

COUNCIL OF THE COUNTY OF MAUI
BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE

November 4, 2022

Committee
Report No. _____

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

Chair and Members:

Your Budget, Finance, and Economic Development Committee, having met on October 19, 2022, makes reference to Bill 152 (2022), entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2023 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2023, AFFORDABLE HOUSING FUND (PULELEHUA AFFORDABLE HOUSING PROJECT)."

Bill 152's purpose is to amend the Fiscal Year 2023 Budget, Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds, by adding an appropriation under the Affordable Housing Fund for Maui Oceanview LP ("Developer") for the Pulelehua Affordable Housing Project ("Project") in the amount of \$18,000,000. The Fund will be used to subsidize 40 for-sale units at or below 100 percent Area Median Income ("AMI") and 20 for-sale units at or below 120 percent AMI.

Your Committee received a presentation from the Developer, who confirmed the Project will pilot the newly adopted sales price guidelines for affordable homes and would be calculated in accordance with Ordinance 5441, which takes effect on the thirtieth calendar day following publication of the 2023 Housing and Urban Development AMI guidelines.

The Developer noted that the first phase of the Project would include 20 units at or below 60 percent of the AMI, and 20 units at or below 80 percent of the AMI, but that these units would not be subsidized with the proposed funds. Additional funding sources are being sought for the remaining units, such as from the State.

COUNCIL OF THE COUNTY OF MAUI
BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE

Page 2

Committee
Report No. _____

The Developer noted this Project is “shovel ready” and they anticipate breaking ground by early 2023. They said their team has received comments back from almost all reviewing agencies and as soon as approvals are received, the project will proceed.

Developer profits for this Project will be limited to 10 percent of the total costs.

Your Committee notes the affordable homes in this phase of the development will not be used to satisfy the Land Use Commission requirement of 125 affordable units for the Kapalua Mauka development. The Budget Director noted this would be explicitly stated in the amended Workforce Housing Agreement between the County and the Developer.

The Developer elected to pilot the affordable housing lottery process established by Ordinance 5315, which gives priority to preapproved homebuyers based on length of residency on Maui and goes into effect no later than November 1, 2022, subject to Council approval by resolution.

A representative from the Department of the Corporation Counsel said, if the Council approves the use of the Affordable Housing Fund for this Project, the restrictions in Chapter 3.35, Maui County Code, will be included in the Workforce Housing Agreement.

The Developer noted they had no issue with including an owner occupancy condition and a condition requiring the units to remain affordable housing in perpetuity using a managed appreciation resale model in the Workforce Housing Agreement.

The Deputy Director of Housing and Human Concerns said the grant agreement would include specific milestones, such as permit approvals, when the funds will be released. These milestones will be part of the negotiation with the Developer and will be documented in the grant agreement.

COUNCIL OF THE COUNTY OF MAUI

**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**

Page 3

**Committee
Report No. _____**

The Developer said construction of the Project would continue even if these funds were not awarded, but without these funds more market value homes would need to be built during Phase I to subsidize the costs of the workforce housing units.

Your Committee expressed support for the Project and for enabling the construction of affordable housing for Maui County residents as quickly as possible.

Your Committee voted 8-0 to recommend passage of Bill 152 (2022) on first reading. Committee Chair Rawlins-Fernandez, Vice-Chair Paltin, and members Johnson, Kama, King, Molina, Sinenci, and Sugimura voted “aye.” Committee member Lee was excused.

Your Budget, Finance, and Economic Development Committee RECOMMENDS that Bill 152 (2022), attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2023 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2023, AFFORDABLE HOUSING FUND (PULELEHUA AFFORDABLE HOUSING PROJECT),” 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.



KEANI N.W. RAWLINS-FERNANDEZ, Chair

ORDINANCE NO. _____

BILL NO. 152 (2022)

A BILL FOR AN ORDINANCE AMENDING APPENDIX A
OF THE FISCAL YEAR 2023 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES -
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2023,
AFFORDABLE HOUSING FUND
(PULELEHUA AFFORDABLE HOUSING PROJECT)

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

SECTION 1. Ordinance No. 5392, Bill No. 69, CD1, FD2 (2022), as amended, "Fiscal Year 2023 Budget", Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2023, is hereby amended as it pertains to the Affordable Housing Fund by adding an appropriation for Maui Oceanview LP for the Pulelehua Affordable Housing Project for \$18,000,000, to read as follows:

**"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS
FOR FISCAL YEAR 2023**

	<u>ESTIMATED BALANCE AS OF 6/30/2022</u>	<u>ANTICIPATED REVENUES FOR FY 2023</u>	<u>TOTAL FOR FY 2023</u>
L. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code)	25,304,784	32,695,216	58,000,000
(1) Up to \$69,500 must be for Administrative expenses.			
(2) Up to \$2,000,000 must be for upgrade of the culvert on Waiale Road.			
(3) Up to \$6,000,000 must be for a grant to AHED Kenui LLC for property acquisition for a 142-unit multifamily rental project, for the Front Street Apartments Preservation, TMK: (2) 4-5-003:013, located at 1056 Front Street, Lahaina, Maui, Hawaii. The project will include 7 units at or below 30 percent of the AMI, 64 units at or below 50 percent of the AMI, 70 units at or below 60 percent of the AMI, and one unit for an on-site property manager. The affordability period is 51 years.			

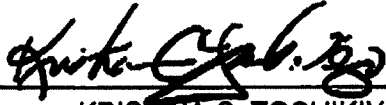
- (4) Up to \$825,000 must be for a grant to Aina Pacific, LLC to extend Wela Street to Kilohana Drive as required by Condition 9 Exhibit B Conditions of Zoning, Ordinance 5151, Bill 114 (2020). The project consists of 28 single-family units, nine of which are at or below below-moderate income, fourteen units will be at or below moderate income, and five units will be at or below above-moderate income. The affordability period is 20 years.
- (5) Up to \$1,750,000 must be for master plans or feasibility studies for land suitable for affordable housing, including TMK: (2) 3-8-006-004-002(por.) located at Hansen Road, Puunene, Wailuku, Maui, Hawaii; TMK: (2) 2-2-002-070, located at 2201 Piilani Highway, Kihei, Maui, Hawaii; TMK (2) 2-3-800-504, located at Kuihelani Highway and Waiko Road, Wailuku, Maui, Hawaii; and TMK: (2) 4-9-002:058 (por.) located at 5th Street, Lanai City, Maui, Hawaii.
- (6) Up to \$250,000 must be for a contract to provide a Comprehensive Plan to End Houselessness in Maui County
- (7) Up to \$1,000,000 must be for a grant to Habitat for Humanity for the Wakiu affordable housing project located at 4356 Hana Highway, Hana, Maui, Hawaii, TMK: (2) 1-3-004:001 (por.) for roadways, drainage, and other infrastructure.
- (8) Up to \$134,000 must be for Water Use Development Fees for the Hale Pilina Project TMK: (2) 3-7- 013:026, located at Puunene Avenue, Kahului, Maui, Hawaii.
- (9) Up to \$11,000,000 must be for the acquisition of the Lāhaina Crossroads Apartments and property, a 20-unit complex to remain affordable in perpetuity, identified as TMK: (2) 4-6-009:058 and TMK: (2) 4-6-009:61, located at 767 Luakini Street, Lahaina, Maui, Hawaii.

(10) Up to \$18,000,000 must be for Maui Oceanview LP for the Pulelehua Affordable Housing Project for 40 for-sale units at or below 100 percent AMI and 20 for-sale units at or below 120 percent AMI."

SECTION 2. Material to be repealed is bracketed. New material is underscored.

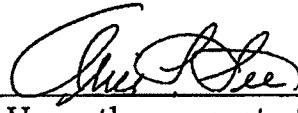
SECTION 3. This Ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND LEGALITY:

A handwritten signature in black ink, appearing to read "Kristina C. Toshikiyo", is written over a horizontal line.

KRISTINA C. TOSHIKIYO
Deputy Corporation Counsel

INTRODUCED BY:

A handwritten signature in cursive script, appearing to read "Charles R. Lee", written over a horizontal line.

Upon the request of the Mayor.