

**COUNCIL OF THE COUNTY OF MAUI**  
**ECONOMIC DEVELOPMENT AND**  
**BUDGET COMMITTEE**

December 20, 2019

**Committee**  
**Report No. \_\_\_\_\_**

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

Chair and Members:

Your Economic Development and Budget Committee, having met on November 19, 2019, and December 5, 2019, makes reference to County Communication 19-368, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2020 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2020, AFFORDABLE HOUSING FUND (HABITAT FOR HUMANITY, AFFORDABLE HANA HOUSING PROJECT)."

The purpose of the proposed bill is to amend Appendix A, Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for the Fiscal Year 2020 Budget, by adding a proviso under the Affordable Housing Fund for Habitat for Humanity for the Affordable Hana Housing Project in the amount of \$5,000,000. The project includes land acquisition and new construction of 25 affordable single-family homes, with an affordability period of 30 years.

Your Committee notes the Council adopted Resolution 17-159 to approve with modifications the independent development of the 100 percent Affordable Hana Housing Project ("Project") in accordance with Section 201H-38, Hawaii Revised Statutes.

Resolution 17-159 requires the Project developer to record with the Bureau of Conveyances of the State of Hawaii a restriction on the property permanently prohibiting any transient vacation rental use on the property. The Project developer is also required to consult with the Hana Aha Moku Council.

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According to Land Use Committee Report 17-154, which recommended adoption of Resolution 17-159, Habitat for Humanity Maui had committed to acquiring 12 of the Project's 25 lots. Habitat for Humanity Maui now intends to acquire all 25 lots.

The Executive Director for Habitat for Humanity Maui told your Committee the organization works to assist people who earn 25 percent to 80 percent of the Area Median Income ("AMI") to purchase a home. As part of the program, the homes have a deed restriction for a 30-year affordability period.

Furthermore, each buyer must complete 500 hours of "sweat equity." According to Habitat for Humanity's website, sweat equity for home buyers can be in the form of "construction work on their home or on a home for another family, cleaning up the build site, working in a Habitat ReStore, assisting in administrative duties, or countless other ways of helping out."

A buyer must also take the organization's "Homeowner Education & Financial Literacy" course. The Executive Director said Habitat for Humanity Maui will educate buyers of the Project property about the approval given for the Project by Resolution 17-159, including the restriction on transient vacation rental use in the Project and the exemptions from requirements to construct sidewalks, curbs, gutters, and street lights.

Buyers of Habitat for Humanity Maui property agree to give the organization the first right of refusal before they can sell the property. When the organization repurchases, it will resell the property to someone with income at or below 80 percent of the AMI with a new 30-year affordability period.

The Executive Director said the organization has not foreclosed on anyone but has had two instances of deed in lieu of foreclosure. Buyers

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of properties the organization reacquired because of foreclosure or deed in lieu of foreclosure proceedings still need to fulfill the organization's requirements, including agreeing to a new 30-year affordability period for the property.

Once someone purchases a property with Habitat for Humanity, the owner may improve the property, which includes constructing other dwellings if allowed by law.

Your Committee voted 8-0 to recommend passage of the proposed bill on first reading and filing of the communication. Committee Chair Rawlins-Fernandez, Vice-Chair King, and members Kama, Lee, Molina, Paltin, Sinenci, and Sugimura voted "aye." Committee member Hokama 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 nonsubstantive revisions, including adjustments to reflect the expected passage of other pending legislation.

Your Economic Development and Budget Committee **RECOMMENDS** the following:

1. That Bill \_\_\_\_\_ (2019), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2020 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2020, AFFORDABLE HOUSING FUND (HABITAT FOR HUMANITY, AFFORDABLE HANA HOUSING PROJECT)," be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication 19-368 be FILED.

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



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KEANI N.W. RAWLINS-FERNANDEZ, Chair

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ORDINANCE NO. \_\_\_\_\_

BILL NO. \_\_\_\_\_ (2019)

A BILL FOR AN ORDINANCE AMENDING APPENDIX A  
OF THE FISCAL YEAR 2020 BUDGET FOR THE COUNTY OF MAUI  
AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES –  
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2020,  
AFFORDABLE HOUSING FUND (HABITAT FOR HUMANITY, AFFORDABLE HANA HOUSING PROJECT)

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

SECTION 1. Ordinance No. 4988 Bill No. 36 (2019), Draft 1, as amended "Fiscal Year 2020 Budget", Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2020, is hereby amended as it pertains to the Affordable Housing Fund, by adding a proviso for \$5,000,000 for Habitat for Humanity, Affordable Hana Housing Project, to read as follows:

**"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL  
FUNDS FOR FISCAL YEAR 2020**

	<b>ESTIMATED BALANCE <u>AS OF 6/30/19</u></b>	<b>ANTICIPATED REVENUES <u>FOR FY 2020</u></b>	<b>TOTAL <u>FOR FY 2020</u></b>
"M. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code)	11,825,037	14,321,450	26,146,487"
(1) Provided, that no more than \$70,000 shall be for Administrative Expenses.			
(2) Provided, that \$2,000,000 shall be for planning, design, and engineering of the Lanai Affordable Housing Project, Phase I.			
(3) Provided, that \$850,000 shall be for construction for Hale Mahaolu Ewalu Phase II. The 22 rental units will include five units rented at or below 50 percent of the area median income and 17 units to be rented at or below 60 percent of the area median income.			
(4) Provided, that \$442,040 shall be for the Ka Hale A Ke Ola Westside Staircase project using money paid to the County in lieu of providing residential workforce housing units in West Maui; money contributed to the County for West Maui affordable housing projects; and, for any shortage, the remaining balance shall be from unrestricted funds in the Affordable Housing Fund. The rehabilitation of the staircase will preserve 48 rental units which serve a population at or below 50 percent of the area median income.			

- (5) Provided, that \$199,213 shall be for the Ka Hale A Ke Ola Renewal Project Phase III Building 7. The rehabilitation of Building 7 at the Wailuku facility would support 16 additional residents at or below 50 percent of the area median income.
- (6) Provided, that \$250,000 shall be for pre-construction costs, including planning and design, for the County-owned lots at the Fairways at Maui Lani.
- (7) Provided, that \$6,382,000 shall be for the 100 percent affordable Kaiaulu Kupuohi Apartments Project for land acquisition, planning and design, on-site improvements, new construction, and other related development costs to produce 88 rental units to be rented at or below 60 percent of the area median income and one unit for an on-site property manager.
- (8) Provided, that \$5,000,000 shall be for Habitat for Humanity for a 100 percent Affordable Hana Housing Project which includes land acquisition and new construction of 25 single family homes with an affordability period of 30 years. The project includes five units at or below 50 percent of the Area Median Income (AMI), seven units at or below 60 percent AMI, and 13 units at or below 100 percent AMI."

SECTION 2. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:

  
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DAVID A. GALAZIN  
Deputy Corporation Counsel