

FEMA Direct Lease Program Community Impact Report

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Introduction

In the aftermath of the August 8th, 2023 Wildfires on Maui, an existing housing crisis has become more challenging than ever. As we close in on nearly a year after the disaster, the pool of renters on Maui has been flooded with fire victims in search of more permanent housing than the temporary solutions that persist. Community members that were not primarily impacted by the loss of fire damage still feel secondary and tertiary effects through insufficient employment, the economic dip across the island, and unstable housing.

While many patchwork solutions for fire survivors are in the works, there has been less, if any, assistance available to those indirectly impacted by the wildfires. The largest program in place to assist with placing fire victims in long term housing is the FEMA Direct Lease Program. There are persistent accounts of unanticipated negative externalities to the broader community as a consequence of the program's methods of operation. Instances of tenants, who are not fire victims, being forced to vacate their pre-fire market rate long term rentals so landlords can become recipients of hyperinflated FEMA Direct Lease Program rates, which are several times higher than pre fire market rates, have been a consistent issue of concern.

While the program has worked effectively for many, the problems created by the program are impossible to ignore. Current market rate for rentals has risen dramatically, with asking prices all over the island meeting those hyperinflated prices offered by FEMA's program. While there are many pre-existing factors contributing to the high cost of housing, and many current factors unrelated to FEMA pushing prices upward as well, the impact of the FEMA Direct Lease Program on Maui housing must be examined. This analysis is an initial attempt to explain how the FEMA Direct Lease Program is perceived to impact the community from the community perspective itself.

Methodology

A core pillar in Maui Housing Hui research methodology is to include a first person perspective. Colonized cultures historically fall victim to having their experiences filtered through the voice of the colonizer. Hawai'i is home to many indigenous people and it is important not to further this problematic practice by speaking over community members with whitewashed or academic rhetoric that does not fully encompass the scope of their perspectives. This equitable methodological approach preserves linguistic and nuanced primary perspective descriptions of events and observations. By performing data collection in this way, authenticity is protected, adding *validity* to this

study that cannot be captured without such direct source preservation. Typos and short hand responses to the survey have not been edited for this report, maintaining every attempt to protect the first person nature we seek to protect.

A short, five question survey was implemented on a voluntary basis to community members willing to self-report their perceived impact from the FEMA Direct Lease Program. The survey sought out homeowners and renters who were willing to share their personal experience of impact, or lack thereof, caused by the program. Thematic coding was performed to organize themes referenced in the responses. Some themes were expected, such as references to high rental costs and attempts to evict tenants, however no preconceived themes were preemptively in place. This initial study is designed to seek out descriptions of how the program has impacted housing for community members, instigated by widespread reports of the FEMA Direct Lease Program cited as a factor for housing instability and rising rental costs for long term tenants. By directly asking the community if they have been impacted, and how so, we can begin to bring these concerns to the table with curious and open review.

These results risk distortion in the small sample pool drawn in by self-reporting and a short survey window. Access to first person perspectives is tricky to obtain after a traumatic community event as many people impacted are uncomfortable speaking about their experiences, especially to strangers. Many of those that self-report may not relay the full context of their experience either, leaving the possibility of reliability of future studies in question. The inability to translate the survey to all locally spoken languages also reduced the reach of the survey to a greater pool of respondents. To repeat the results of such broad methodology in such a small sample pool cannot be well predicted. Peer review is necessary to establish future reliability of results, however direct first person accounts of experiences and observations are reasonably assumed to be reliable to this study.

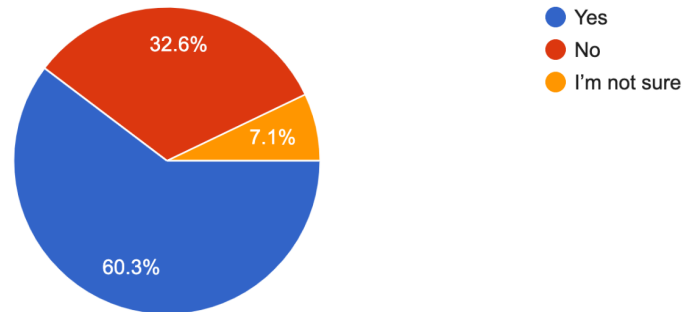
Analysis

The survey received 141 responses over the course of 6 weeks. This included a mix of homeowners and renters. Approximately 60% of respondents identified as renters who have been impacted by the FEMA Direct Lease Program, while approximately 28% of respondents reported being homeowners who have been interested in, applied to, or participated in the FEMA Direct Lease Program. This data alone assumes a neutral impact, neither positive nor negative impact can be extrapolated without further context. *However*, we can infer significance when over half

of renter respondents feel that this program has impacted them either directly or indirectly.

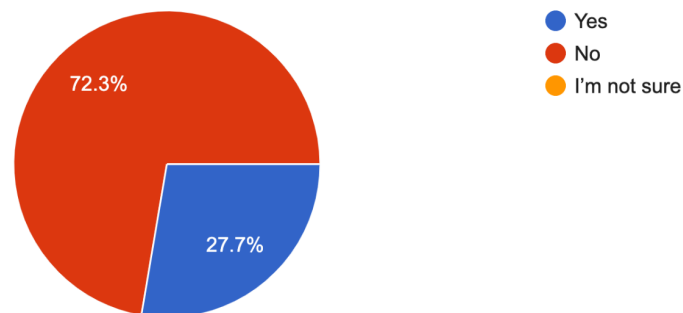
Are you a renter who has been impacted by the FEMA Direct Lease Program?

141 responses



Are you a homeowner who has been interested in, applied to, or participated in the FEMA Direct Lease Program?

141 responses



When combined with the direct reporting of respondents who were asked to describe their experience, we can further home in on the potential negative externalities caused by the FEMA Direct Lease Program. While there are a modest number of survey respondents reporting positive experiences with this program, **overwhelmingly** the general consensus is that this has had some negative impact on many people within and without the program. Of the 141 respondents, 85 renters and 39 homeowners have expressed that they have been impacted by the program, neither positively or negatively, the rest remain unsure or do not consider themselves impacted. Of the 141 respondents, 67% were critical of FEMA, reporting one or more negative externalities which they perceive to be caused by the FEMA Direct Lease Program. The remaining 33% was a mix of generally positive experience or no opinion. As these respondents

are members of the community in which FEMA is operating, their direct interactions and observations are considered legitimate data points for the purpose of this analysis.

The most common instances cited in this survey are: increases in rent, landlords intent to participate in the FEMA Direct Lease Program forcing tenants out—legally or illegally—and inadequate process to place participants in suitable dignified homes in their own community. In the section below, a collection of notable direct quote responses exemplify these community member perspectives. Themes of interest are those which describe negative externalities, either as a personal experience or a personal observation. In the next section, direct responses from the survey are coded to correlate to the theme in which they support. Many cite multiple issues and are reflected with the code for each theme. These examples are not exhaustive to the entirety of the survey’s responses, but chosen for their prevalence and diverse representation of negative externalities.

Themes of Negative Community Impact in Respondents own words:

- Ineffectual placement**
- Landlord attempts to evict or vacate tenants to participate in FEMA program**
- Reduced rental inventory outside of the program**
- Pushing residents into other communities against their expressed need**
- Pushing Maui residents off island or into houslessness**
- Not meeting health and safety needs**
- Drive up rental market prices**
- Non renewal of lease of long term tenants to capture FEMA rates**
- Attempts to raise rent on tenants**

“They told me that they had a 4 bedroom in Kihei, I am a family of 5. I took it and when I got there it was horrible. The house had termites water damage.” **Not meeting health and safety needs**

“Three of my neighbors signed contracts with FEMA. Only one tenant has actually moved in, finally. All three owners have been receiving rent etc Paid for months now. The other two condos sit empty.”

Ineffectual placement, **Reduced rental inventory outside of the program**

“FEMA has pivoted from being helpful to now pushing their own agenda. We have been matched 3 times and 3 times the unit has fallen through on FEMA’s end.” **Ineffectual placement**

“It’s been horrible. Not one person in the last 8-9 months has told me the same thing, after dealing with fema for this long and not seeing any help, seeing empty homes sit while owners are getting paid big bucks.” **Ineffectual placement,** **Reduced rental inventory outside of the program**

“My landlord tried to evict me to put in a lahaina family but i fault back.” **Landlord attempts to evict or vacate tenants to participate in FEMA program**

“Our home has been paid for since Dec 15 and it’s still empty though we were told 2 times we would have a family moving in. That being said it’s been the easiest \$54k I’ve ever made and we feel extremely lucky we got into the program early on.” ■ **Ineffectual placement,** ■ **Reduced rental inventory outside of the program**

“As a taxpayer I am disgusted and appalled that there has been so much money wasted on units that were being paid for and held and still vacant! Shame on everyone involved. Our property has 4 and only one being used! Three are large and being wasted! Disgusting. Irresponsible!!!!” ■ **Ineffectual placement**

“It’s now almost 3.5 months since I originally accepted a place through Fema Direct Housing and have yet to be placed in a unit and still at Kaanapali Shores through Red Cross. I have been here since August.” ■ **Ineffectual placement**

“With FEMA direct there are so many road blocks. First off, this whole denying of housing and u have only 3 chances. They don’t take into consideration any of your hardships & I am still waiting for my background check to come back.” ■ **Ineffectual placement**

“As a single man of 60 years old I thought surley I could be placed easily in the program.month after month I got a phone call asking me the exact same questions about me and my housing needs,I gave the exact same answers every time. Beginning in December they started offering me plane tickets if I had a place in mind to relocate.after two times I told them to f off and put me in a home on the west side because I'm not leaving .my support group is located on the Westside. FEMA did not care about my support group and told me to my face I could leave maui or take a home where I would eventually kill myself. That's right I could contemplate suicide and FEMA couldn't have cared less. One agent even said under her breath " that would be one less to worry about" thinking I wasn't paying attention.so so wrong....FEMA HAS DONE NOTHING BUT MAKE THIS DISASTER MORE DISASTROUS.” ■ **Ineffectual placement,** ■ **Pushing residents into other communities against their expressed need,** ■ **Pushing Maui residents off island or into houslessness,** ■ **Not meeting health and safety needs**

“All your free rent money that's flooded the market has greedy home owners jacking up the prices of rentals 2 and 3 times what the price was before the fire. An apartment I used to rent for 1350 I saw listed for 2800. Wow. Outrageous. More ppl are going to end up homeless because of greed.” ■ **Drive up rental market prices,** ■ **Pushing Maui residents off island or into houslessness**

“On January 6th we received an email from our landlord stating that she would like to break the lease as soon as possible (within a week) in order to capitalize on the FEMA Direct Lease Program.” ■ **Landlord attempts to vacate tenants to participate in FEMA program**

“Lima Charlie signed a lease with me and has not placed a tenant. It’s been 2 months, they pay the rent, but no tenant.” ■ **Ineffectual placement,** ■ **Reduced rental inventory outside of the program**

"We strongly suspect that they are trying to use a loophole to get into the FEMA program, since they know it is illegal to evict a current Maui renter in order to participate in the FEMA program, but if they kick us out, then spend 2 months for their vacation, then they can claim that it is a vacation home, and legitimately enroll in the FEMA program. Whether or not they do this does not matter - the fact that it is possible is the problem!" ■ **Landlord attempts to vacate tenants to participate in FEMA program,**

"I am a home owner. My business, home and rental properties were all destroyed in the Lahaina fire. The Direct Lease Program has made the situation worse by sucking up most of the potential rental properties and further distorting the price for rentals to unsustainable levels. Of course, many of the Direct Leases properties remain vacant, and some landlords who missed the opportunity to receive several times market rent are now keeping other properties vacant in hopes that FEMA will start signing more leases. The result is that it is virtually impossible for a home owner to find a medium term rental while waiting to be allowed to rebuild." ■ **Reduced rental inventory outside of the program,**

"We were asked where we would prefer, wailuku or Kahulu. I've explained to them neither that's too far for a single mom 4 kids in school in Lahaina and I also work at L.I.S. with one car....she calls back and said I found you a spot, 4 bedroom 2 bath in HAIKU." ■ **Pushing residents into other communities against their expressed need,** ■ **Ineffectual placement**

"I am a homeowner. I have insurance. I requested an ADA compliant unit. When I went to see my first unit in Kihei. It didn't have parking for everyone. It didn't have shower bars, low threshold etc. so basically not ADA. I was told my part of insurance payment may be up to \$10,000. I was told they can put in a request to make the unit more ADA. I was told I can put in a request for parking. I was told my only options is to sign or get removed from FEMA assistance. I chose not to blindly sign a blank check for a unit that didn't suit my needs. So I was kicked out of the program. This was the first unit I saw. I was told I wasn't handicapped enough to need an ADA unit and I was told if the shower is unsafe then don't shower. So because I'm out of the program, despite Red Cross telling me I have 3 denials, I am also now out of the hotels." ■ **Not meeting health and safety,** ■ **Ineffectual placement**

"Been renting for nine years landlord wanted to rent to FEMA more money. Haven't been able to find an affordable place because FEMA has overpaid their rentals so now for a single mom, I cannot even afford the prices out there. I am currently living with a friend and we are going to be homeless at the end of the month. FEMA has made things hard for everyone." ■ **Non renewal of lease of long term tenants to capture FEMA rates,** ■ **Drive up rental market prices,** ■ **Pushing Maui residents off island or into homelessness**

"Not even a fire victim and had been asked to vacate current residence. Now trying to find an affordable rental unit. But due to the offer towards landlords and home owners. The prices of rent have easily doubled and some tripled in a matter of a couple months. Making it even harder for a family that isn't getting assistance or help from any government or non-charitable parties." ■ **Landlord attempts to vacate tenants to participate in FEMA program,** ■ **Drive up rental market prices,**

"I am not a FEMA recipient or fire victim. I've been renting the same apartment in Kihei with my family for 4 years. The landlord attempted to raise the rent to "community standard for a 2 bedroom", but I had to tell

him it wasn't allowed because there is a rent freeze. Instead, he started charging for electric when before that was included. So it's now an extra 500-600 per month. Our lease states we pay "overages", but we don't see the bill. Our lease is up in August and we're quite sure he'll hike up the rent and we don't know what we'll do. We'll probably have to leave Maui." **Drive up rental market prices, Non renewal of lease of long term tenants to capture FEMA rates, Attempts to raise rent on tenants**

"Our landlord, David Numbers, evicted all nine tenants out of 824 Hopoe St, Units A, B & C in January 2024 so he could increase the rent from \$4,200 a month to \$6,800 a month. When he evicted all nine tenants he said he was selling the house and then placed it with FEMA direct release and Lima Charlie."

Landlord attempts to evict or vacate tenants to participate in FEMA program, Drive up rental market prices

"My landlord asked me if his other tenant can move in with me so that he could rent out his house for \$11,000. Additionally, he raised my illegal rent during moratorium just bc he can. I am month to month and now cannot afford another place once he asks me to leave due to the soaring rents prices now that FEMA's agreements have driven the average rental price up. I'm a teacher and may be forced to leave the island and I'm not considered as someone directly affected by the fires, so me and my 9 year old are not considered a housing priority." **Landlord attempts to evict or vacate tenants to participate in FEMA program, Drive up rental market prices, Pushing Maui residents off island or into houslessness**

"Our family was already at odds with rental struggles before the wildfires. And due to the FEMA enactment of emergency protocols to hold and rent vacant units at a rate no locals can afford, we are now renting a 1 bedroom 10x10 room +a storage unit for \$2500 dollars." **Reduced rental inventory outside of the program, Drive up rental market prices,**

"While in the direct lease program,fema offered 3 times to fly me anywhere I wanted,not trying to house me...face to face they told me if I still needed housing they would relocate me to the other side of the island knowing my support group is on the Westside...when I said that was unacceptable the agent got very rude with me and said while I didn't have to take what was offered I could leave maui,and they still offered a plane ticket." **Pushing residents into other communities against their expressed need, Pushing Maui residents off island or into houslessness, Ineffectual placement**

"We were told we did qualify for Direct Lease but then we were told no, we didn't because house is not fully burned down. We qualify for rental assistance but anyone who wants to rent out their place is looking to go with FEMA Direct as they get so much money. " **Ineffectual placement, Reduced rental inventory outside of the program, Drive up rental market prices**

"As a renter, there is nothing affordable for my family to rent anymore. This FEMA program (as well as the reduced/ limited housing inventory) has encouraged landlords to increase prices of rentals. The average person can not afford these just because the landlords raise the rent. This FEMA program has encouraged landlords to be greedy and in turn, FEMA has done irreparable damage to Maui's housing 'market'." **Drive up rental market prices, Reduced rental inventory outside of the program,**

"We were about to sign the lease and give deposit but each time we lost it due to someone using FEMA because FEMA was offering landlord more than what they were asking" **Reduced rental inventory**

outside of the program, ■ Drive up rental market prices, ■ Non renewal of lease of long term tenants to capture FEMA rates

“The influx of fema rental assistance money is artificially driving rental prices through the roof in the maui economy. Landlords are evicting long term tenants to capitalize on the greed. I was given notice to vacate my rental due to this negative for site.” ■ Drive up rental market prices, ■ Landlord attempts to evict or vacate tenants to participate in FEMA program

“I was kicked out of my home of 19 years b/c landlord said their family needed it but they ended up renting to FEMA and it’s been empty since Jan 15 and I’ve been homeless and waiting for openings at FLC and Senior housing.” ■ Landlord attempts to evict or vacate tenants to participate in FEMA program, ■ Pushing Maui residents off island or into houslessness

“I lost my house in Lahaina, found a rental on my own in Waiehu soon after. My 6 month lease is not being renewed as they have moved my unit into direct lease. Now I am leaving the island in a few weeks after 25 years.” ■ Non renewal of lease of long term tenants to capture FEMA rates, ■ Pushing Maui residents off island or into houslessness

“Am getting kicked out, so the owner can make 3/4 times their mortgage from FEMA.” ■ Landlord attempts to evict or vacate tenants to participate in FEMA program

“As soon as fema said they would pay double the rent if the owner went with them we are evicted. But because our home didn't burn in the fire we didn't qualify for assistance. We became homeless.” ■ Landlord attempts to evict or vacate tenants to participate in FEMA program, ■ Pushing Maui residents off island or into houslessness

“My family and I got kicked out of the home we have been renting for the pass 8years because the landlord wanted rent to fema to get more money and didn't want to pay land taxes.” ■ Landlord attempts to evict or vacate tenants to participate in FEMA program

“I needed to move out of the Ohana I was renting-was notified in January. Couldn't find a place I could afford on my own so I'm now renting a bedroom.” ■ Drive up rental market prices

“My landlord wants to raise the rent because she thinks she can get more with FEMA. This puts me & my daughter in a state of uncertainty.” ■ Attempts to raise rent on tenants

“My landlord has decided to increase my rent or not renew my lease to lease property for Fema monies.” ■ Attempts to raise rent on tenants, ■ Non renewal of lease of long term tenants to capture FEMA rates

“Landlord didn't renew our lease and said cause she wanted to rent to FEMA” ■ Non renewal of lease of long term tenants to capture FEMA rates

“Drove up rental price all over the island more unaffordable than ever.” ■ Drive up rental market prices

"I can no longer survive here. I am moving permanently off the island June 13 my heart is broken for the people. There is hundreds of empty housing. The people could be living in and they are contracted with the FEMA people getting thousands of dollars a month for empty units."

■ Reduced rental inventory outside of the program, ■ Pushing Maui residents off island or into houslessness

Discussion

Although the FEMA Direct Lease Program has undoubtedly housed many families successfully and will further attempt to house fire survivors, unintended consequences have developed. Within a sample of this size, it is easy to surmise resident experiences have been troubled in a number of ways. Of particular concern for this report are: a) the instances that landlords have chosen to displace families from their long term housing in an attempt to capture the increased rental price offered by FEMA's program and b) reduction in the capacity of residents to secure housing on Maui in their chosen community.

Other emerging concerns have been touched upon in respondents' observations and experiences. Essential personnel—such as teachers—who already struggle to pay housing costs, may be pushed off island as a result of hyperinflation in the housing market overall. As we continue to examine the factors contributing to the housing crisis, we must recognize a wider ripple effect. Non fire survivors may be cut off from typical resources available for hardship circumstances because so many resources are allocated, or reallocated, to fire victims, (i.e. MEO or Catholic Charity rent help, some hubs and community led resources). With the widespread effects of post-disaster community trauma, tolerance is paper thin to withstand further hardship for many residents on Maui.

UHERO (University of Hawaii Economic Research Organization) Housing Factbook Supporting Data

While past focus on housing data is not robust, the UHERO Housing Factbook has recently published their second edition. This is particularly useful because it allows us to compare last year's pre-fire publication to this year's post-fire data. The comparison of housing inventory, Short Term Rentals (STR's), and rental prices allows us to track the acute changes in the housing crisis amidst the unique context Maui has experienced this year. A net loss of housing jumping from -175 to -292 supports the community perception that inventory has plummeted. The percentage of STR's has

remained at 14% of total housing stock despite units lost to the fire and political efforts to shift rental inventory to long term offerings through programs like the FEMA Direct Lease Program. In fact the number of STR's on Maui has increased from 9,990 to 10,084 in this year's report. Median rent has moved from \$1,667 the previous year to \$1,805. The quality, number of bedrooms, and square footage of what the median rent acquires in either year is not established and may have changed. This data is not available but would be a useful depth of context to add to our analysis.

The factors that have driven the housing crisis before the wildfires of August 8th, 2023 have not disappeared. Slow permitting and regulatory processes still persist, contributing to the lack of additional new built inventory. High interest rates paired with high home prices have stymied the filtering process, essentially eliminating traditionally expected opportunities for housing vacancies and upward movement for households. This in turn enforces the limitations of affordable housing appearing on the market as a natural economic outcome, as families seek newer or larger homes over their lifetimes. In addition, short term vacation rentals are usurping potential long term rental inventory as investment opportunities, often for out-of-state buyers. In Maui County, 1 in 4 single family home transactions were to an out-of-state buyer, and 1 in 2 condominium sales were as well. Overall, 32% of property owners on Maui reside in the Continental U.S. or abroad, and in Lahaina more than half the property owners reside elsewhere. With the increase in STR's on Maui, we know that many of these purchases account for investment opportunities rather than long term housing options, putting even more upward pressure on housing costs.

The State of Hawai'i has the highest median rent in the nation. Since the wildfires, rent prices on Maui have surged. According to UHERO, more than half of renters are Rent Burdened, meaning spending more than 30% of their income on rental costs. Within those renters, half fall into the category of Severely Rent Burdened, spending more than 50% of their income on rental costs. As costs continue to climb, these numbers will undoubtedly keep trending upward, further adding tension to the strained economic outlook for the Maui workforce.

When we add the factors specific to the effects of the wildfires, the situation is even more bleak. Approximately 3,000 homes were lost—adding about 6,000 households to the rental pool—flooding an already oversaturated market. Fewer and fewer households are likely able to financially tolerate the rising housing costs, especially those who also lost their jobs due to the fires. The median household income on Maui is \$95, 379. At that income, any rent above \$2,400 would qualify as Rent

Burdened which is equal to the current median asking rent price, making rent burden difficult to avoid amongst the current market and predicted trends.

Conclusion

It is clear to anyone living in our community that the housing crisis is one of our greatest challenges. Many Maui residents have unstable housing, especially renters who are not well supported by The Hawaii Residential Landlord-Tenant Code. While helpful to a degree, Governor Green's 11 *Emergency Proclamations Relating to Wildfires* have left windows of vulnerability open as well. The additional impact the wildfires have had on the community acutely and overall will take many years to resolve. As a result, many residents have been forced to make difficult decisions about their living situations, often becoming houseless or leaving the island completely. The reality is many factors are at play, and the FEMA Direct Lease Program is included in that list. The program's role in displacing long term tenants and artificially driving up hyper inflated rental prices has left many residents vulnerable to instability in their housing and the State's lack of protections for renters have made this specific group acutely susceptible to the negative externalities the community has experienced and observed.

Appendix

FEMA Housing Impact Survey

1. Are you a renter who has been impacted by the FEMA Direct Lease Program?
 Yes
 No
 I'm not sure

2. In your own words, please describe your experience. Be as detailed as possible.

3. Are you a homeowner who has been interested in, applied to, or participated in the FEMA Direct Lease Program?
 Yes
 No
 I'm not sure

4. In your own words, please describe your experience with the FEMA Direct Lease Program. Be as detailed as possible.

5. Are you willing to be contacted for follow-up research? If so, please include your preferred contact information here.

Green, J., M. D. (n.d.). *Emergency proclamations*.

<https://governor.hawaii.gov/category/newsroom/emergency-proclamations/>

UHERO 2023 Hawai'i Housing Factbook

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