

South Maui Community Plan Update

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Agenda

What I was asked to cover:

- Housing Need – County Wide
- General Projections for South Maui
- What We Have in Construction and the Pipeline
- Where does South Maui stand housing wise?

Additional Information Provided (for thought only, or a future meeting):

- How Does Housing Get Built?
- Barriers to Housing
- Comments on Specific Policies in the Plan
- Last thoughts

County-wide Housing Need = 10,400 Units?

How do we know?

- Hawaii Housing Planning Study
 - 2019 HHPS
 - Maui County needs to build 10,404 units between 2020 – 2025
 - 2,080 units/year
 - Study is currently being updated
- 10,404 units are not generic units
 - Not just any housing, we need specific housing
 - Very specific AMI/Income targets (Maui County area median income = \$101,100)

County-wide 2019 HHPS – 10,404 Units =

AMI	INCOME	NUMBER	PERCENT	
141% + Market/Luxury	> \$117,320	4,755	46%	
101 - 140%	> \$83,800 - \$117,320	1,017	10%	Civil Engineers, Registered Nurses, Physical Therapists, Physician Assistants, Electrical Engineers
81 – 100%	> \$67,040 – \$83,800	370	4%	Loan Officers, Electricians, Real Estate Agents, Chefs/Head Cooks, Dental Hygienist
51 – 81%	>\$41,900 – \$67,040	1,764	17%	Lifeguards, LPNs, Mechanics, Plumbers, Elementary and Middle School Teachers, Waiters/Waitresses,
31 – 50%	> \$25,140 - \$41,900	777	7%	Home Health Aides, Teacher Assistants, Preschool Teachers, Nursing Assistants
< 30%	< \$25,140	1,721	16%	Childcare Worker, Personnel Care Aides, Fast Food Workers, Seniors, Persons with Disabilities
TOTAL		10,404	100%	

South Maui Housing Needs

- 2019 HHPS does not break out South Maui specifically
- South Maui Community Plan and Technical Paper
 - Forecasts population growth of 3,700 – 6,100 new residents by 2045
 - Residents per household – 2.59 (up from 2.44 in 2010)
 - Currently have 19,320 occupied homes / 2,700 additional vacation homes (not used for short-term rentals)

South Maui Housing Need Through 2045

DHHC Estimated Housing Need:

- 3700 new residents / 2.59 residents per HH = 1,429 units
- 6,100 new residents / 2.5 residents per HH = 2,400 units
- Neither # is adjusted for “crowding” or “doubling up”

Also doesn't include continued demand for vacation homes

- Estimate: 170 – 300 more units (based on a consistent 12% of total units)

South Maui – 1,429 – 2,700 (plus) Units =

AMI	NUMBER	PERCENT	VACATION
141% + Market/Luxury	657 - 1,104	46%	170 - 300
101 - 140%	142 - 240	10%	
81 – 100%	57 - 96	4%	
51 – 81%	243 - 408	17%	
31 – 50%	100 - 168	7%	
< 30%	229 - 384	16%	
TOTAL	1,429 – 2,400	100%	2,429 – 2,700 *

* Should ensure that there is land available for more – not every project in a Community Plan area will move forward (it's not a straight line)

South Maui Housing –Under Construction

Total 295 units

For Sale:

- 175 total units in production
 - 40 workforce units (80-140% AMI)
 - 135 market units

Rentals:

- 120 total units under construction
 - 118 affordable units (\leq 60% AMI)
 - 2 market (management) units

UNDER CONSTRUCTION PROJECT NAME	DISTRICT	PROCESS	RENTAL OR FOR SALE	TOTAL UNITS	Affordable Units Required
Hale Kaiola Developer: Hale Kaiola, LLC	South Maui/Kihei	2.97 MCC	For Sale	40	40
Kaiaulu O Halelea Developer: Ikaika Ohana	South Maui/Kihei	2.96 MCC	Rental	120	118
La'i Loa	South Maui/Wailea	PC - 1973	For Sale	75	Credits
Wailea Golf Estates	South Maui/Wailea	PD - 1973	For Sale	60	Credits

South Maui Housing – Pending Action

MAY Be Built 5 - 10 years (if the stars align)

For Sale:

- 1,794 units
 - 472 units affordable/workforce (50-140% AMI)
 - 1,322 market units

Rentals:

- 340 units
 - 337 workforce (\leq 60% AMI)
 - 3 market (management) units

Mixed:

- 1,250 units
 - 300 workforce (\leq 140% AMI)
 - 950 market units

PENDING PROJECT NAME	DISTRICT	PROCESS	RENTAL OR FOR SALE	TOTAL UNITS	Affordable Units Required
Hale O Pi'ikea I, II, III	South Maui/Kihei	2.96, MCC	Rental	223	220
Honua'ula Gardens (Wailea 670)	South Maui/Wailea	Project District	For Sale	1,150	288
Hoonani Subdivision (Wailani)	South Maui/Kihei	2.96, MCC	For Sale	27	27
Kamalani	South Maui/Kihei	2.96, MCC	For Sale	460	(170 already completed)
Kamaole Point (MF)	South Maui/Kihei	2.96, MCC	For Sale	129	129
Kilohana Makai	South Maui/Kihei	2.96, MCC	For Sale	28	28
Liloa Hale	South Maui/Kihei	2.97, MCC	Rental	117	117
Maui Research & Technology Park	South Maui/ Kihei	CIZ	Mixed	1,250	300

UNIT STATUS	NUMBER
Total Units Under Construction	295
Total Units Pending Action (5-10 years)	3,384
Total South Maui Units	3,679

South Maui Housing General Comments

2.96 MCC requires developer to provide 25% of units as workforce

- For-sale: Targets incomes at 81-140% AMI
- Rentals: Targets incomes at 50-120% AMI
- Generally the market units subsidize the workforce units in these projects

Units developed for families earning less than 81% AMI

- Require financial subsidy
- Exemptions under 2.97 and 201H also help projects “pencil”

South Maui Housing General Comments

South Maui housing development is consistent with the intention of 2.96:

- PLANNED units 81% - 140% AMI appear to meet the projected need
 - IF the projects supporting them are built
 - Regulations, market uncertainty, and interest rates - all challenges
 - Beware - many projects have been on the books for years that have not moved – we cannot assume these projects WILL move
- Units below 80% will need help
 - Housing credits helped many projects – but they must have a market
 - Carrots, rather than sticks, to decrease the cost of development
 - “Encourage” and “support”, rather than “require” whenever that’s possible

Mahalo!



P.S. More information

(Just in case you want to know later)

How Does Housing Get Built?

Who Develops?

Private For-Profit and Non-Profit Developers

required to build a percentage of workforce housing

Residential Workforce Policies

2.96, MCC – 25% Affordable Housing Component

2.97, MCC – 100% Affordable Housing Component

201H-038 HRS - >50% Affordable Housing Component

Maui County Code 2.96

Maui County's "Inclusionary Zoning" Policy
Typically Used if the Land is Properly Entitled
Requirements are triggered:

- with the creation/conversion of 10 or more new dwelling units, lots, lodging units, time share units, hotel expansions

Requires that the developer provide the equivalent of:

- 25% of the # of market units for the workforce
- If they create more workforce units, they can get credits

Maui County Code 2.97

Passed by Council in late 2018, Ordinance 4941:

- “Fast Track” Development Process
 - Very similar to HRS 201H-38
- Provides incentives for builders of 100% affordable projects
- Requires a decision within 60 days once the application is in Council’s hands

201H – 038 Hawaii Revised Statutes

- State of Hawaii's Fast-Track Process
- Allows Council to grant exemptions from statutes, ordinances, charter provisions, and rules of any government agency relating to:
 - Planning related requirement (zoning, MIP, community plans)
 - Construction standards that do not compromise health and safety of public
 - Fees – which can save thousands per unit
- County Council shall approve, approve with modification, or disapprove the project by resolution within forty-five days

Barriers to Housing

Geographic (we're an island):

- Limited supply of developable land
- Appropriately zoned, at a reasonable

Lack of Major Off-Site Infrastructure

- Roads, sewers, water, drainage and schools
- Responsibility has shifted from government to developer

Barriers to Housing

Construction Cost

Government Regulation

- Regulatory requirements
 - Hawaii is more regulated than any other state
- Review processes (and multiple reviews)
- Land use

Financing

- Projects serving <80% AMI require subsidy

Comments on Specific Policies

2.2.16 – “Require” 201H, ~~2.96~~, and 2.97 projects to be near job centers, transit, services and include pedestrian-oriented design elements

- Most available land is above the highway – does not meet above criteria
- 201H & 2.97 projects are typically built on land that is not zoned for housing
 - Ag land is less expensive to purchase
 - Are 2.2.16 (required) and conversion of ag land in 2.2.28 (allowed) contradictory?

2.2.17 – Encourage a greater % of affordable housing than required by law

- Limits (a stick) meeting the affordable housing obligation to the same sub-area
 - More strict than County Code
 - 2.96.040 (B)(1) & (2) - “within the Community Plan area”
- Eliminates (a stick) the use of housing credits
 - Credits are one of our “carrots” for building more units – they need to be both valuable and flexible (Credits = 2.96.050 MCC) – Examples: Halelea and Piikea

Comments on Specific Policies (continued)

2.2.23 - Workforce units must be completed before or at the same time as the rest of the project – already required by code:

- Ownership units: 2.96.060(A) Timing of Completion
- Rental units: 2.96.070(A) Timing of Completion

2.2.23 – Prohibit new transient units and second homes until adequate WF housing. . . . to meet existing needs

- We need housing at all AMI levels
 - Including market and second homes (demand won't go away)
 - If they aren't built, they will still buy, displacing our workforce professionals
Location, location, location (see above discussion on inexpensive land)

Final Thoughts

Good Planning:

- We need enough land available to meet our future needs:
 - Housing (I encourage you to estimate 2x high), businesses, open spaces
- In planning for housing, we need housing at all AMI levels
 - Including market and second homes (demand won't go away as mentioned)
- Regulatory barriers are a significant issue for creating housing
 - “Require” can be a significant barrier if it increases requirements
 - Consider using “Support” or “Encourage” wherever possible
 - 2.2.14 – “Require” interconnected public greenways . . . Vs;
 - 2.2.15 – “Support” pedestrian-oriented, complete communities. . . .

Final Thoughts

Keep sight of the goal:

IF we want workforce housing built in South Maui (I assume we do), because:

- 59% of renters and 45% of homeowners pay >30% of their income for housing
- Traffic - 57% of in-flow is commuters
- We need our workforce

THEN be aware that higher regulatory barriers/lack of infrastructure can be deal killers:

- If it is easier to build in Central Maui or West Maui, that's where they will build
 - Funding intended for that housing will also go to other community plan areas
- Carrots can be more effective than sticks



**Mahalo for doing this
critical work!!!!**