

COUNCIL OF THE COUNTY OF MAUI
POLICY COMMITTEE

February 16, 2007

Committee
Report No.

_____07-8_____

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

Chair and Members:

Your Policy Committee, having met on January 30, 2007 and February 1, 2007, makes reference to County Communication No. 07-38, from the Chair of your Committee, relating to the matter of proposals for amendments to the Residential Workforce Housing Policy.

By correspondence dated January 22, 2007, the Chair of your Committee transmitted a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 2.96.040, MAUI COUNTY CODE, RELATING TO RESIDENTIAL WORKFORCE HOUSING REQUIREMENTS".

The purpose of the proposed bill is to amend Section 2.96.040, Maui County Code, to clarify that the requirement that 40 percent of the units in a hotel shall be affordable under Section 2.96.040(A)(3) shall only apply to new and/or converted units, and explain how the in-lieu fee shall be calculated for sale/ownership units versus hotel, time-share conversion, or rental units.

At its meeting of January 30, 2007, your Committee received public testimony from one individual stating that the current housing policy was approved as to form and legality, and the proposed bill is confusing and unnecessary.

Your Committee deferred discussion on the matter due to a shortage of time, and recessed its meeting to February 1, 2007.

At its reconvened meeting of February 1, 2007, your Committee met with the Director of Housing and Human Concerns, the Deputy Director of Housing and Human Concerns, and a Deputy Corporation Counsel.

The Deputy Corporation Counsel stated that in addition to the proposed revisions, minor grammatical changes were also made to the proposed bill.

Your Committee voted to recommend passage of the proposed bill.

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Your Policy Committee RECOMMENDS that Bill No. _____ (2007), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 2.96.040, MAUI COUNTY CODE, RELATING TO RESIDENTIAL WORKFORCE HOUSING REQUIREMENTS" be PASSED ON FIRST READING and be ORDERED TO PRINT.

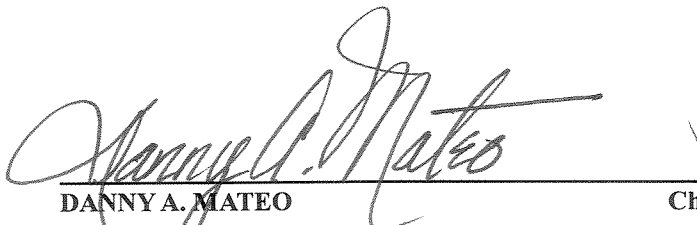
Adoption of this report is respectfully requested.


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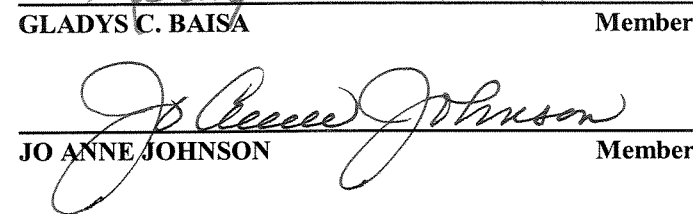
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ORDINANCE NO. _____

BILL NO. _____ (2007)

A BILL FOR AN ORDINANCE AMENDING SECTION 2.96.040, MAUI COUNTY CODE,
RELATING TO RESIDENTIAL WORKFORCE HOUSING REQUIREMENTS

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

SECTION 1. Section 2.96.040, Maui County Code, is amended to read as follows:

“2.96.040 Residential workforce housing requirements. A. Prior to final subdivision approval or issuance of a building permit for a development subject to this chapter, the department shall require the developer to enter into a residential workforce housing agreement that requires the following:

1. When more than fifty percent of the dwelling units and/or new lots in the development are offered for sale for less than \$600,000, forty percent of the total number of units and/or lots shall be sold or rented to residents within the income-qualified groups established by this ordinance;

2. When fifty percent or more of the dwelling units and/or new lots in the development are offered for sale for \$600,000 or more, fifty percent of the total number of units and/or lots shall be sold or rented to residents within the income-qualified groups established by this ordinance; or

3. When three or more new lodging, dwelling, or time share units in a hotel are created[;], when there is a conversion of one or more hotel units to dwelling units or time share units[;], when any hotel redevelopment or renovation project increases the number of lodging or dwelling units in the hotel[;], or when five or more new dwelling units for rental purposes are created, then forty percent of the total number of new, additional and/or converted units shall be sold or rented to residents within the income-qualified groups established by this ordinance.

B. The requirement may be satisfied by one or a combination of the following, which shall be determined by the director and stated in the residential workforce housing agreement:

1. Offer for sale, single-family dwelling units, two-family dwelling units, or multi-family dwelling units as residential workforce housing within the community plan area;

2. Offer for rent, multi-family dwelling units within the community plan area. A developer may partner with a non-profit organization or community land trust on a specific affordable project to

either construct new multi-family dwelling units or renovate existing non-habitable multi-family dwelling units, paying an amount that represents the difference in unit costs for a family of four at one hundred percent and one hundred forty percent of median income pursuant to HUD affordable sales price guidelines as adjusted by the department by wait list area. The developer's requirement shall be deemed satisfied upon receipt of payment. Moneys shall be deposited into the affordable housing fund;

3. In lieu of directly selling or renting units pursuant to sections 2.96.040(B)(1) or (B)(2), the developer may convey such units to a qualified housing provider subject to department approval pursuant to section 2.96.150; or

4. In lieu of providing residential workforce housing units, the residential workforce housing requirement may be satisfied by payment of a fee, by providing improved land, or by providing unimproved land. Any fee must be approved by council resolution. Any donation of land must be approved by the council pursuant to chapter 3.44.015 of this code.

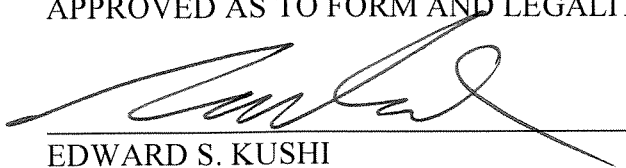
a. The in-lieu fee per unit for sale/ownership units shall be equal to thirty percent of the average projected sales price of the market rate dwelling units and/or new lots in the development. The in-lieu fee per unit for hotel, time share, converted or rental units shall be an amount that represents the difference in unit costs for a family of four at one hundred percent and one hundred sixty percent of median income pursuant to HUD affordable sales price guidelines, or as adjusted by the department, for Hana, Lanai, and Molokai. The in-lieu fee shall be designated in the residential workforce housing agreement, and be secured by a lien on [market rate dwelling] the units if not paid before the [dwelling] units are constructed or converted. The in-lieu fee shall accrue to the affordable housing fund, which shall be established in the County budget for the purpose of enhancing and supporting housing needs and programs of income-qualified households and special housing target groups; and

b. The value of the improved land shall not be less than the in-lieu fee that would otherwise have been required under this chapter. The value of the unimproved land shall be at least equal to twice the value of the improved land. The in-lieu land shall be used to address the housing needs of income-qualified households and special housing target groups. Such land shall have a minimum lot size of six thousand square feet or the minimum lot size allowed by the applicable zoning, whichever is greater. Such land must be acceptable to the department and may be used by the County or others approved by the County to develop residential workforce housing, resource centers for the homeless, day care centers for seniors, or other public use projects that address the housing needs of income-qualified households and special housing target groups.”

SECTION 2. Material to be repealed is bracketed. New material is underscored. In printing this bill, the County Clerk need not include the brackets, bracketed material, or the underscoring.

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

APPROVED AS TO FORM AND LEGALITY:

A handwritten signature in black ink, appearing to read 'Edward S. Kushi', is written over a horizontal line.

EDWARD S. KUSHI
Department of the Corporation Counsel
County of Maui
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