

COUNCIL OF THE COUNTY OF MAUI

HOUSING AND LAND USE COMMITTEE

December 15, 2023

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Housing and Land Use Committee, having met on November 29, 2023, makes reference to Bill 38 (2023), entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.34, MAUI COUNTY CODE, TO CREATE AND FUND AN ‘OHANA ASSISTANCE PILOT PROGRAM.”

Bill 38’s purpose is to create an ‘Ohana Assistance Pilot Program to offer grants of up to \$50,000 for property owners to build an accessory dwelling or second farm dwelling for permanent long-term occupancy as residential workforce housing units.

Your Committee noted that Ordinance 5525, effective June 8, 2023, already established a Homeowner Programs Revolving Fund that authorizes the Department of Housing and Human Concerns to offer such grants through the ‘Ohana Assistance Pilot Program.

Your Committee is in receipt of a proposed CD1 version of Bill 38, dated August 16, 2023, from the Council Chair, entitled “A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.34, MAUI COUNTY CODE, ESTABLISHING CRITERIA FOR THE ‘OHANA ASSISTANCE PROGRAM WITHIN THE HOMEOWNER PROGRAMS REVOLVING FUND.” The proposed CD1 version accounts for the ‘Ohana Assistance Program already established by Ordinance 5525, establishes program criteria, and incorporates other nonsubstantive revisions.

By correspondence dated November 28, 2023, the Department of Housing and Human Concerns recommended increasing the grant amount up to \$100,000 and lowering the residential workforce housing rental deed restriction period.

COUNCIL OF THE COUNTY OF MAUI

HOUSING AND LAND USE COMMITTEE

Page 2

Committee
Report No. _____

The Deputy Director explained the recommended changes would incentivize qualifying property owners to apply for the pilot program.

Your Committee is in receipt of a revised proposed CD1 version of Bill 38, dated November 29, 2023, from the Council Chair, incorporating the Department's recommended revisions.

Your Committee agreed to further amend the bill to include a restriction against transient vacation rental use for dwellings funded by the grant program during the deed restriction period.

Your Committee finds that Bill 38, as amended, would further a policy objective to "seek innovative ways to develop 'ohana cottages and accessory-dwelling units as affordable housing." (Countywide Policy Plan, page 58.)

Your Committee acknowledged the urgent need for affordable housing in the County warrants pilot programs that aim to generate rental residential workforce housing units.

Your Committee voted 8-0 to recommend passage of Bill 38, CD1 (2023), on first reading. Committee Chair Kama, Vice-Chair Cook, and members Johnson, Lee, Paltin, Sinenci, Sugimura, and U'u-Hodgins voted "aye." Committee member Rawlins-Fernandez was excused.

Your Committee is in receipt of a further revised Bill 38, CD1 (2023) incorporating your Committee's recommended revisions and nonsubstantive revisions.

Your Housing and Land Use Committee **RECOMMENDS** that Bill 38, CD1 (2023), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.34, MAUI COUNTY CODE, ESTABLISHING CRITERIA FOR THE 'OHANA ASSISTANCE PROGRAM WITHIN THE HOMEOWNER PROGRAMS REVOLVING FUND," be **PASSED ON FIRST READING** and be **ORDERED TO PRINT**.

COUNCIL OF THE COUNTY OF MAUI

HOUSING AND LAND USE COMMITTEE

Page 3

Committee
Report No. _____

This report is submitted in accordance with Rule 8 of the Rules of the Council.

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TASHA KAMA, Chair

hlu:cr:23014aa:alkl

ORDINANCE NO. _____

BILL NO. 38, CD1 (2023)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.34, MAUI COUNTY
CODE, ESTABLISHING CRITERIA FOR THE 'OHANA ASSISTANCE PROGRAM
WITHIN THE HOMEOWNER PROGRAMS REVOLVING FUND

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

SECTION 1. Chapter 3.34, Maui County Code, is amended to read as
follows:

“Chapter 3.34

HOMEOWNER PROGRAMS REVOLVING FUND

Sections:

3.34.010	Fund establishment.
3.34.020	Purpose.
3.34.030	Administration.
3.34.040	Use of fund.
3.34.050	<u>[Term of fund.] Homeowner programs.</u>
<u>3.34.060</u>	<u>Homeowner programs criteria.</u>

3.34.010 Fund establishment. A fund is established and created to be known as the “homeowner programs revolving fund.”

3.34.020 Purpose. The fund’s purpose is to provide a stable and continuing source of funding to maintain and expand existing homeowner programs and to create new programs to meet the housing opportunity needs of Maui County residents. Grants from this fund will provide capital to first-time homebuyers through the first-time homebuyers down payment assistance program; matching funds through the individual development account program; grants for homeowners to build accessory dwellings or second farm dwellings for use as long-term residential workforce housing, as defined in section 2.96.020, through the ‘ohana assistance program; [shared equity investment opportunities to buy down the price of homes and lower monthly mortgage payments for buyers;] and for

similar future programs to be named in this paragraph upon establishment and approval by council.

3.34.030 Administration. A. The director of finance will establish a separate account to record all revenues and supplemental transfers credited to and expenditures made from the fund [, and each account within the fund].

B. There will be deposited into the homeowner programs revolving fund any council appropriations to the first-time homebuyers down payment assistance program [account], the individual development account program [account], and the 'ohana assistance program [account, and the shared equity program account]; all money granted or donated to the County in the future for homeowner programs; and all money repaid to the County by previous recipients of homeowner programs.

C. Any proposed appropriation from the fund must be submitted to the council for approval as a budget appropriation in either the annual budget ordinance, or a proposed amendment to the budget ordinance. In adopting each fiscal year's budget and capital program, the council may make appropriations to the fund.

D. Any unencumbered balance [in each account] in the fund at the end of each fiscal year will not lapse but must remain [in each account] in the fund, accumulating from year to year.

E. The council may by ordinance establish procedures for the administration and expenditure of the revenues in this fund. Any appropriations to this fund will not substitute, but will be in addition to those appropriations historically made for the purposes stated in this chapter.

3.34.040 Use of fund. Council appropriations from the homeowner programs revolving fund must be for the public purposes in section 3.34.020.

3.34.050 Homeowner programs [fund accounts]. The homeowner programs fund [must contain the following separate accounts:] is administered by the department of housing and human concerns or the department that is assigned to oversee housing and must include the following programs:

A. First-time [homebuyer] homebuyers down payment assistance program [account. The first-time homebuyer down payment assistance program will be administered by the department of housing and human concerns or by the department that is assigned to oversee housing].

B. Individual development account program [account. The individual development account program will be

administered by the department of housing and human concerns or by the department that is authorized to oversee housing].

C. 'Ohana assistance program [account. The 'ohana assistance program account will be administered by the department of housing and human concerns or by the department that is authorized to oversee housing.

1. The department of housing and human concerns or the department that is authorized to oversee housing, by itself, or with, or through a grantee, will offer grants of up to \$50,000 to property owners to build an accessory dwelling or second farm dwelling for long-term occupancy as residential workforce housing units.

2. Grant recipients will contractually agree to deed restrictions that abide by affordable rent guidelines as established by HUD each year and to rent long-term exclusively to permanent, full-time residents of Maui County.

3. The deed restrictions imposed by this section run with and bind the housing unit, and the department must record the restrictions with the bureau of conveyances or the land court of the State].

D. Shared equity program [account. The shared equity program account will be administered by the department of finance. Shared equity investments to buy down the price of homes and lower monthly mortgage payments for buyers may be approved each year by the council in the annual budget ordinance or by ordinance at any time during a fiscal year using available funds in the shared equity program account].

3.34.060 Homeowner programs criteria. The 'ohana assistance program is subject to the following criteria:

A. The department, by itself or with or through a grantee, will offer grants of up to \$100,000 to property owners to build accessory dwellings or second farm dwellings for long-term occupancy as residential workforce housing units.

B. Grant recipients must contractually agree to deed restrictions to rent the dwelling up to the rate required for residential workforce housing units as defined by section 2.96.020 and to rent the dwelling long-term exclusively to permanent, full-time residents of Maui County for at least ten years. The dwelling may also be occupied long-term exclusively to permanent, full-time residents of Maui County at no cost to the occupant.

C. Any grant applicant must be the owner and a full-time, permanent resident of the subject property, and the property must be the applicant's primary residence.

D. The property must be classified as owner-occupied homeowner by the real property assessment division and must have maintained that classification without interruption for at least five years prior to the applicant submitting a grant application.

E. Grant applications must include a detailed budget and timeline.

F. Only one grant may be awarded to any owner or property.

G. The department must establish buy-back provisions if the subject property is sold.

H. If the subject property becomes subject to a condominium property regime, 100 percent of the grant award must be paid back to the County.

I. Transient vacation rental use is prohibited in the dwelling at all times.

J. The deed restrictions imposed by this section run with the land and bind the dwelling funded in part by the grant, and the department must record the restrictions with the bureau of conveyances or the land court of the State."

SECTION 2. 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 3. This Ordinance takes effect on approval.

hlu:misc:014abill01:alkl

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Alice L. Lee", positioned above a horizontal line.

ALICE L. LEE

Upon the request of the Mayor.