

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

September 7, 2018

**Committee
Report No. _____**

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

Chair and Members:

Your Budget and Finance Committee, having met on August 21, 2018, makes reference to County Communication 18-282, from the Budget Director, transmitting a proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2019 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2019, AFFORDABLE HOUSING FUND.”

The purpose of the proposed bill is to amend Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds for the Fiscal Year 2019 Budget, by adding a proviso under the Affordable Housing Fund for \$105,000 for the Hawaii Housing Planning Study.

Your Committee notes the 2019 Hawaii Housing Planning Study (“2019 Study”) is one in a series of studies done statewide that provides baseline, current, and projected housing information across the State and for each of the counties. The 2019 Study includes a specific section on the County of Maui (“County”) and is the primary study used for planning the County’s housing program.

The State Hawaii Housing Finance and Development Corporation (“HHFDC”) used a competitive bid process to procure the 2019 Study for the entire State. The County participated in the selection process and SMS Research & Marketing Services, Inc. was chosen as the vendor. Each county and other participating parties will share in the \$609,856.11 cost of the 2019 Study. The County’s portion is approximately \$101,730.21. The County will enter into a separate contract for services with SMS Research & Marketing Services, Inc. for a term of one year.

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HHFDC is the lead participating agency for the 2019 Study. Other participants include the Homeless Programs Office of the Department of Human Services - Benefit Employment and Support Services Division; Department of Hawaiian Homelands; Hawaii Public Housing Authority; Office of Hawaiian Affairs; Office of Housing and Community Development; and the counties.

The scope of work for the 2019 Study includes: 1) gathering and analyzing housing market data, housing conditions, demographics, and economics; 2) projecting county and statewide housing needs by U.S. Department of Housing and Urban Development income groups, elderly households, persons with special housing needs, and native Hawaiian status; 3) providing an inventory of housing stock by county and statewide; and 4) gathering and analyzing for-sale and rental housing information by county and statewide.

The Department of Housing and Human Concerns chose to add optional items in the 2019 Study scope of work, including travel costs, purchase costs, affordability, how buying decisions are made, review of Lanai and Hana qualifying income status for Community Development Block Grant purposes, and out-of-state buyers' trends. Other census tracts in the County were excluded from the 2019 Study because they already qualified as low-moderate income areas.

The Department declined to include the Fair Market Rent Study in the 2019 Study because the benefit did not outweigh the cost, which would have been about \$50,000. There is no longer a large gap between the County's ability to pay for rental assistance and the amount landlords are charging for rent. The Department concluded there would be no negative impact to Section 8 housing funds if the additional Fair Market Rent Study was excluded from the 2019 Study.

Your Committee discussed the trend of millennials who seem to prefer renting over home ownership. Although the 2019 Study does not specifically address this age demographic, your Committee expressed the importance of considering the trend for future planning purposes, especially with regards to future housing needs for millennials.

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The Department informed your Committee the Hawaii Housing Planning Study completed in 2016 (“2016 Study”) resulted in approximately \$150 million in State funding coming directly to the County, including Federal funds, rental housing revolving funds, and Hula Mae grant-in-aid funding. The 2016 Study included a section on homelessness and the rental housing revolving fund, which resulted in an increase in funding for those projects. The Department is now anticipating the ability to leverage more State and private funds based on the results of the 2019 Study.

The Department also completed a 2016 Lanai housing study (“2016 Lanai Study”) with the same vendor that was awarded the 2019 Study. However, the intent of the two studies are different. The 2019 Study helps the Department forecast future needs and assess trends in the community. By contrast, the 2016 Lanai Study was targeted to a specific project in 2016.

Your Committee voted 6-0 to recommend passage of the proposed bill on first reading and filing of the communication. Committee Chair Hokama and members Atay, Cochran, Crivello, King, and Sugimura voted “aye.” Committee Vice-Chair White and members Carroll and Guzman were excused.

Your Committee is in receipt of a revised proposed bill, approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions that take into account prior amendments to the Fiscal Year 2019 Budget.

Your Budget and Finance Committee **RECOMMENDS** the following:

1. That Bill _____ (2018), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2019 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2019,

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AFFORDABLE HOUSING FUND,” be PASSED ON FIRST
READING and be ORDERED TO PRINT; and

2. That County Communication 18-282 be FILED.

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



RIKI HOKAMA, Chair

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ORDINANCE NO. _____

BILL NO. _____ (2018)

A BILL FOR AN ORDINANCE AMENDING APPENDIX A
OF THE FISCAL YEAR 2019 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES -
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2019,
AFFORDABLE HOUSING FUND

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

SECTION 1. Ordinance No. 4861, Bill No. 57 (2018), as amended, "Fiscal Year 2019 Budget", Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2019, is hereby amended as it pertains to the Affordable Housing Fund, by adding a proviso for \$105,000 for the Hawaii Housing Planning Study, to read as follows:

"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2019

	<u>ESTIMATED BALANCE AS OF 6/30/18</u>	<u>ANTICIPATED REVENUES FOR FY 2019</u>	<u>TOTAL FOR FY 2019</u>
M. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code)	14,387,781	6,429,714	20,817,495
(1) Provided, that no more than \$70,000 shall be for Administrative Expenses.			
(2) Provided, that \$1,000,000 from the West Maui Affordable Housing funds shall be for the Na Hale O Maui Kahoma Homes project of Housing and Land Enterprise of Maui, dba Na Hale O Maui, for the continued construction of twelve homes in the Kahoma Residential Project. Eight home to be sold to families with a household income at 100 percent and below of area median income and four homes to be sold to families with a household income between 101 percent and 120 percent of area median income.			
(3) Provided, that \$2,000,000 shall be for planning, design, and engineering of the Lanai Affordable Housing Project, Phase I.			
(4) Provided, that \$2,000,000 shall be for a First-time Homebuyers Program. No funds shall be granted until Council has approved, by Resolution, a First-time Homebuyers Program that shall include,			

but not be limited to, the maximum grant amount to an individual and considerations regarding the overall subsidy received by an individual.

- (5) Provided, that \$1,000,000 shall be for residential workforce housing units buy-back.
- (6) Provided, that \$250,000 shall be the County's match for the appraisal and other preparations for the condemnation of the ground lease for the Front Street Apartments affordable housing project. Funds shall not be expended until the Hawaii Housing Finance and Development Corporation provides dollar-for-dollar matching funds and the County and the Hawaii Housing Finance and Development Corporation have entered into a Memorandum of Agreement detailing the terms of the County's financial obligation.
- (7) Provided, that \$105,000 shall be for the Hawaii Housing Planning Study."

SECTION 2. New material is underscored.

SECTION 3. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA
Deputy Corporation Counsel