

COUNCIL OF THE COUNTY OF MAUI

# BUDGET AND FINANCE COMMITTEE

February 2, 2012

**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 January 3, 2012, and January 17, 2012, makes reference to the following:

1. County Communication 11-279, from the Director of Housing and Human Concerns, transmitting the Affordable Housing Fund Annual Plan for Fiscal Year ("FY") 2012, including a recommendation to provide funding for projects and programs totaling \$4,190,000.
  
2. County Communication 11-291, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND".

The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding the following projects and appropriations: (1) \$340,000 for the "Aloha House Clean & Sober Rental Project"; (2) \$350,000 for the "Hale O Ekolu project of the Arc of Maui County"; (3) \$300,000 for the "Harbor Lights Project of Habitat for Humanity"; (4) \$300,000 for the "Hale Makana O Waiale Rehabilitation Project of Ka Hale A Ke Ola Homeless Resource Center"; (5) \$1,100,000 for the "County of Maui Neighborhood Revitalization Program of Na Hale O Maui"; (6) \$500,000 for the "Kulamalu Affordable Housing Project of the County of Maui"; (7) \$300,000 for the "First-Time Home Buyers Program of the County of Maui"; and (8) \$1,000,000 for the "Tenant Based Rental Assistance Program of the County of Maui".

Your Committee notes that pursuant to Section 3.35.080, Maui County Code, the Department of Housing and Human Concerns is required to submit to the Council, for consideration, an affordable housing fund annual plan which outlines the proposed uses

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of fund revenues. The plan should include a budget amendment or a request that projects in the plan be included in a fiscal year budget, and a description of projects, the number of housing units created or land purchased for affordable housing, an identification of expenditures related to administrative expenses, and the total proposed appropriation for the subject fiscal year.

By correspondence dated December 21, 2011, the Director of Housing and Human Concerns requested that the appropriation for the "Habitat for Humanity Harbor Lights Project" be increased from \$300,000 to \$400,000 to allow for the acquisition of additional units. Furthermore, the Director requested that \$1,500,000 of the \$2,000,000 appropriated from the Affordable Housing Fund in the FY 2012 Budget be utilized to provide a loan to "EAH Housing", a non-profit developer of affordable rental housing, for the purchase of one acre of land on Kanani Road in Kihei.

Your Committee requested that the proposed bill be revised to separate each project into distinct bills, to allow your Committee greater flexibility to consider each appropriation.

By correspondence dated January 10, 2012, the Mayor transmitted the following:

1. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, HALE O EKOLU PROJECT".

The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$350,000 be for the "Hale O Ekolu project of the Arc of Maui County".

2. A proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, HARBOR LIGHTS PROJECT".

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The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$400,000 be for the “Harbor Lights Project of Habitat for Humanity”.

3. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, HALE MAKANA O WAIALE REHABILITATION PROJECT”.

The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$300,000 be for the “Hale Makana O Waiale Rehabilitation Project of Ka Hale A Ke Ola Homeless Resource Center”.

4. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, NEIGHBORHOOD REVITALIZATION PROGRAM”.

The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$1,100,000 be for the “County of Maui Neighborhood Revitalization Program of Na Hale O Maui”.

5. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, KULAMALU AFFORDABLE HOUSING PROJECT”.

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The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$500,000 be for the “Kulamalu Affordable Housing Project of the County of Maui”.

6. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, FIRST-TIME HOME BUYERS PROGRAM”.

The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$300,000 be for the “First-Time Home Buyers Program of the County of Maui”.

7. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, EAH HOUSING”.

The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$1,500,000 be for the “EAH Housing” to purchase a one acre of land on Kanani Road in Kihei.

8. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, TENANT BASED RENTAL ASSISTANCE PROGRAM”.

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The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$1,000,000 be for the “Tenant Based Rental Assistance Program of the County of Maui”.

9. A proposed bill entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, ALOHA HOUSE CLEAN AND SOBER RENTAL PROJECT”.

The purpose of the proposed bill is to amend the FY 2012 Budget, relating to the Affordable Housing Fund, by adding a proviso that \$340,000 be for the “Aloha House Clean and Sober Rental Project”.

The Director of Housing and Human Concerns informed your Committee that the Department received 11 proposals requesting funding from the Affordable Housing Fund that were reviewed and evaluated by a selection committee. The selection committee recommended funding for the following five projects: (1) the Aloha House Clean & Sober Rental Project; (2) the Hale O Ekolu project of the ARC of Maui County; (3) the Harbor Lights Project of Habitat for Humanity; (4) the Hale Makana O Waiale Rehabilitation Project of Ka Hale A Ke Ola Homeless Resource Center; and (5) the County of Maui Neighborhood Revitalization Program of Na Hale O Maui. In addition, the Department also recommended funding for the following three County projects: (1) the Kulamalu Affordable Housing Project; (2) the First-Time Home Buyers Program; and (3) the Tenant Based Rental Assistance Program.

Your Committee expressed concerns that many of the projects being recommended in the Affordable Housing Fund Plan for FY 2012 seemed to limit the distribution of funds to those projects that service individuals and families earning 80 percent of the area median income and below, instead of the much larger group whose earnings range from above 80 percent to 160 percent of the area median income. The Affordable Housing Fund was intended to serve this larger group.

Your Committee noted that one of the purposes of the Affordable Housing Fund was to make funds available to purchase land on which affordable homes could be built and sold to those individuals and families earning from above 80 percent to 160 percent

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of the area median income. Your Committee further noted that while the projects being proposed are helping those in need, the projects deviate from the original intent of the Affordable Housing Fund.

Your Committee voted 8-0 to recommend passage on first reading of the proposed bills relating to the “County of Maui Neighborhood Revitalization Program of Na Hale O Maui” and the “Kulamalu Affordable Housing Project of the County of Maui”. Committee Chair Pontanilla, Vice-Chair Hokama, and members Baisa, Couch, Cochran, Mateo, Victorino, and White voted “aye”. Committee member Carroll was excused.

Your Committee is in receipt of revised proposed bills, approved as to form and legality by the Department of the Corporation Counsel, incorporating revisions that anticipate approval of pending legislation and nonsubstantive revisions.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill \_\_\_\_\_ (2012), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, NEIGHBORHOOD REVITALIZATION PROGRAM”, be PASSED ON FIRST READING and be ORDERED TO PRINT; and
  
2. That Bill \_\_\_\_\_ (2012), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS, AFFORDABLE HOUSING FUND, FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN, KULAMALU AFFORDABLE HOUSING PROJECT”, be PASSED ON FIRST READING and be ORDERED TO PRINT.

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

  
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JOSEPH PONTAMILLA, Chair

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

BILL NO. \_\_\_\_\_ (2012)

A BILL FOR AN ORDINANCE AMENDING  
THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI  
AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES -  
SCHEDULE OF REVOLVING/SPECIAL FUNDS,  
AFFORDABLE HOUSING FUND,  
FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN,  
NEIGHBORHOOD REVITALIZATION PROGRAM

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

SECTION 1. Ordinance No. 3840, Bill No. 34 (2011), Draft 1, "Fiscal Year 2012 Budget", Appendix A, Part II, "Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2012", as amended, is hereby amended by inserting a proviso for the Neighborhood Revitalization Program related to the Fiscal Year 2012 Affordable Housing Plan, to read as follows:

"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS  
FOR FISCAL YEAR 2012

	<u>ESTIMATED BALANCE AS OF 6/30/11</u>	<u>ANTICIPATED REVENUES FOR FY 2012</u>	<u>TOTAL FOR FY 2012</u>
O. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code)	16,990,268	4,150,784	21,141,052
(1) Provided, that \$2,240,419 be for affordable housing projects in West Maui, subject to Chapter 3.35, Maui County Code.			
(2) 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.			
(3) Provided, that \$2,000,000 be utilized to assist families that are within 81% to 140% of county median income, subject to Chapter 3.35, Maui County Code.			
(4) Provided, that \$2,750,000 be for the Imi Ikena Affordable Housing Project loan to DBR Development, LLC; provided further, that the \$2,750,000 not be disbursed unless DBR Development, LLC has obtained a fee simple interest in the property and the loan agreement requires that upon permanent financing, the County's loan be secured by a second mortgage subject to a \$520,000 first mortgage.			



- (5) Provided, that \$300,000 be for a loan to Na Hale O Maui to establish a Deed-Restricted Buy-Back Revolving Interim Loan Fund.
- (6) Provided, that no more than \$70,000 be for Administrative Expenses.
- (7) Provided, that \$1,100,000 be for the County of Maui Neighborhood Revitalization Program of Na Hale O Maui for the acquisition and rehabilitation of 8 to 10 bank-owned foreclosed homes (\$500,000 for West Maui & \$500,000 for Central, South and Upcountry and \$100,000 for Na Hale O Maui's developer fees) for applicants earning 120% or less of the local area median income."

SECTION 2. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:

  
ADRIANNE N. HEELY  
Deputy Corporation Counsel

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

BILL NO. \_\_\_\_\_ (2012)

A BILL FOR AN ORDINANCE AMENDING  
THE FISCAL YEAR 2012 BUDGET FOR THE COUNTY OF MAUI  
AS IT PERTAINS TO APPENDIX A, PART II, SPECIAL PURPOSE REVENUES -  
SCHEDULE OF REVOLVING/SPECIAL FUNDS,  
AFFORDABLE HOUSING FUND,  
FISCAL YEAR 2012 AFFORDABLE HOUSING PLAN,  
KULAMALU AFFORDABLE HOUSING PROJECT

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

SECTION 1. Ordinance No. 3840, Bill No. 34 (2011), Draft 1, "Fiscal Year 2012 Budget", Appendix A, Part II, "Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2012", as amended, is hereby amended by inserting a proviso for the Kulamalu Affordable Housing Project related to the Fiscal Year 2012 Affordable Housing Plan, to read as follows:

"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS  
FOR FISCAL YEAR 2012

	<b>ESTIMATED BALANCE AS OF 6/30/11</b>	<b>ANTICIPATED REVENUES FOR FY 2012</b>	<b>TOTAL FOR FY 2012</b>
O. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code)	16,990,268	4,150,784	21,141,052
(1) Provided, that \$2,240,419 be for affordable housing projects in West Maui, subject to Chapter 3.35, Maui County Code.			
(2) 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.			
(3) Provided, that \$2,000,000 be utilized to assist families that are within 81% to 140% of county median income, subject to Chapter 3.35, Maui County Code.			
(4) Provided, that \$2,750,000 be for the Imi Ikena Affordable Housing Project loan to DBR Development, LLC; provided further, that the \$2,750,000 not be disbursed unless DBR Development, LLC has obtained a fee simple interest in the property and the loan agreement requires that upon permanent financing, the County's loan be secured by a second mortgage subject to a \$520,000 first mortgage.			

- (5) Provided, that \$300,000 be for a loan to Na Hale O Maui to establish a Deed-Restricted Buy-Back Revolving Interim Loan Fund.
- (6) Provided, that no more than \$70,000 be for Administrative Expenses.
- (7) Provided, that \$1,100,000 be for the County of Maui Neighborhood Revitalization Program of Na Hale O Maui for the acquisition and rehabilitation of 8 to 10 bank-owned foreclosed homes (\$500,000 for West Maui & \$500,000 for Central, South and Upcountry and \$100,000 for Na Hale O Maui's developer fees) for applicants earning 120% or less of the local area median income.
- (8) Provided, that \$500,000 be for the Kulamalu Affordable Housing Project of the County of Maui for costs associated with the master planning and entitlement of County-owned property in the Kulamalu subdivision."

SECTION 2. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:

  
ADRIANNE N. HEELY  
Deputy Corporation Counsel

S:\BUDGET\FY2012\BUDGET AMENDMENTS\031-PROPOSED BILLS (EXCEL)\15BD-BA\_12-15g\_Rev2\_App A-IL\_DHHC\_Affordable Housing Fund\_Kulamalu Affordable Housing Project.xls]Appendix A