

COUNCIL OF THE COUNTY OF MAUI
POLICY COMMITTEE

November 2, 2007

Committee
Report No.

07-128

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

Chair and Members:

Your Policy Committee, having met on August 14, 2007, September 4, 2007, and October 16, 2007, makes reference to County Communication No. 07-234, from Councilmember Michael J. Molina, relating to the matter of the First-Time Home Buyers' Program, and attaching the following:

1. Correspondence dated February 13, 2007, from the Director of Housing and Human Concerns, relating to the status of the implementation of the First-Time Home Buyers' Program; and
2. Correspondence dated July 19, 2007, from the Director of Housing and Human Concerns, providing recommendations to revise Chapter 3.30, Maui County Code, relating to the First-Time Home Buyers' Revolving Fund.

At its meeting of August 14, 2007, your Committee met with the Mayor; the Director of Housing and Human Concerns; the Housing Program Specialist IV, Department of Housing and Human Concerns; and a Deputy Corporation Counsel.

Your Committee received public testimony from one individual urging the County to implement the First-Time Home Buyers' Program quickly.

Your Committee noted that the Council established the First-Time Home Buyers' Fund in May 2005 (Ordinance No. 3286). In April 2006, the Council amended Ordinance No. 3286 to revise the name of the fund to the First-Time Home Buyers' Revolving Fund (hereinafter referred to as "the Fund"), and to establish procedures to implement the First-Time Home Buyers' Program (Ordinance No. 3374).

Your Committee further noted that the Council appropriated \$400,000 for the Fund in Fiscal Years 2006, 2007, and 2008, for a total of \$1.2 million. No loans have been issued under the First-Time Home Buyers' Program.

COUNCIL OF THE COUNTY OF MAUI
POLICY COMMITTEE

November 2, 2007

Page 2

Committee

Report No.

07-128

The Mayor explained that there were unforeseen problems with the Fund that could harm the families that it is targeted to assist. For example, she said that under the current law, a balloon payment is required at the end of the loan term. Also, the First-Time Home Buyers' Program does not allow for the payment of loan origination fees from the Fund. She stated that the Director of Housing and Human Concerns would be submitting a proposed bill in late September to revise the current law to address these and other problems with the Fund.

Your Committee discussed the current contract with the Maui County Employees Federal Credit Union to administer the Fund. The Director stated that the main problem with the contract, which makes issuing loans difficult, is that payment of loan origination fees from the Fund is not allowed. She further stated that the Department did not have monies budgeted to pay for loan origination fees, and requiring the applicant to pay the fee was not a viable option.

Your Committee requested that the Director of Finance provide information relating to the Fund, including whether the funds from the existing contract would return to the Fund when the contract expires.

Your Committee deferred consideration of the matter pending further discussion.

By correspondence dated August 16, 2007, the Chair of your Committee requested that the Department of the Corporation Counsel review and, if appropriate, approve as to form and legality a draft bill entitled "A BILL FOR AN ORDINANCE RELATING TO ADMINISTRATIVE EXPENSES IN THE FIRST-TIME HOME BUYERS' REVOLVING FUND". The purpose of the draft bill is to allow no more than 3 percent of the Fund to be used for administrative expenses.

By correspondence dated August 23, 2007, the Director of Finance provided information on the Fund. He confirmed that even if the contract with the Maui County Employees Federal Credit Union has expired, the funds are still encumbered by the Department of Housing and Human Concerns; that any unexpended funds are considered to have lapsed into the General Fund and will be identified as Carryover/Savings in the next budget; and that a budget amendment would be required to re-appropriate the lapsed funds.

By correspondence dated August 27, 2007, the Department of the Corporation Counsel transmitted a proposed bill entitled "A BILL FOR AN ORDINANCE

COUNCIL OF THE COUNTY OF MAUI
POLICY COMMITTEE

November 2, 2007
Page 3

Committee
Report No. 07-128

AMENDING CHAPTER 3.30, MAUI COUNTY CODE, RELATING TO THE FIRST-TIME HOME BUYERS' REVOLVING FUND", approved as to form and legality. The purpose of the proposed bill is to allow no more than 3 percent of the Fund to be used for administrative expenses.

At its meeting of September 4, 2007, your Committee deferred consideration of the matter without discussion.

At its meeting of October 16, 2007, your Committee met with Deputy Director of Housing and Human Concerns; the Assistant Housing Administrator, Department of Housing and Human Concerns; and a Deputy Corporation Counsel.

There was no public testimony.

Your Committee noted that the proposed bill would allow loan origination and processing fees to be paid from the Fund.

The Deputy Director stated that the Department has prepared a draft bill with additional changes to the Fund that is ready for review and approval by the Department of the Corporation Counsel. She also stated that her Department has prepared a draft Request for Proposal to commence with the implementation of the First-Time Home Buyers' Program.

Your Committee voted to recommend passage of the proposed bill and deferred the matter pending further discussion.

Your Policy Committee RECOMMENDS that Bill No. _____, attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.30, MAUI COUNTY CODE, RELATING TO THE FIRST-TIME HOME BUYERS' REVOLVING FUND", be PASSED ON FIRST READING and be ORDERED TO PRINT.

Adoption of this report is respectfully requested.

COUNCIL OF THE COUNTY OF MAUI
POLICY COMMITTEE

November 2, 2007
Page 4

Committee
Report No. 07-128



DANNY A. MATEO

Chair

BILL KAUAKEA MEDEIROS

Member

G. RIKI HOKAMA

Vice-Chair

MICHAEL J. MOLINA

Member

MICHELLE ANDERSON

Member

JOSEPH PONTANILLA

Member

GLADYS C. BAISA

Member

MICHAEL P. VICTORINO

Member

JO ANNE JOHNSON

Member

ORDINANCE NO. _____

BILL NO. _____ (2007)

A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.30, MAUI COUNTY CODE,
RELATING TO THE FIRST-TIME HOME BUYERS' REVOLVING FUND

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

SECTION 1. Section 3.30.025, Maui County Code, is amended by adding a new definition to be appropriately inserted and to read as follows:

“Administrative expenses” includes loan application fees, loan origination fees, document recording or filing fees, and loan servicing fees incurred by the County or paid to a grantee agency for implementing and administering the program.”


SECTION 2. Section 3.30.030, Maui County Code, is amended by adding a new subsection G to read as follows:

“G. On an annual basis, no more than three percent of this fund shall be used for administrative expenses.”

SECTION 3. New material is underscored. In printing this bill, the County Clerk need not include the underscoring.

SECTION 4. This ordinance shall take effect upon its approval.

APPROVED AS TO FORM AND
LEGALITY:



EDWARD S. KUSHI, JR.

Department of the Corporation Counsel
County of Maui