

COUNCIL OF THE COUNTY OF MAUI
COMMITTEE OF THE WHOLE

July 23, 2010

**Committee
Report No.** _____

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

Chair and Members:

Your Committee of the Whole, having met on July 1, 2010, makes reference to the following:

1. County Communication No. 09-229, from Michael J. Molina, Chair of your Committee, relating to amendments to the Revised Charter of the County of Maui (1983), as amended (“Charter”); and
2. Committee Report No. 10-55, from your Committee of the Whole, recommending that a proposed resolution entitled “PROPOSING AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, PERTAINING TO THE AFFORDABLE HOUSING FUND” be passed on first reading and be ordered to print. The purpose of the proposed resolution is to place on the 2010 general election ballot the following question: “Should a minimum of two percent (2%) of the certified real property tax revenues for fiscal years 2012 through 2015 be appropriated to an affordable housing fund to be used for the provision and expansion of affordable housing and suitable living environments for persons of below moderate income to gap income?”.

Your Committee notes that at the Council meeting of June 18, 2010, the Council recommitted Committee Report No. 10-55.

Your Committee notes that the proposed resolution enables individuals or families within the gap income group to be eligible for affordable housing funded by revenues from the Affordable Housing Fund (“Fund”). The gap income group consists of persons whose incomes are between 140 percent and 160 percent of the area median income.

Your Committee recognized that persons who fall within the gap income group receive little, if any, financial assistance from County, State, or Federal programs. While these individuals may be able to afford a mortgage payment, few have sufficient savings

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for a down payment. Your Committee agreed that the Fund should be used to provide affordable housing for persons within the gap income group.

In response to public testimony, your Committee recommended that the proposed resolution be revised to allow the Fund to be used for the “protection” of affordable housing, in addition to the “provision and expansion” of affordable housing.

Your Committee debated whether the Fund should continue to be utilized for persons who fall within the very low income group because financial assistance from County, State, and Federal programs is already targeted to this group. The very low income group consists of persons whose incomes are 50 percent or less of the area median income. Your Committee decided that it was important to allow the Fund to be used for persons within all income groups, from the very low to gap income groups. Your Committee noted that the Council has the authority to either approve or disapprove use of the Fund for specific projects through the Budget process. With this authority, the Council will be able to ensure that the Fund is utilized for persons with the most need for affordable housing assistance.

Your Committee recommended that the proposed resolution be revised to clarify that any unencumbered balance originally appropriated to the Fund during Fiscal Years 2008 through 2011, shall remain in the Fund and, together with any new appropriations through Fiscal Year 2015, shall be used for affordable housing and suitable living environments for persons of very low to gap income. Your Committee further recommended that the proposed resolution be revised to ensure that the Charter amendment shall take effect prior to the preparation of the Fiscal Year 2012 Budget so that funding will be appropriated upon enactment of the Fiscal Year 2012 Budget Ordinance.

Your Committee voted 8-0 to recommend passage of the proposed resolution, as revised, on first reading. Committee Chair Molina, Vice-Chair Mateo, and members Baisa, Johnson, Kaho`ohalahala, Medeiros, Pontanilla, and Victorino voted “aye”. Committee member Nishiki was excused.

Your Committee is in receipt of a revised proposed resolution, approved as to form and legality by the Department of the Corporation Counsel, incorporating your Committee’s recommended revisions.

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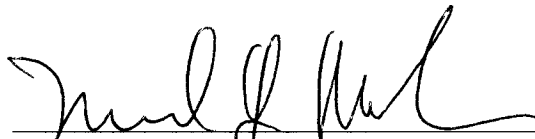
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Your Committee of the Whole RECOMMENDS the following:

1. That Resolution No. _____, as revised herein and attached hereto, entitled "PROPOSING AMENDMENTS TO THE REVISED CHARTER OF THE COUNTY OF MAUI (1983), AS AMENDED, PERTAINING TO THE AFFORDABLE HOUSING FUND", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That Committee Report No. 10-55 be FILED.

This report is submitted in accordance with Rule 7 of the Rules of the Council.



MICHAEL J. MOLINA, Chair

Resolution

No. _____

PROPOSING AMENDMENTS TO THE REVISED CHARTER
OF THE COUNTY OF MAUI (1983), AS AMENDED, PERTAINING
TO THE AFFORDABLE HOUSING FUND

BE IT RESOLVED by the Council of the County of Maui:

1. That, pursuant to Section 14-1(1), Revised Charter of the County of Maui (1983), as amended ("Charter"), it hereby proposes that Section 9-20 of the Charter, pertaining to the Affordable Housing Fund, be amended to read as follows:

"Section 9-20. Affordable Housing Fund.

1. In adopting fiscal years 2008 through [2011] 2015 annual operating budgets and capital improvements programs, the council shall appropriate a minimum of two percent (2%) of the certified real property tax revenues to a fund known as the affordable housing fund. In any fiscal year, the Council may make appropriations to the fund in addition to the minimum required appropriations. The revenues and unencumbered balance in this fund shall be utilized for the provision, protection, and expansion of affordable housing and suitable living environments for persons of very low to [moderate income, which may include] gap income, as defined by ordinance, including the rehabilitation of existing structures, land purchase or other acquisition of land or property entitlements, planning, design, and construction.

2. On an annual basis, no more than three percent (3%) of this fund shall be used for administrative expenses.

3. Any unencumbered balance [remaining] in this fund at the end of each fiscal year shall not lapse, but shall remain in the fund, accumulating from year to year. [The revenues] Any unencumbered balance in this fund shall not be used for any purpose except those listed in Subsection [9-20.1.] 1 of this Section, or as [defined] provided by ordinance.

4. The council shall by ordinance establish procedures for the administration and expenditure of the

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revenues in this fund. [The] Any appropriations to this fund shall not substitute, but shall be in addition to, those appropriations historically made for the purposes stated in this section."; and

2. That material to be repealed is bracketed. New material is underscored; and

3. That, pursuant to Section 14-2(1) of the Charter, this resolution be submitted to the voters of the County of Maui at the next general election; and

4. That the County Clerk prepare the necessary ballot for presentation to the voters at the 2010 General Election; and

5. That, pursuant to Section 14-1(1) of the Charter, it hereby proposes that the following question be placed on the 2010 General Election ballot:

"Should a minimum of two percent (2%) of the certified real property tax revenues for fiscal years 2008 through 2015 be appropriated into an affordable housing fund to be used for the provision, protection, and expansion of affordable housing and suitable living environments for persons of very low to gap income?"; and

6. That, pursuant to Section 14-2(2) of the Charter, the County Clerk publish this proposed amendment in a newspaper of general circulation; and

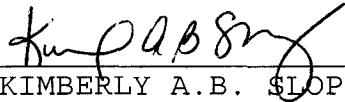
7. That, upon approval by the majority of the voters as indicated by the number of votes cast and upon official

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certification of such result, the amendment proposed herein shall take effect; and

8. That certified copies of this Resolution be transmitted to the Mayor, the Director of Finance, the Director of Housing and Human Concerns, and the Corporation Counsel.

APPROVED AS TO FORM
AND LEGALITY:



KIMBERLY A.B. SLOPER
Deputy Corporation Counsel
County of Maui

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