

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

October 1, 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 September 14, 2010, makes reference to County Communication No. 10-194, from the Budget Director, transmitting the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF HOUSING AND HUMAN CONCERNS, TOTAL OPERATING APPROPRIATIONS, TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS); AND APPENDIX A AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011; AFFORDABLE HOUSING FUND, ESTIMATED BALANCE AS OF 6/30/10, AND WAIEHU MAUKA RENTAL HOUSING PROJECT – LOKAHI PACIFIC".

The purpose of the proposed bill is to amend the Fiscal Year ("FY") 2011 Budget by adding \$167,000 to Carryover/Savings from the prior fiscal year, and by adding it to the "General" appropriation for the Housing Program in the Department of Housing and Human Concerns ("DHHC"). The proposed bill also amends the Budget as it relates to the Affordable Housing Fund, by reducing the ending balance for FY 2010 and the total estimated revenues for FY 2011 by \$3,444,600; and by deleting the proviso authorizing \$1,216,152 for the "Waiehu Mauka Rental Housing Project - Lokahi Pacific".

2. A Certification of Additional Revenues for Fiscal Year 2011 dated August 25, 2010. The Mayor certified that an additional \$167,000 is available from Carryover/Savings from the prior fiscal year.

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3. A proposed resolution entitled "AMENDING RESOLUTION 08-91 AUTHORIZING ACCEPTANCE OF A PAYMENT OF \$5,870,100 FROM KEAKA LLC, AND MAKENA MF-2&3, LLC TO THE COUNTY OF MAUI AFFORDABLE HOUSING FUND, PURSUANT TO SECTION 2.96.040.B.2, MAUI COUNTY CODE, AND THE SUBSEQUENT DISBURSEMENT TO HALE MAHAOLU AND ITS AFFILIATE HALE MAHAOLU EHIKU, INC."

The purpose of the proposed resolution is to amend Resolution No. 08-91 to authorize acceptance of a reduced payment of \$2,425,500 for the Hale Mahaolu Ehiku Project.

The Director of Housing and Human Concerns explained that the Federal government grants HOME Investment Partnership Program funds ("HOME funds") to the Hawaii Housing Finance and Development Corporation ("HHFDC") for distribution to the counties. HOME funds can be used for pre-development costs as long as affordable units are completed within a specified time frame. If the units cannot be completed in time, the funds must be repaid to HHFDC for redistribution to a county or agency that can meet the deadline. If the funds are not repaid, the State will be penalized, which could jeopardize future Federal grants to the State.

The Department previously granted Lokahi Pacific approximately \$167,000 of HOME funds for pre-development work at its Waiehu Mauka Rental Housing Project. Subsequently, Lokahi Pacific determined that it could not complete the Waiehu Mauka Rental Housing Project due to financial challenges and staff reductions. Furthermore, Lokahi Pacific cannot repay the HOME funds used for pre-development work. Therefore, the Administration proposes to repay the HOME grant from the General Fund with Carryover/Savings from the prior fiscal year.

The Administration is also proposing a reduction of the amount that was to have been received for affordable housing in connection with the Makena Resort project. Your Committee noted that Keaka LLC and Makena MF-&3 were required to pay the County \$5,870,100 to the Affordable Housing Fund as a condition of zoning for the Makena Resort, in accordance with the Residential Workforce Housing Policy, Chapter 2.96, Maui County Code. The proposed resolution reduces the payment amount from Keaka LLC, and Makena MF-2&3, LLC to the Affordable Housing Fund for the Hale Mahaolu Ehiku Project, from \$5,870,100 to \$2,425,500. Your Committee requested that the Department of the Corporation Counsel determine whether a payment of less than what is

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required by their affordable housing agreement would impact the zoning and subdivision approvals for Makena Resort project.

Your Committee voted 6-2 to recommend passage of the proposed bill on first reading. Committee Chair Pontanilla, Vice-Chair Mateo, and members Baisa, Johnson, Kaho`ohalahala, and Medeiros voted "aye". Committee members Molina and Victorino voted "no". Committee member Nishiki was excused.

Your Committee voted 8-0 to recommend adoption of the proposed resolution and filing of the communication. Committee Chair Pontanilla, Vice-Chair Mateo, and members Baisa, Johnson, Kaho`ohalahala, Medeiros, Molina, and Victorino voted "aye". Committee member Nishiki 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 your Committee's recommended revision and making non-substantive changes.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill No. _____ (2010), as revised herein and attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO ESTIMATED REVENUES; DEPARTMENT OF HOUSING AND HUMAN CONCERNS, TOTAL OPERATING APPROPRIATIONS, TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS); AND APPENDIX A AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011; AFFORDABLE HOUSING FUND, ESTIMATED BALANCE AS OF 6/30/10, AND WAIEHU MAUKA RENTAL HOUSING PROJECT – LOKAHI PACIFIC", be PASSED ON FIRST READING and be ORDERED TO PRINT;

2. That Resolution No. _____, attached hereto, entitled "AMENDING RESOLUTION 08-91 AUTHORIZING ACCEPTANCE OF A PAYMENT OF \$5,870,100 FROM KEAKA LLC, AND MAKENA MF-2&3, LLC TO THE COUNTY OF MAUI AFFORDABLE HOUSING FUND, PURSUANT TO SECTION 2.96.040.B.2, MAUI

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COUNTY CODE, AND THE SUBSEQUENT DISBURSEMENT TO
HALE MAHAOLU AND ITS AFFILIATE HALE MAHAOLU EHIKU,
INC.”, be ADOPTED; and

3. That County Communication No. 10-194 be FILED.

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



JOSEPH PONTANILLA, Chair

bf:cr:10088aa:ghr

ORDINANCE NO. _____

BILL NO. _____ (2010)

A BILL FOR AN ORDINANCE AMENDING THE
FISCAL YEAR 2011 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO ESTIMATED REVENUES;
DEPARTMENT OF HOUSING AND HUMAN CONCERNS,
TOTAL OPERATING APPROPRIATIONS,
TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS);
AND APPENDIX A AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES -
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2011;
AFFORDABLE HOUSING FUND, ESTIMATED BALANCE AS OF 6/30/10,
AND WAIERU MAUKA RENTAL HOUSING PROJECT - LOKAHI PACIFIC

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

SECTION 1. Ordinance No. 3751, as amended, "Fiscal Year 2011 Budget", is hereby amended as it pertains to Section 2, Estimated Revenues, by increasing Carryover/Savings from the General Fund in the amount of \$167,000, and by increasing Total Estimated Revenues in the amount of \$167,000, to read as follows:

"ESTIMATED REVENUES

FROM TAXES, FEES AND ASSESSMENTS:

Real Property Taxes	215,186,317
Circuit Breaker Adjustment	(1,193,327)
Charges for Current Services	106,129,347
Transient Accommodations Tax	17,500,000
Public Service Company Tax	8,000,000
Licenses/Permits/Others	25,615,078
Fuel and Franchise Taxes	18,250,000
Special Assessments	6,483,196
Other Intergovernmental	21,620,000

FROM OTHER SOURCES:

Interfund Transfers	34,470,622
Bond/Lapsed Bond	46,800,000
Carryover/Savings:	
General Fund	[9,430,031] 9,597,031
Sewer Fund	4,221,775
Highway Fund	4,429,085
Solid Waste Management Fund	4,900,555
Golf Fund	160,413
Liquor Fund	447,899
Bikeway Fund	0
Water Fund	3,578,803

TOTAL ESTIMATED REVENUES [526,029,794] 526,196,794"

SECTION 2. Ordinance No. 3751, as amended, "Fiscal Year 2011 Budget", is hereby amended as it pertains to Section 3.B.6.b.(1), Department of Housing and Human Concerns, Housing Program, by increasing the General appropriation in the amount of \$167,000, to read as follows:

"6. Department of Housing and Human Concerns

b. Housing Program

(1) General

[617,236]

784,236

(i) Provided, that disbursement for salaries and premium pay is limited to 8.0 equivalent personnel.

(ii) Provided, that \$167,000 be used to reimburse the Hawaii Housing Finance and Development Corporation (HHFDC) for HOME Investment Partnership Program funds expended by Lokahi Pacific for pre-development costs of the Waiehu Mauka Affordable Rental Project."

SECTION 3. The Total Operating Appropriations is amended to reflect an increase of \$167,000, to read as follows:

"TOTAL OPERATING APPROPRIATIONS

[434,537,116]

434,704,116"

SECTION 4. The Total Appropriations (Operating and Capital Improvement Projects) is amended to reflect an increase of \$167,000, to read as follows:

"TOTAL APPROPRIATIONS (OPERATING AND CAPITAL IMPROVEMENT PROJECTS)

[526,029,794]

526,196,794"

SECTION 5. Ordinance No. 3571, as amended, "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 decreasing the Estimated Balance as of 6/30/10, in the amount of \$3,444,600, decreasing the Total for FY 2011 in the amount of \$3,444,600, and deleting the proviso for the Waiehu Mauka Rental Housing Project - Lokahi Pacific, in the amount of \$1,216,152, 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)	<u>7,276,222</u> [10,720,822]	4,279,860	<u>11,556,082</u> [15,000,682]
<p>[(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.]</p> <p>[2] (1) Provided, that \$1,000,000 be for the Kahoma Project.</p> <p>[3] (2) Provided, that \$2,240,419 be for affordable housing projects in West Maui, subject to Chapter 3.35, Maui County Code.</p> <p>[4] (3) 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.</p> <p>[5] (4) Provided, that \$2,000,000 be utilized to assist 140% of county median income, subject to Chapter 3.35, Maui County Code.</p> <p>[6] (5) Provided, that \$30,000 be for Administrative expenses.</p> <p>[7] (6) Provided, that \$693,000 be for Habitat for Humanity - Kahawai Project."</p> <p>[8] (7) Provided, that \$1,100,000 be granted to Na Hale O Maui for the acquisition and rehabilitation of foreclosed homes to be offered to qualified buyers not exceeding 120% of area median income."</p>			

SECTION 6. Material to be repealed is bracketed. New material is underscored.