

COUNCIL OF THE COUNTY OF MAUI

AFFORDABLE HOUSING COMMITTEE

September 2, 2022

**Committee
Report No.** _____

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

Chair and Members:

Your Affordable Housing Committee, having met on November 29, 2021, May 23, 2022, June 30, 2022, August 4, 2022, and August 18, 2022, makes reference to the following:

1. Miscellaneous Communication, dated January 19, 2021, from the County Clerk, referring Contract C7183, between the Office of Council Services and Hawaiian Community Assets, Inc., for a Comprehensive Affordable Housing Plan.
2. Bill 107 (2022) entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 2.96, MAUI COUNTY CODE, RELATING TO AFFORDABLE HOUSING SALES PRICE GUIDELINES."

Bill 107's purpose is to establish a new method of determining the sales price for a workforce housing unit.

3. Correspondence dated July 19, 2022, from the County Clerk, transmitting Affordable Housing Committee Report 22-62, which was recommitted by the Council at its meeting of July 15, 2022.
4. Bill 107, CD1 (2022) entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 2.96.060, MAUI COUNTY CODE, RELATING TO AFFORDABLE HOUSING SALES PRICE GUIDELINES."

Bill 107, CD1's purpose is to establish: 1) new methods for determining the sales price of an affordable dwelling unit; and 2) a program within the Home Acquisition and Ownership

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Programs Revolving Fund that subsidizes homebuyers when a developer does not receive direct County subsidies.

Your Committee agreed to amend Bill 107, CD1, to:

- Create separate methods for calculating affordable sales prices based on whether or not the developer receives direct County subsidies; and
- Require the Department of Housing and Human Concerns to create a program within the Home Acquisition and Ownership Programs Revolving Fund that will subsidize homebuyers for projects when the developer does not receive direct County subsidies.

A Deputy Corporation Counsel recommended further amending the bill by removing language related to budget appropriation and commitment of funds because they were both unnecessary and restrictive.

Your Committee expressed concern about the bill creating possible financial challenges for developers, but noted that Affordable Housing Fund subsidies and potential forthcoming legislation may help to reduce the cost of development.

Your Committee agreed the revised bill would benefit residents by helping to increase housing affordability.

Your Committee voted 5-4 to recommend passage of Bill 107, CD2 (2022) on first reading. Committee Chair Johnson and members King, Paltin, Rawlins-Fernandez, and Sinenci vote “aye.” Committee Vice-Chair Molina and members Kama, Lee, and Sugimura voted “no.”

Your Committee is in receipt of Bill 107, CD2, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee’s recommended revisions and nonsubstantive revisions.

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**Committee
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Your Affordable Housing Committee RECOMMENDS that Bill 107, CD2 (2022), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 2.96.060, MAUI COUNTY CODE, RELATING TO AFFORDABLE HOUSING SALES PRICE GUIDELINES," be PASSED ON FIRST READING and be ORDERED TO PRINT.

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



GABE JOHNSON, Chair

ah:cr:22014(6)ab:pmg

ORDINANCE NO. _____

BILL NO. 107, CD2 (2022)

A BILL FOR AN ORDINANCE AMENDING SECTION 2.96.060, MAUI COUNTY CODE, RELATING TO AFFORDABLE HOUSING SALES PRICE GUIDELINES

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

SECTION 1. The purpose of this Ordinance is to establish a new method of determining the sales price for an affordable dwelling unit.

SECTION 2. Section 2.96.060, Maui County Code, is amended by amending Subsection C to read as follows:

“C. Sales price - dwelling units.

1. The sales price of a new dwelling unit [shall] must be established by the department [based on] using the current HUD [price guidelines.] area median income for Maui County and adjusted for very low, low, below moderate, moderate, above moderate, and gap income ranges. The sales price must be calculated using estimated total housing costs capped at 31 percent of gross annual income within each range when a developer receives direct County subsidies in accordance with section 3.35.040. Total housing costs include principal, interest, real property taxes, homeowner’s insurance, mortgage insurance, and homeowner’s association dues.

2. The sales price must be calculated using only principal and interest capped at 28 percent of gross annual income within each range when a developer does not receive direct County subsidies.

3. The department must create a program within the home acquisition and ownership programs revolving fund to ensure affordability of units for buyers of workforce housing in projects that have been priced according to section 2.96.060(C)(2). Subsidies from this program must be used to subsidize qualified buyers in an amount necessary such that a recipient’s final estimated total housing cost does not exceed 31 percent of their household income. Subsidies from this program may be in the form of loans, grants, deferred mortgage payments, or any other mechanism the council finds

appropriate. Any proposed subsidy to a homebuyer from this program must be administered in accordance with chapter 3.34.”

SECTION 3. 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 4. This Ordinance takes effect on the thirtieth calendar day following publication of the 2023 HUD area median income guidelines.

APPROVED AS TO FORM AND LEGALITY:



MIMI DESJARDINS

Deputy Corporation Counsel
Department of the Corporation Counsel
County of Maui

AH-14(6) 2022-08-23 Ord Amd Ch 2.96

LF2021-0011

ah:misc:014(6)abill07

INTRODUCED BY:

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a small flourish.

GABE JOHNSON