

July 26, 2022

MEMO TO: AH-14(6) File

F R O M: Gabe Johnson, Chair 
Affordable Housing Committee

SUBJECT: **TRANSMITTAL OF INFORMATIONAL DOCUMENT RELATING TO
AFFORDABLE SALES PRICE GUIDELINES** (AH-14(6))

The attached informational document pertains to Item 14(6) on the Committee's agenda.

ah:ltr:014(6)afile02:ans

Attachment

Council Presiding Officer Pro Tempore
HOLD FOR MEETING

July 15, 2022 Council meeting

MAUI COUNTY COUNCIL
Amendment Summary Form

Legislation: Bill 107, CD1 (2022).



Proposer: Council Presiding Officer Pro Tempore Tasha Kama (on behalf of Chair Alice Lee)

Description: Amend Bill 107, CD1 (2022) to include a Mortgage Subsidy Component as proposed in the Maui County Comprehensive Affordable Housing Plan.

Motion: Move to amend Bill 107, CD1 (2022) to add language authorizing the Council to provide a mortgage subsidy to Section 2.96.060 Subsection C, as follows:

“In accordance with Section 3.35.040(A) of this Code, in order to increase the supply of affordable, owner-occupied housing, the Council may make appropriations from the affordable housing fund to subsidize the cost of residential workforce housing units for income qualified residents. The appropriation must state whether the department will issue the individual subsidies in the form of a loan, grant, deferred mortgage, or other mechanism that the Council deems appropriate. The maximum amount of subsidy for the purchase of a residential workforce housing unit must be limited to the difference between 1) the sales price contained in the HUD price guidelines; and 2) the Housing Accessibility for Living Equality (HALE) price determined by the department based on a 5% down payment with total housing costs equal to 31% of gross household income. Total housing costs include i) monthly mortgage principal and interest payments; ii) estimated real property taxes prorated on a monthly basis; iii) monthly estimated homeowners’ insurance costs; iv) monthly homeowners’ association dues; and v) monthly private mortgage insurance payments.”

Effect: In Ramseyer format, the changes are as follows:

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“C. Sales price – dwelling units. The sales price of a new dwelling unit [shall] must be established by the department based on current HUD price guidelines. In accordance with Section 3.35.040(A) of this Code, in order to increase the supply of affordable, owner-occupied housing, the Council may make appropriations from the affordable housing fund to subsidize the cost of residential workforce housing units for income qualified residents. The appropriation must state whether the department will issue the individual subsidies in the form of a loan, grant, deferred mortgage, or other mechanism that the Council deems appropriate. The maximum amount of subsidy for the purchase of a residential workforce housing unit must be limited to the difference between 1) the sales price contained in the HUD price guidelines; and 2) the Housing Accessibility for Living Equality (HALE) price determined by the department based on a 5% down payment with total housing costs equal to 31% of gross household income. Total housing costs include i) monthly mortgage principal and interest payments; ii) estimated real property taxes prorated on a monthly basis; iii) monthly estimated homeowners’ insurance costs; iv) monthly homeowners’ association dues; and v) monthly private mortgage insurance payments.”

Reasons: Maui County does not have a “magic wand.” Just changing the prices of housing in the Affordable Housing Sale Price Guidelines does not mean that housing prices will actually change. In fact, if builders cannot build homes at the sale prices in the table, there will not be any homes built. If the current guidelines were working for the building community, there would be a surplus, not a shortage, of affordable housing.

If we want to really make homes affordable, we will need to provide direct subsidies to the buyers of the housing and thereby make it truly affordable.

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This proposed amendment authorizes such direct subsidy and is fully consistent with the recommendations of the Maui County Comprehensive Affordable Housing Plan.

Attachments: Amendment as a complete bill.

ORDINANCE NO. _____

BILL NO. _____ (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 current HUD price guidelines. In accordance with Section 3.35.040(A) of this Code, in order to increase the supply of affordable, owner-occupied housing, the Council may make appropriations from the affordable housing fund to subsidize the cost of residential workforce housing units for income qualified residents. The appropriation must state whether the department will issue the individual subsidies in the form of a loan, grant, deferred mortgage, or other mechanism that the Council deems appropriate. The maximum amount of subsidy for the purchase of a residential workforce housing unit must be limited to the difference between 1) the sales price contained in the HUD price guidelines; and 2) the Housing Accessibility for Living Equality (HALE) price determined by the department based on a 5% down payment with total housing costs equal to 31% of gross household income. Total housing costs include i) monthly mortgage principal and interest payments; ii) estimated real property taxes prorated on a monthly basis; iii) monthly estimated homeowners’ insurance costs; iv) monthly homeowners’ association dues; and v) monthly private mortgage insurance payments.”

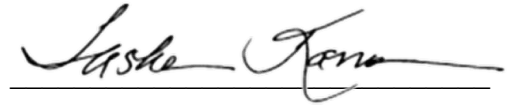
SECTION 3. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, the bracketed material, or the underscoring.

SECTION 4. This ordinance shall take effect upon approval.

Approved as to Form and Legality:

Deputy Corporation Counsel

INTRODUCED BY:



A handwritten signature in cursive script, appearing to read "Lisha Kona", is written over a horizontal line.