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COUNTY COUNCIL
COUNTY OF MAUI
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July 16, 2020

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The Honorable Alice L. Lee
Council Chair
County of Maui
Wailuku, Hawaii 96793

Dear Chair Lee:

**SUBJECT: AMENDING THE RESIDENTIAL WORKFORCE
HOUSING POLICY (PAF 20-194)**

May I request the attached proposed bill, entitled "A BILL FOR AN ORDINANCE AMENDING RESIDENTIAL WORKFORCE HOUSING POLICY TO MORE EFFECTIVELY PROMOTE THE AVAILABILITY OF AFFORDABLE HOUSING," be placed on the next Council meeting agenda.

Sincerely,

Handwritten signature of Tamara Paltin in cursive script.

TAMARA PALTIN
Councilmember

paf:dmr:20-194b

Enclosure

COUNTY COMMUNICATION NO. 20-383

ORDINANCE NO. _____

BILL NO. _____ (2020)

A BILL FOR AN ORDINANCE AMENDING RESIDENTIAL WORKFORCE HOUSING POLICY TO MORE EFFECTIVELY PROMOTE THE AVAILABILITY OF AFFORDABLE HOUSING

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. The purpose of this ordinance is to amend the Residential Workforce Housing Policy to more effectively promote the availability of affordable housing by:

1. excluding from the definition of “residential workforce housing unit” units or lots sold or rented to households whose gross annual family income is more than 120 percent of the area median income;

2. specifying that townhomes and multi-family dwellings are only “residential workforce housing units” when sold or rented to households whose gross annual family income is at 100 percent or lower than the area median income;

3. expressly authorizing the Mayor’s and the Council’s efforts to promote public awareness of affordable housing projects and wait lists; and

4. increasing the wait list offer period from 90 to 180 days.

SECTION 2. Section 2.96.020, Maui County Code, is amended by amending the definition of “residential workforce housing unit” to read as follows:

“Residential workforce housing unit” means a unit or lot to be sold or rented to residents within one of the following income groups as established by the department:

“Very low income[.]” [which are] means those households whose gross annual family income is [fifty] 50 percent or less of the area median income as established by HUD, or as adjusted by the department, for Hana, Lanai, and Molokai.

“Low income[.]” [which are] means those households whose gross annual family income is more than [fifty] 50 percent, but not more than [eighty] 80 percent of the area median income as established by HUD, or as adjusted by the department, for Hana, Lanai, and Molokai.

“Below-moderate income[.]” [which are] means those households whose gross annual family income is more than [eighty] 80 percent, but not more than [one hundred] 100 percent of the area median income as established by HUD, or as adjusted by the department, for Hana, Lanai, and Molokai.

“Moderate income[.]” [which are] means those households whose gross annual family income is more than [one hundred] 100 percent, but not more than [one hundred twenty] 120 percent of the area median income as established by HUD, or as adjusted by the department, for Hana, Lanai, and Molokai[.]; except that townhomes and multi-family dwelling units sold or rented to the moderate income group are not residential workforce housing units.

[“Above-moderate income” which are those households whose gross annual family income is more than one hundred twenty percent, but not more than one hundred forty percent of the area median income as established by HUD, or as adjusted by the department, for Hana, Lanai, and Molokai.]”

SECTION 3. Section 2.96.020, Maui County Code, is amended by adding a new definition to be appropriately inserted and to read as follows:

“Townhome” means a dwelling sharing a common sidewall with another single-family dwelling of similar building type, typically arranged in a row.”

SECTION 4. Section 2.96.090, Maui County Code, is amended by amending subsection A to read as follows:

“A. Wait [List Procedure.] list procedure.

1. The developer, its partner, or its management company [shall] must establish wait lists of interested applicants by development.

2. Prior to initiating the wait list, the developer, its partner, or its management company [shall] must publish in at least five issues of a newspaper of general circulation within the County, a public notice that [shall] must contain all information that is relevant to the establishment of the wait list. The public [shall] must also be informed, in a like manner, of any decision that would substantially affect the maintenance and use of the wait list.

3. Selection for purchase [shall] must be made by a lottery administered by the developer, its partner, or its management company and overseen by the department, subject to the applicant meeting the eligibility criteria established in subsection (B).

4. The mayor and council must employ reasonable efforts to share information with the public about wait lists and other information about the availability of residential workforce housing units."

SECTION 5. Section 2.96.090, Maui County Code, is amended by amending subsection D to read as follows:

"D. Selection priority.

1. Residents on the wait list [shall] must receive first priority for the available units. Nonresidents on the wait list may purchase a residential workforce housing unit once the wait list has been exhausted of all residents.

2. The developer, its partner, or its management company may do a mass mailing of housing applications to applicants on the wait list.

3. The residential workforce housing units must be offered to residents in the order in which their names were drawn in the lottery[, provided that] if there is a unit available in the income group for which they qualify. Nonresidents will be offered residential workforce housing units in the order in which their names were drawn in the lottery.

4. [In the event that] if units are not sold within the first [ninety] one hundred eighty days after they are offered for sale, and the developer has made a good faith effort, as determined by the director, to contact and qualify applicants on the wait list, the sale of remaining units [shall] must be conducted as follows:

a. For the next [ninety-day] one-hundred-eighty-day period, units [shall] must be offered for sale to the next-higher income [preference] group, at the original sales price. For example, units targeted for [families earning up to one hundred twenty percent of the median income] the low income group may be sold to [families earning up to one hundred forty percent of the median] the below moderate income[.] group. All other eligibility criteria [shall] must apply.

b. Units [shall] must be offered to the next higher income group every [ninety] one hundred eighty days until the units are sold or there are no more income groups available.

c. Units [shall] must then be offered to nonresidents on the wait list in the order in which their names were drawn in the lottery, for the next [ninety-day] one-hundred-eighty-day period, [provided that] if the applicant's income is within the residential workforce housing income groups.

d. Any units that remain unsold may be offered at market rate without deed restrictions. Upon the sale of the unit, the County [shall] must receive [fifty] 50 percent of the difference between the original sales price of the unit and the actual market rate sales price, for deposit into the affordable housing fund. In this event, the developer [shall] must still be deemed to have satisfied the requirement for producing a residential workforce housing unit.

5. The developer [shall] must submit copies of the following information to the department to verify the sale of residential workforce housing units to eligible buyers:

a. Applicant's completed ownership application.

b. Executed sales contract.

c. Pre-qualification notice from lender.

d. All signed federal and state tax returns used to determine eligibility, or any other documents used to determine eligibility by the lender.

e. Escrow company's settlement statement.”

SECTION 6. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 7. This ordinance takes effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:

Department of the Corporation Counsel
County of Maui

paf:dmr:20-194a