

COUNCIL OF THE COUNTY OF MAUI

AFFORDABLE HOUSING COMMITTEE

July 15, 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, and June 30, 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 of an affordable dwelling unit to include the total housing costs associated with home ownership such as principal, interest, taxes, homeowner's insurance, private mortgage insurance, and homeowner's association dues.

Your Committee received a presentation from the Deputy Director of Housing and Human Concerns on the current method used to calculate affordable housing prices. The guidelines are based on: (a) 30-year fixed rate mortgage loan, (b) 30 percent of gross monthly income for principal and interest, and (c) five percent down payment.

Your Committee discussed capping total housing costs at 31 percent of gross income within each workforce housing income category instead of per individual home.

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Your Committee noted the proposed change to sales price calculations would help to offer a wider range of mortgage loans to potential homeowners.

Your Committee also noted that passing Bill 107 without additional funding mechanisms in place to mediate the lower sales prices could be a challenge for developers.

Your Committee also discussed the impact on affordable housing projects under construction if Bill 107 took effect immediately upon enactment.

Your Committee agreed Bill 107's effective date should be within thirty days of the release of the 2023 U.S. Department of Housing and Urban Development's area median income guidelines to allow developers time to adjust financing for their projects.

Your Committee supported Bill 107's potential to increase housing affordability for residents.

Your Committee voted 5-3 to recommend passage of Bill 107, CD1 (2022) on first reading. Committee Chair Johnson and members King, Paltin, Rawlins-Fernandez, and Sinenci voted "aye." Committee Vice-Chair Molina and members Lee and Sugimura voted "no." Committee member Kama was 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 your Committee's recommended revisions and nonsubstantive revisions.

Your Affordable Housing Committee **RECOMMENDS** that Bill 107, CD1 (2022), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 2.96, MAUI COUNTY CODE, RELATING TO AFFORDABLE HOUSING SALES PRICE

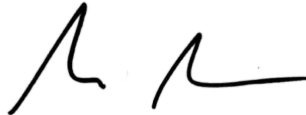
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GUIDELINES,” be PASSED ON FIRST READING and be ORDERED TO PRINT.

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



GABE JOHNSON, Chair

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ORDINANCE NO. _____

BILL NO. 107, CD1 (2022)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 2.96, 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. 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 will be calculated based on total housing costs capped at 31 percent of gross annual income within each range. Total housing costs include principal, interest, taxes, insurance, private mortgage insurance, and homeowner’s association dues.”

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.

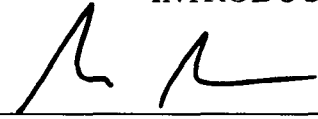
SECTION 4. This Ordinance takes effect thirty days following publication of the 2023 HUD area median income guidelines.

Approved as to Form and Legality:



MIMI DESJARDINS
Deputy Corporation Counsel
LF2021-0011
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INTRODUCED BY:

A handwritten signature in black ink, consisting of a stylized 'G' followed by 'A', 'B', and 'E'.

GABE JOHNSON