



FEMA

November 1, 2023

MEMORANDUM FOR: Elizabeth Asche
Acting Director
Individual Assistance Division
DHS/FEMA Headquarters

FROM: Robert J. Fenton
Regional Administrator
FEMA Region 9

SUBJECT: Direct Lease Increase up to 400% of Published FMR for Maui County
FEMA-4724-DR-HI

The purpose of this memorandum is to request an increase for Direct Lease to 400% of the U.S Department of Housing and Urban Development's (HUD) published Fair Market Rent (FMR) for Maui County. On September 13, 2023, FEMA approved the State of Hawaii 's request to implement Direct Lease under the Individuals and Households Program (IHP) for FEMA-4724-DR-HI. Direct Lease allows FEMA to lease existing residential properties for eligible applicants to use as temporary housing when the verified disaster-caused housing need cannot be met with other Direct Temporary Housing Assistance options.

As of October 30, 2023, 2,978 households have been placed in the Pre-Placement Interview queue for Direct Temporary Housing Assistance and 1,162 are being considered for Direct Housing. Of those, one (1) household has been leased into a Temporary Housing Unit (THU) provided through Direct Lease.

Although the JFO has identified a number of Direct Lease units available at a monthly cost within 200% of the HUD FMR, rental rates for the majority of units in Maui County far exceed this cap. There is an inadequate number of available rental resources at the current approved ceiling to meet the immediate post-disaster housing need. Affordable rental resources were already constrained in Maui County prior to the disaster and, according to FEMA inspection data, exacerbated by the loss of over 3,600 homes. The County is unique in that a large percentage of the existing housing stock is used as vacation rentals. As such, analyses by the Contracting Officer demonstrate that by increasing the FMR up to 400% of the published rate, the JFO will be able to secure additional units in the vacation rental market within a reasonable timeframe.

The JFO continues to explore other forms of Direct Housing, including use of Alternative Transportable Temporary Housing Units (ATTHUs); however, these options will require significant lead times that extend well past the end of the State's Non-Congregate Sheltering (NCS) program.

The below comparative analysis indicates that procuring temporary rental units at up to 400% FMR would still be more cost-effective than utilizing NCS for Direct Housing eligible households. The cost of NCS, on a per unit per month basis, is approximately three times the cost of the average anticipated costs of a vacation rental unit.

	NCS	Direct Housing: Vacation Rentals @ 366%	Direct Housing: ATTHU
Units (households)	2700	400	400
Timeframe (months)	6	24	24
Total (\$)	\$486,000,000	\$87,753,600	\$150,000,000
Unit Per Month	\$30,000	\$9,141	\$15,625
Unit Per Timeframe	\$180,000	\$219,384	\$375,000
Other Costs / Adjustments			
Wrap Around costs	Avg included	TBD	TBD
Rate Adjustments	-	366% FMR Avg of BRs: \$9,141	-

Due to these factors, I am requesting the Direct Lease monthly rent cost cap to 400% of FMR. FEMA will perform the appropriate casework and follow the conditions for Direct Lease in accordance with the *Individual Assistance Program and Policy Guide*, FP-104-009-3, (May 2021) (*IAPPG*), Chapter 3 Section V.H.

If you have any questions, please feel free to contact Jesus Ceja, Individual Assistance Branch Chief, at 202-805-6724.

CONCUR
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NON-CONCUR
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cc: Heather B. Smith, Acting Recovery Division Director, Region 9
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