a one-bedroom unit can make.

LIMITS OF INCOME BY HOUSEHOLD SIZE

One-Bedroom Limits	30% of AMI	50% of AMI	60% of AMI
1 Person	\$21,540	\$24,600	\$27,690
2 Person	\$35,900	\$41,000	\$46,150

With this, one can get to the number of one and two-person households who reside within the market area who satisfy income limit restrictions. This represents the potential number of households that would be able to rent one of these units.

The table below shows this potential demand for one and two-person households by AMI.

RENTER HOUSEHOLDS POTENTIAL DEMAND FOR ONE BEDROOM UNITS

AMI	Renter Population 1 Person	Renter Population 2 Person	Renter Population
30%	1,944	892	2,836
50%	1,598	1,247	2,845
60%	656	468	1,125

The next table shows the total potential demand relative to the project’s actual supply.

ONE-BEDROOM SHARE OF TOTAL POTENTIAL MARKET, BY AMI

AMI	Unit Supply	Potential Demand
30%	9	2,836
50%	5	2,845
60%	40	1,125

Next, we consider the supply and demand balance, given the units of the project. The table below compares potential demand against total supply, new units plus existing units. The difference is shown in the Demand versus Supply column. As seen, surplus demand for these units. The share of supply versus demand is shown as a percentage (also called the capture rate).

SUPPLY & DEMAND, SHARE OF MARKET

AMI	Unit Supply	Existing Supply	Future Supply	Total Supply	Potential Demand	Demand vs Supply	Supply % of Demand
30%	9	2	3	14	2,836	2,822	0.3%
50%	5	24	8	37	2,845	2,808	0.2%
60%	40	55	22	117	1,125	1,008	4.0%

TWO-BEDROOM UNITS: Per two-bedroom units, the supply of these units by AMI is detailed below.

PROJECT SUPPLY, BY TARGET AMI

Target AMI	Unit Count
30%	0
50%	4
60%	30

The next table describes the maximum income a household can make for these units.

LIMITS OF INCOME BY HOUSEHOLD SIZE

Two-Bedroom Limits	50% of AMI	60% of AMI
2 Person	\$41,000	\$49,200
3 Person	\$46,150	\$55,380
4 Person	\$51,250	\$61,500
5 Person	\$55,350	\$66,420

The next table describes the household counts, per AMI and people in the household.

RENTER HOUSEHOLDS POTENTIAL DEMAND FOR TWO BEDROOM UNITS

AMI	Renter Population 2 Person	Renter Population 3 Person	Renter Population 4 Person	Renter Population 5 Person	Total Renter Population
50%	1,247	580	404	222	2,454
60%	468	357	203	111	1,139

The next table shows the total potential demand relative to the project’s actual supply.

TWO-BEDROOM SHARE OF TOTAL POTENTIAL MARKET, BY AMI

AMI	Unit Supply	Potential Demand
30%	0	1,975
50%	4	2,454
60%	30	1,139

Next, we consider the supply and demand balance, given the units of the project. The table below compares potential demand against total supply, new units plus existing units. The difference is shown in the Demand versus Supply column. As seen, surplus demand for these units. The share of supply versus demand is shown as a percentage (also called the capture rate).

SUPPLY & DEMAND, SHARE OF MARKET

AMI	Unit Supply	Existing Supply	Future Supply	Total Supply	Potential Demand	Demand vs Supply	Supply % of Demand
30%		3	1	4	1,975	1,971	0.0%
50%	4	176	2	182	2,454	2,272	0.2%
60%	30	48	21	99	1,139	1,040	2.9%

VII. DESCRIPTION OF COMPARABLE DEVELOPMENTS IN THE MARKET AREA

The following tables describe the units that are comparable to the subject property. They summarize the comparable developments in the market area for developed projects that have units serving family households making 30%, 50%, and 60% of AMI.

INVENTORY OF AFFORDABLE UNITS BY AMI

Bed Counts	% of AMI	Projects	Units	Aver Sq Ft
1 Bed	30%	1	2	670
	50%	2	24	640
	60%	2	55	672
2 Bed	30%	2	3	867
	50%	5	176	828
	60%	2	48	808
3 Bed	30%	1	1	1,074
	50%	4	124	1,119
	60%	2	25	1,158

These tables show that – on the supply side - the numbers that will be provided by Hale O Pi’ikea are small (relative to the larger number, the existing stock).

VIII. ANALYSIS OF COMPARABLE PROPERTIES IN THE MARKET AREA

This section calls for an analysis of “practically available rents, vacancy rates, operating expenses and turnover rates of comparable properties in the market area.” The following tables summarize and analyze the data for all projects comparable to the subject property.

We note that while the underlying data comes from interviewing developers and searching on the Internet, not all of our inquiries received answers to all questions, particularly the operating expenses and turnover rates of comparable properties in.

CHARACTERISTICS OF COMPARABLE AFFORDABLE UNITS BY AMI

Bed Counts	AMI Percent	Unit Counts	Average Rent	Vacancies	Ave Vacancy%	Ave Waitlist
1 Bed	30%	2	\$549			600
	50%	24	\$460			600
	60%	55	\$1,021	2	3.9%	1,000
2 Bed	30%	3	\$659			200
	50%	176	\$1,042	2	3.4%	11
	60%	48	\$1,225	2	11.1%	3
3 Bed	30%	1	\$761			50
	50%	124	\$1,179	2	3.0%	34
	60%	25	\$1,415	2	15.0%	5

An analysis drawn from that indicates that one bedrooms have the longest wait lists and the lowest vacancies..

Discussions with property managers on Maui have noted that vacancies are higher due to COVID but that waitlists remain long. One said the family properties’ waits would average 4+ years, and that turnover is around at around 5% annually.

IX. ANALYSIS OF MARKET RATE PROPERTIES IN THE AREA

The following section calls for an analysis of “practically available rents, vacancy rates, operating expenses and turnover rates of market properties in the market area.” Again, while the underlying data comes from interviewing developers and searching on the Internet, not all of our inquiries received answers to all questions.

Note that there are only six professionally-managed and owned market rate apartment buildings within the Maui market, cumulatively containing +/-600 units:

- Sunset Terrace (Lahaina),
- Paradise Gardens (Kihei),
- Piilani Gardens (Kihei),
- Kihei Regency (Kihei), and
- Waterfront Apartments (Kahului).

All are older developments.

Piilani Gardens is a 200+ unit garden style apartment building in Kihei containing all 2-bedroom units; the owner reported no vacant units and very low turnover and reported asking rates ranging from \$1,800 to \$2,500 for a 2-bedroom unit. This property was completed in 2002.

Paradise Gardens and Kihei Regency, both in Kihei, are under common ownership and are older developments in need of substantial unit upgrades and capital improvements. Nevertheless, both properties are 96%-97% occupied with rental rates ranging from \$1,500 to \$1,600 for 1-bedroom units and \$1,700 to \$1,900 for 2-bedroom units; the rental rates reflecting the age and conditions of the properties.

As a footnote, we surveyed the market this last January, so things have changed since.

Another segment of the market is the long-term, privately owned single condominium unit and attached and detached Ohana units. An Ohana unit is a second home permitted on a private lot where zoning normally only

allows for one residence; it serves to create income for existing homeowners. Understand that the prominence of Ohana units is primarily due to a lack of affordable workforce housing.

We note that Craigslist is the primary marketing channel for owners and tenants in the marketplace; thus, much of our research for rental properties was focused on data from Craigslist. The app was surveyed and scraped all listings of 1 and 2-bedroom units for analysis. we reviewed the data for rented units that were advertised as long-term, and unfurnished. And we were mindful in doing so of the rents, shown in the table below, that the developer would be charging the market.

PROJECT UNIT PRICING GUIDELINES

Beds	30% AMI	50% AMI	60% AMI
1 Beds	\$549	\$914	\$1,097
2 Beds		\$1,097	\$1,316

ONE BEDROOM MARKET RENTALS, SELECTED OFFERINGS

Subject Property	Bedroom, Wailuku	Cottage, Wailuku	Apartment, Upcountry
	\$1,097	\$1,110	\$1,152
			\$1,211

These are the only one bedroom rentals below \$1,250/month.

TWO BEDROOM MARKET RENTALS, SELECTED OFFERINGS

Subject Property	Apartment, Upcountry	Harbor Lights, Kahalui	Piilani, Kihei
	\$1,316	\$1,400	\$1,425+GET
			\$1,800+GET

As seen, there is little or no overlap between this proposed project in terms of rents and the existing rents in the market.

X. EXPECTED ABSORPTION AND FORECASTED EFFECT ON MARKET AREA

Based on our demographic information and rental demand analysis, we believe that there is more than adequate demand in the primary market area for the subject property, as proposed. In other words, the demand should overwhelm the contemplated supply

Based on our demographic information and rental demand analysis, the data shows that there is more than adequate potential demand in the primary market area for the subject property. Additionally, the supply in the market is dated, and in need of renovation.

While demand has softened recently due to the pandemic, it is likely to return well before the project comes to market, at least 2 to 3 years away.

And, in light of the paltry supply and growing demand for affordable housing, we do not foresee any negative impact on the existing rental housing stock.

A reasonable expectation for absorption would be 50% of the units within the first 3- 6 months from first occupancy. This will rise to 75-85% over the next 3-4 months. By month 12, the project's occupancy rate will be over 95 percent.

XI. PROPOSED PROJECTS IN THE MARKET AREAS

Identification and commentary of proposed projects would be projects that were awarded tax credits that are underway for the future. The ones targeting the family market would be

- 88 affordable units in West Maui, at Kaiaulu O Kupuohi, and it would include 20 one-bedroom, 34 two-bedroom and 35 three-bedroom units for families earning 60 percent of AMI.