

AH Committee

From: Angela R. Lucero
Sent: Thursday, August 4, 2022 8:43 AM
To: AH Committee
Subject: 08.04 AH Meeting- CM Paltin's ASF for Bill 107, CD1
Attachments: ASFAHBill107CD1signed-combined.pdf

Aloha e AH Committee Staff,

I hope you're well today! On behalf of CM Paltin, I would like to submit the attached ASF for this afternoon's meeting.

Please let me know if you require further follow-up!

Thank you!
Angela

Angela Lucero
Executive Assistant

Office of Councilmember Tamara Paltin
West Maui Residency
Office: (808)270-5504

AFFORDABLE HOUSING COMMITTEE

Amendment Summary Form

Legislation: Bill 107, CD1 (2022)

Tamara D. M. Paltin

Proposer: Councilmember Tamara Paltin.

Description: Amend Bill 107, CD 1 (2022) to include County subsidies, in various forms, to either the developer or the buyer.

Motion: Amend Bill 107, CD 1 (2022) by substituting its contents for Bill 107, Proposed CD2 (below).

Effect: If my motion is approved, SECTION 2 would read as follows:

“C.Sales price – dwelling units. The sales price of a new, 3-bedroom, single-family dwelling unit [shall] must be established by the department annually, provided that monthly mortgage principal and interest payments; estimated real property taxes prorated on a monthly basis; monthly estimated homeowners’ insurance costs; monthly homeowners’ association dues; and monthly mortgage insurance costs (if applicable) must not exceed 31% of monthly household income based on [current] the median family income as established by HUD. These sales prices may be subsidized by the County in the form of loans, grants, deferred mortgage payments, infrastructure partnerships or exemptions and any other mechanism that the council deems appropriate direct to either the developer (subsidy committed at project approval) or the buyer (subsidy will be dependent on their mortgage qualification and amount of subsidy needed at time of purchase, which will vary and be determined with HUD housing counseling agencies).”

Reasons: In previous discussions, the committee acknowledged that changing the calculations to lower the sales prices without additional funding mechanisms in place would create challenges for developers. This proposed bill creates a link that commits a county subsidy to assist developers in setting affordable home sales prices that are attainable to the public while stabilizing the developer's ability to secure financing for various projects. If the developer is not prepared to accept the County subsidy, the subsidy will be given to the buyer at point of sale.

Attachment: Graphic demonstrating potential process for deferred payment mortgages to the buyer

Potential Process with Deferred Payment

Mortgage to the Buyer

