

COUNCIL OF THE COUNTY OF MAUI

BUDGET AND FINANCE COMMITTEE

February 15, 2013

**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 29, 2013, makes reference to County Communication 13-18, from the Budget Director, transmitting a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2013 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2013, AFFORDABLE HOUSING FUND, FISCAL YEAR 2013 AFFORDABLE HOUSING PLAN, KULAMALU WORKFORCE HOUSING PROJECT".

The purposes of the proposed bill are to amend the Fiscal Year 2013 Budget, relating to the Affordable Housing Fund, by revising the proviso for the Kulamalu Affordable Housing Project of the County of Maui project as follows: (1) changing the project name by deleting the word "Affordable" and replacing it with the word "Workforce"; (2) increasing the appropriation by \$285,000, from \$500,000 to \$785,000; and (3) clarifying the project description by explicitly allowing for design and construction management.

Your Committee notes that the Budget and Finance Committee (2011-2013 Council term) recommended appropriations from the Affordable Housing Fund for this project. The prior appropriations included \$500,000 for master planning and entitlements, and \$3,865,000 to purchase approximately 4.179 acres of land.

The Director of Housing and Human Concerns stated that the Department's mission is to support and enhance the social well-being of the citizens of Maui County. The Director also affirmed that the goals of the Department are to expand affordable housing opportunities for low- and moderate-income families and support the development of special-needs housing. The project will focus on the provision of affordable housing to families with household incomes of 60 percent to 140 percent of the area median income.

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A representative from Clifford Planning & Architecture, LLC, informed your Committee that the project will be composed of seven townhouses, which will provide 64 rental units. The one-bedroom, one-bathroom units will range in size from 529 to 547 square feet, and the two-bedroom, two-bathroom units will range in size from 674 to 840 square feet. The exterior of the townhomes will be designed in a style similar to the existing Kulamalu community and will be landscaped with native, drought-tolerant plants.

Your Committee questioned the need to include an appropriation for construction management costs when the project is still in the design phase. Your Committee expressed its preference to make appropriations for construction management only after the project begins to move into the construction phase.

Your Committee expressed concern that changing the project from “affordable” housing to “workforce” housing would cause unnecessary confusion. Your Committee reasoned that because this project is being funded by the County’s Affordable Housing Fund and not through the application of the Residential Workforce Housing Policy, the project should continue to be described as affordable housing.

Your Committee revised the proposed bill by reducing the total appropriation by \$170,000 (the amount being proposed for construction management), from \$785,000 to \$615,000, as well as removing “construction management” from the appropriation description. Your Committee further revised the proposed bill by maintaining the use of “affordable”, instead of the proposed use of “workforce” in the project description.

Your Committee voted 9-0 to recommend passage of the revised proposed bill on first reading and filing of the communication. Committee Chair White, Vice-Chair Hokama, and members, Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino voted “aye”.

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 revisions.

Your Budget and Finance Committee RECOMMENDS the following:

1. That Bill _____ (2013), as revised herein and attached hereto, entitled “A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF

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THE FISCAL YEAR 2013 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2013, AFFORDABLE HOUSING FUND, FISCAL YEAR 2013 AFFORDABLE HOUSING PLAN, KULAMALU AFFORDABLE HOUSING PROJECT”, be PASSED ON FIRST READING and be ORDERED TO PRINT; and

2. That County Communication 13-18 be FILED.

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



MIKE WHITE, Chair

bf:cr:13028aa:skk

ORDINANCE NO. _____

BILL NO. _____ (2013)

A BILL FOR AN ORDINANCE AMENDING APPENDIX A
OF THE FISCAL YEAR 2013 BUDGET FOR THE COUNTY OF MAUI
AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES -
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2013,
AFFORDABLE HOUSING FUND,
FISCAL YEAR 2013 AFFORDABLE HOUSING PLAN,
KULAMALU AFFORDABLE HOUSING PROJECT

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

SECTION 1. Ordinance No. 3957, Bill No. 49 (2012), Draft 1, "Fiscal Year 2013 Budget", as amended, Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2013, is hereby amended as it pertains to the Affordable Housing Fund, by increasing the amount for the Kulamalu Affordable Housing Project by \$115,000, and by inserting the word "design" in the proviso, to read as follows:

**"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/SPECIAL FUNDS
FOR FISCAL YEAR 2013**

	ESTIMATED BALANCE AS OF 6/30/12	ANTICIPATED REVENUES FOR FY 2013	TOTAL FOR FY 2013
O. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code)	14,723,899	4,256,325	18,980,224
(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~~] \$615,000 be for the Kulamalu Affordable Housing Project of the County of Maui for costs associated with the master planning, design, and entitlement of County-owned property in the Kulamalu subdivision.
 - (9) Provided, that \$350,000 be for the Hale O Ekolu project of the ARC of Maui County for acquisition and rehabilitation of a dwelling unit for special needs housing, upon ARC of Maui County placing \$350,000 in escrow for this project.
 - (10) Provided, that \$400,000 be for the Harbor Lights Project of Habitat for Humanity for the acquisition and rehabilitation of 10 dwelling units to be sold to applicants at 80% or below of the median income.
 - (11) Provided, that \$340,000 be for the Aloha House Clean and Sober Rental Project for the acquisition of a dwelling unit for special needs housing, upon Aloha House, Inc., placing \$100,000 in escrow for this project.
 - (12) Provided, that \$300,000 be for the Hale Makana O Waiale Rehabilitation Project for Ka Hale A Ke Ola Homeless Resource Center for the renovation of the roofing systems, flooring, and bathroom fixtures of the 200 unit affordable housing multi-family apartment complex.
 - (13) Provided, that \$500,000 shall be for a master plan of the 50 acres conveyed by Alexander & Baldwin, Inc. (Condition 7, Ordinance 3559 (2008), Maui Business Park Phase II Project)."

SECTION 2. Material to be repealed is bracketed. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:



JEFFREY UEOKA

Deputy Corporation Counsel

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