

COUNCIL OF THE COUNTY OF MAUI
AFFORDABLE HOUSING COMMITTEE

March 18, 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, December 13, 2021, January 24, 2022, and February 25, 2022, makes reference to a Miscellaneous Communication dated January 19, 2021, from the County Clerk, referring Contract C7183, between the Office of Council Services and Hawaiian Community Assets, Inc. ("HCA"), for a Comprehensive Affordable Housing Plan.

By correspondence dated December 13, 2021, the Department of the Corporation Counsel transmitted a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, RELATING TO USE OF THE AFFORDABLE HOUSING FUND AND THE HOME ACQUISITION AND OWNERSHIP PROGRAMS REVOLVING FUND."

The purpose of the proposed bill is to clarify and expand the allowable uses of the Affordable Housing Fund ("AHF") and the Home Acquisition and Ownership Programs Revolving Fund to address the County's housing crisis and to implement solutions that may help residents with attainable housing.

Your Committee discussed the lack of specific rules on the allowable uses of the Home Acquisition and Ownership Programs Revolving Fund and concerns with the Department of Housing and Human Concerns' capacity to manage the fund.

Your Committee agreed to bifurcate the proposed bill into two separate bills, one amending Chapter 3.34 targeting individual homebuyers, and the other amending Chapter 3.35 aimed at affordable housing projects, to alleviate these concerns.

COUNCIL OF THE COUNTY OF MAUI
AFFORDABLE HOUSING COMMITTEE

Page 2

Committee
Report No. _____

By correspondence dated February 18, 2022, the Department of the Corporation Counsel transmitted two proposed bills entitled, “A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, RELATING TO USE OF THE HOME ACQUISITION AND OWNERSHIP PROGRAMS REVOLVING FUND,” and “A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, RELATING TO USE OF THE AFFORDABLE HOUSING FUND.”

Your Committee focused its discussion on the proposed bill amending Chapter 3.35 relating to use of the AHF, and deferred discussion on the proposed bill amending Chapter 3.34 relating to use of the Home Acquisition and Ownership Programs Revolving Fund.

Your Committee received a presentation from Jeff Gilbreath, Executive Director, Hawai'i Community Lending on the proposed amendments to Chapter 3.35. Your Committee notes Mr. Gilbreath previously served as HCA's Interim Executive Director from 2011 through 2019. Your Committee further notes Hawaii Community Lending is a partner organization of HCA.

Your Committee discussed the high cost of infrastructure which is an ongoing barrier to developing affordable housing.

Your Committee noted the proposed bill would allow the AHF to fund principal and interest payments on bonds which would make completing infrastructure projects more feasible.

Your Committee revised the proposed bill to include definitions for “very low income,” as defined in Section 2.86.140(A), and “gap income,” as defined in Section 3.35.025(B).

Your Committee further revised the proposed bill to limit the allowable use of the AHF to cover assessments for infrastructure projects necessary to complete one hundred percent affordable housing projects.

The Deputy Director of Housing and Human Concerns expressed support for the revised proposed bill.

COUNCIL OF THE COUNTY OF MAUI
AFFORDABLE HOUSING COMMITTEE

Page 3

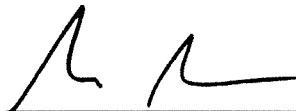
Committee
Report No. _____

Your Committee voted 9-0 to recommend passage of the revised proposed bill on first reading. Committee Chair Johnson, Vice-Chair Molina, and members Kama, King, Lee, Paltin, Rawlins-Fernandez, Sinenci, and Sugimura voted "aye."

Your Committee is in receipt of a revised proposed bill, entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, RELATING TO USE OF THE AFFORDABLE HOUSING FUND," approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee's recommended revisions and nonsubstantive revisions.

Your Affordable Housing Committee RECOMMENDS that Bill _____ (2022), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, RELATING TO USE OF THE AFFORDABLE HOUSING FUND," 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

ORDINANCE NO. _____

BILL NO. _____ (2022)

A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE,
RELATING TO USE OF THE AFFORDABLE HOUSING FUND

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

SECTION 1. The purpose of this Ordinance is to clarify and expand allowable uses of the Affordable Housing Fund.

SECTION 2. Section 3.35.010, Maui County Code, is amended by amending subsection B to read as follows:

“B. In adopting fiscal [years 2008 through 2021] year annual operating budgets and capital improvement programs, the council [shall] must appropriate a minimum of [two] 3 percent of the certified real property tax revenues to the affordable housing fund. Any appropriations to this fund [shall] must not substitute, but [shall] must be in addition to, those appropriations historically made for the purposes stated [in this chapter].”

SECTION 3. Section 3.35.040, Maui County Code, is amended to read as follows:

“3.35.040 Use of fund. The council may make appropriations from the affordable housing fund for the provision, protection, and expansion of affordable housing and suitable living environments, including the rehabilitation of existing structures, land purchase or other acquisition of land or property entitlements, planning, design, and construction, for residents whose income is between very low income, as defined in section 2.96.020, and gap income, as defined in section 3.35.025(B), in addition to the following:

A. To increase the supply of affordable, rental, and owner-occupied housing[;].

B. To acquire interests in real property[for purposes set forth in this chapter;].

C. For planning, design, or construction of affordable rental or owner-occupied housing for residents within income-qualified groups[;].

D. To provide housing for elderly, disabled, and homeless residents lacking a permanent home[;].

E. To provide grants or loans to an entity building 100 percent affordable projects or to any nonprofit or community land trust that complies with section 501(c) of the Internal Revenue Code and any other requirement under federal, state, and county law regulating the conduct of charitable or nonprofit organizations, provided that the purpose of any grant or loan [shall] must be for the purposes [set forth] in section 3.35.010[of this chapter;].

F. To leverage funds provided by federal, state, nonprofit, or for-profit organizations and other non-County entities to further expand affordable housing opportunities[;].

G. To acquire existing housing or cooperative units for rehabilitation as affordable rental or owner-occupied housing, or both[; or].

H. To increase investment in public infrastructure in connection with related affordable housing projects.

I. To provide comprehensive infrastructure assessments for priority affordable housing projects.

J. To provide long-term planning for affordable housing and houselessness solutions.

K. To provide funds for payment of principal and interest on bonds issued."

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.

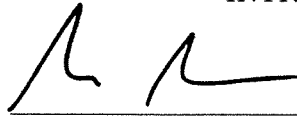
SECTION 5. This Ordinance takes effect on November 1, 2022, except Section 2 which takes effect on this Ordinance's approval.

APPROVED AS TO FORM AND LEGALITY:

/s/ MIMI DESJARDINS

MIMI DESJARDINS
Department of the Corporation Counsel
County of Maui
ah:misc:014(7)abill04:rem LF2021-0011 AH-14(7)
Amd Ch. 3.35.010 & 3.35.040

INTRODUCED BY:

A handwritten signature consisting of two stylized, cursive letters, possibly 'A' and 'R', written in black ink.
