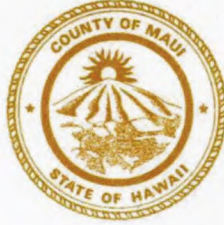


MICHAEL P. VICTORINO  
Mayor

LORI TSUHAKO  
Director

LINDA R. MUNSELL  
Deputy Director



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2020 SEP 10 PM 1:17  
OFFICE OF THE MAYOR

DEPARTMENT OF HOUSING  
& HUMAN CONCERNS  
COUNTY OF MAUI  
2200 MAIN STREET, SUITE 546  
WAILUKU, MAUI, HAWAII 96793  
PHONE: (808) 270-7805

September 10, 2020

Honorable Michael P. Victorino  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Viti      9/10/20  
Mayor    Date

OFFICE OF THE  
COUNTY COUNCIL

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For Transmittal to:

Honorable Tasha Kama, Chair  
Affordable Housing Committee  
Maui County Council  
200 S. High Street  
Wailuku, Hawaii 96793

Dear Chair Kama:

**SUBJECT: AMENDMENTS TO THE RESIDENTIAL WORKFORCE HOUSING POLICY AND AFFORDABLE HOUSING FUND (AH-11)**

I am transmitting a proposed bill entitled, "A BILL FOR AN ORDINANCE AMENDING SECTION 3.35, MAUI COUNTY CODE, RELATING TO GRANT OR LOAN REQUIREMENTS".

The purpose of the proposed bill is to enable the County to be flexible when granting or loaning funds to affordable housing projects that may need specific grant or loan provisions to secure additional financing for the project. This amendment is aligned with the County's goal of attracting affordable housing projects that leverage additional, non-county funding, incorporate long-term affordability, and serve lower income households.

Thank you for your attention to this matter. Should you have any questions, please feel free to call me at Ext. 7805.

Sincerely,

LORI TSUHAKO, LSW, ACSW  
Director of Housing and Human Concerns

Attachment

ORDINANCE NO. \_\_\_\_\_

BILL NO. \_\_\_\_\_ (2020)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.35,  
MAUI COUNTY CODE, RELATING TO GRANT OR LOAN REQUIREMENTS

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

SECTION 1. Section 3.35.050, Maui County Code, is amended by amending subsection A to read as follows:

“A. [Ownership housing units financed by the affordable housing fund shall be subject to the restrictions of subsection 2.96.060(B) of this code. Rental housing units financed by the affordable housing fund shall be subject to the restrictions of subsection 2.96.070(C) of this code.]  
Unless otherwise approved by council:

1. Ownership housing units financed by the affordable housing fund must be subject to the restrictions of subsection 2.96.060(B) of this code.

2. Rental housing units financed by the affordable housing fund must be subject to the restrictions of subsection 2.96.070(C) of this code.”

SECTION 2. Section 3.35.060, Maui County Code, is amended to read as follows:

“A. Grant or loan proposals submitted [shall] must include:

1. A detailed description of the proposed project and an outline of the income categories the project will serve[;].

2. A brief overview of a long-term management plan for the proposed project [; and].

3. A description of all efforts to leverage or match funding from non-County sources for the subject project.

B. Grant or loan proposals [shall] must meet the following criteria for approval:

1. Demonstrate that the subject project is consistent with the requirements set forth in section 3.35.010 [of this chapter;].

2. Demonstrate that the subject project can be effectively managed and maintained as affordable and significantly contribute to the creation of affordable housing units [; and].

3. Demonstrate that the subject project directly advances the objective of providing affordable housing [in perpetuity].”

SECTION 3. Section 3.35.070, Maui County Code, is amended to read as

follows:

“A. A grant or loan agreement for distribution of funds [shall] must contain the following conditions and restrictions[;], unless otherwise approved by council:

1. Title to any real property [shall] must be held in perpetuity by grantee/borrower unless conveyed to the County, or to a qualified nonprofit or community land trust[;].

2. The grantee/borrower [shall] must submit annual reports to the department documenting the progress toward implementing long-term management of the affordable housing project[;].

3. The subject project [shall] must not be sold, exchanged, divested, or converted to other uses that are inconsistent with the purposes set forth in this chapter without the prior approval of the council by resolution[;].

4. In the event that the grantee/borrower dissolves or is adjudicated bankrupt pursuant to any applicable federal statute, title to any real property which has been funded or improved by a grant or loan issued from the fund [shall] must be conveyed to the County, or to a qualified nonprofit or community land trust as approved by the council[;and].

5. The grantee/borrower [shall] must not distribute or redistribute grant or loan funds to other third-party organizations [without the prior approval of the council].

B. Unless otherwise approved by council [Loans] loans from the fund shall:

1. Be secured by a first mortgage lien in favor of the County, or, subject to council approval, be secured by a second mortgage lien in favor of the County[;].

2. Have a term set by the director[;].

3. Require the borrower to execute a promissory note in favor of the County[;].

4. Include an interest rate set at [three per cent] 3 percent per annum[; and].

5. Be recorded with the bureau of conveyances or the land court of the [state.] State.”

C. In the event of a loan default, or the subject project is not serving the affordable housing needs as set forth in this chapter, the following may be required of the borrower:

1. Forfeit the land or property to the County[; and].

2. Full repayment of the principal balance at an annual interest rate equal to two times the prime rate at the time of default.”

SECTION 4. 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 5. This ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:

/s/ Mimi Desjardins

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MIMI DESJARDINS  
Deputy Corporation Counsel  
2020-1280  
Amending Chapter 3.35