

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

September 3, 2010

Committee
Report No. _____

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

Chair and Members:

Your Budget and Finance Committee, having met on August 17, 2010, makes reference to County Communication No. 10-164, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011, AFFORDABLE HOUSING FUND, HABITAT FOR HUMANITY MAUI - KAHAWAI PROJECT".

The purpose of the proposed bill is to add a proviso to Appendix A, Part II, Special Purpose Revenues of the Fiscal Year 2011 Budget, for the Habitat for Humanity Maui - Kahawai Project in the amount of \$693,000.

2. A proposed resolution entitled "APPROVING THE HABITAT FOR HUMANITY MAUI, KAHAWAI PROJECT, PURSUANT TO SECTION 3.35.100(A), MAUI COUNTY CODE, PERTAINING TO THE AFFORDABLE HOUSING FUND".

The purpose of the proposed resolution is to approve the Habitat for Humanity Maui - Kahawai Project in the amount of \$693,000.

Your Committee notes that passage of the proposed bill and adoption of the proposed resolution would allow the Administration to disburse \$693,000 to Habitat for Humanity Maui to build 16 one- and two-bedroom condominium units in Wailuku. The target population will be households earning 80 percent or less of the Maui Island median income and households earning 50 percent or less of the Maui Island median income.

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Your Committee discussed the continuing importance of providing affordable housing for Maui County residents. Your Committee concluded that this project should be funded.

Your Committee voted 7-0 to recommend adoption of the proposed resolution, passage of the proposed bill on first reading, and filing of the communication. Committee Chair Pontanilla, Vice-Chair Mateo, and members Baisa, Medeiros, Molina, Nishiki, and Victorino voted "aye". Committee members Johnson and Kaho`ohalahala were 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.

Your Budget and Finance Committee RECOMMENDS the following:


1. That Resolution No. _____, attached hereto, entitled "APPROVING THE HABITAT FOR HUMANITY MAUI, KAHAWAI PROJECT, PURSUANT TO SECTION 3.35.100(A), MAUI COUNTY CODE, PERTAINING TO THE AFFORDABLE HOUSING FUND", be ADOPTED;
2. That Bill No. _____ (2010), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011, AFFORDABLE HOUSING FUND, HABITAT FOR HUMANITY MAUI - KAHAWAI PROJECT", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
3. That County Communication No. 10-164 be FILED.

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



JOSEPH FONTANILLA, Chair

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Resolution

No. _____

APPROVING THE HABITAT FOR HUMANITY MAUI, KAHAWAI PROJECT, PURSUANT TO SECTION 3.35.100(A), MAUI COUNTY CODE, PERTAINING TO THE AFFORDABLE HOUSING FUND

WHEREAS, the County of Maui wishes to encourage the provision of affordable housing and suitable living environments for residents of low to moderate income; and

WHEREAS, HABITAT FOR HUMANITY MAUI has requested \$693,000 from the County of Maui Affordable Housing Fund for its Kahawai Project (“Project”) which will provide for the construction of sixteen (16) one- and two-bedroom condominium homes (see attached Grant Proposal attached as Exhibit “1”); and

WHEREAS, the target population for the Project will be households earning fifty percent or below and eighty percent or below of Maui County’s median family income; and

WHEREAS, the Project will remain affordable as outlined in the Project Grant Proposal attached as Exhibit “1”; and

WHEREAS, the Project will provide needed affordable housing to meet the current and growing demand for such housing; and

WHEREAS, pursuant to Section 3.35.100(A), Maui County Code, the Department of Housing and Human Concerns may expend funds from the Affordable Housing Fund on projects that are not contained within the council-approved affordable housing annual plan if separately approved by council resolution; now, therefore,

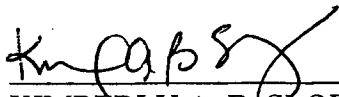
Resolution No. _____

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

1. That the Kahawai Project, for which an expenditure of up to \$693,000 has been proposed, is approved pursuant to Section 3.35.100(A), Maui County Code.

2. That certified copies of this resolution be transmitted to the Mayor, the Director of Finance, the Director of Housing and Human Concerns, and to the Executive Director of HABITAT FOR HUMANITY MAUI.

APPROVED AS TO FORM
AND LEGALITY



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

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**Kahawai Project
Habitat for Humanity Maui**

Habitat for Humanity Maui (HfHM) intends to build a 16-unit, three story condominium building on an 11,187 square foot vacant lot owned by Habitat for Humanity Maui. The property address is 2024 Kahawai Street, Wailuku, Hawaii and the tax map key number is (2) 2-3-4-33-2. It was purchased in 2007. There will be approximately 12 one bedroom and 4 two bedroom units. Each unit will have its own stackable washer and dryer in the unit and each unit will be provided one parking space. The design of the proposed construction is consistent with the Maui Redevelopment Area design qualifications. To the extent possible, green products will be used in the construction of the building and the interior of the units. This project will be the first new construction in the "Happy Valley" area in Wailuku and will positively enhance the area. The estimated development cost is \$5M. The total per unit cost will be approximately \$312,500.00.

HfHM serves very low and low income families. In order for these families to be able to afford homeownership, HfHM can provide a no interest long term mortgage. HfHM will issue a 30 year mortgage in order that very low income families will be able to afford homeownership. There will be no restrictions or penalties on pre-payment so that a Partner Family may pay off the mortgage earlier and be debt free. HfHM will issue a First Mortgage to equal the amount of cash to be paid by the homeowner. A Second Mortgage will also be issued equaling the difference between the purchase price and the Fair Market Value of the property. The Fair Market Value will be determined by an appraisal done at the time of sale. The first 10 years of the mortgage there will be no shared equity. The affiliate would then forgive 5% each year, reflecting the increasing equity interest the homeowner has in the house and providing an added dimension to the partnership between Habitat and the homeowner. This gradual vesting of equity in the homeowner not only allows HfHM to control the resale or refinancing of the house in the early years of the partnership, but also illustrates that the homeowner is a "stakeholder" in the house. The realization of more equity with each year can be an incentive for the homeowner to make monthly payments on time and take care of the unit.

Habitat for Humanity Maui also proposes to work with the County of Maui, Department of Housing and Human Concerns, Housing Division, Section 8 Homeownership Program.

Habitat's mission is to provide an opportunity for homeownership to those deserving families who would not be able to afford to purchase a home on their own. As such, HfHM will require all units sold to be owner-occupied.

Funding from the Affordable Housing Fund will be used for preconstruction and construction of a 16 unit condominium project. The preconstruction fees include the architectural fees for the construction plans and the permitting process.

The construction design is currently being finalized and waiting on approval from the Maui Redevelopment Agency which is anticipated in July of 2010. Once approval is given, the construction plans will be finalized and submitted for permits. It is anticipated that the construction plans will be ready by Fall of 2010 and will then be put out for bid. The Environmental Assessment is being done now and it is anticipated to be complete with the approval from Maui Redevelopment Agency.

All indications are that the project is being received very well by Wailuku Main Street Association and the neighbors of the community. The project is located on Kahawai Street in Wailuku. The lot has proper zoning, has a water meter and has already been graded by previous owners who had a house on the property.

Should the project be approved by the Maui Redevelopment Agency in July 2010, the construction plans can be completed and submitted for permit by the end of this year. We hope to break ground in 2011.

ORDINANCE NO. _____

BILL NO. _____ (2010)

A BILL FOR AN ORDINANCE AMENDING APPENDIX A
OF THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES -
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011,
AFFORDABLE HOUSING FUND,
HABITAT FOR HUMANITY MAUI - KAHAWAI PROJECT

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

SECTION 1. Ordinance No. 3751, Bill No. 39 (2010), Draft 1, "Fiscal Year 2011 Budget", Appendix A, Part II, "Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2011", is hereby amended as it pertains to the Affordable Housing Fund, by adding a proviso for the Habitat for Humanity Maui - Kahawai Project, in the amount of \$693,000, to read as follows:

"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS
FOR FISCAL YEAR 2011

| | <u>ESTIMATED BALANCE AS OF 6/30/10</u> | <u>ANTICIPATED REVENUES FOR FY 2011</u> | <u>TOTAL FOR FY 2011</u> |
|--|--|---|------------------------------|
| O. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code) | 10,720,822 | 4,279,860 | 15,000,682 |
| (1) Provided, that \$1,216,152 be for Waiehu Mauka Rental Housing Project - Lokahi Pacific; provided further that the \$1,216,152 not be disbursed unless the Project is approved pursuant to Chapter 201H, Hawaii Revised Statutes, by December 31, 2010. | | | |
| (2) Provided, that \$1,000,000 be for the Kahoma Project. | | | |
| (3) Provided, that \$2,240,419 be for affordable housing projects in West Maui, subject to Chapter 3.35, Maui County Code. | | | |
| (4) Provided, that \$2,000,000 be for the purchase of land to be used for affordable housing, subject to Chapter 3.35, Maui County Code. | | | |
| (5) Provided, that \$2,000,000 be utilized to assist families that are within the 81% to 140% of county median income, subject to Chapter 3.35, Maui County Code. | | | |

| <u>ESTIMATED BALANCE AS OF 6/30/10</u> | <u>ANTICIPATED REVENUES FOR FY 2011</u> | <u>TOTAL FOR FY 2011</u> |
|--|---|------------------------------|
|--|---|------------------------------|

- (6) Provided, that \$30,000 be for Administrative Expenses.
- (7) Provided, that \$81,000 be for a grant to Housing and Land Enterprise of Maui dba Na Hale O Maui for a community land trust in Fiscal Year 2011.
- (8) Provided, that \$693,000 be for Habitat for Humanity Maui - Kahawai Project."

SECTION 2. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:



TRACI FUJITA VILLAROSA
First Deputy Corporation Counsel

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