

**COUNCIL OF THE COUNTY OF MAUI**  
**BUDGET AND FINANCE COMMITTEE**

October 17, 2008

**Committee**  
**Report No.**

08-127

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 June 30, 2008 and September 29, 2008, makes reference to County Communication No. 08-68, from the Director of Housing and Human Concerns, transmitting the Department's proposed "County of Maui Affordable Housing Fund Program Annual Plan Fiscal Year 2009" (Annual Plan) and the projects recommended for funding by the Department.

Your Committee notes that in the November 7, 2006 General Election, an amendment to the Revised Charter of the County of Maui (1983), as amended, was passed, which requires the Council to appropriate 2 percent of the certified real property tax revenues to an affordable housing fund when adopting the fiscal years 2008 through 2011 annual budgets and capital improvement program. The revenues in this fund are to be used for "the provision and expansion of affordable housing and suitable living environments for persons of very low to moderate income, which may include the rehabilitation of existing structures, land purchase or other acquisition of land or property entitlements, planning, design, and construction".

Your Committee further notes that the Department of Housing and Human Concerns has proposed that the following projects be funded under the Annual Plan: (1) \$1,000,000 for the Wailuku Wahine Hale Transitional Housing Project – Lokahi Pacific and Women Helping Women; (2) \$1,216,152 for the Waiehu Mauka Rental Housing Project – Lokahi Pacific; (3) \$1,000,000 for the 901 Lower Main Street Project – Habitat for Humanity Maui; (4) \$1,049,017 for the FLC Affordable Rental Harbor Project I – Family Life Center; and (5) \$30,000 for Administrative Expenses.

By separate correspondence dated June 30, 2008, Deanie Hasegawa, Administrative Assistant, Lokahi Pacific, transmitted four letters in support of the funding request for the Waiehu Mauka Rental Housing Project.

At its meeting of June 30, 2008, your Committee met with the Deputy Director of Housing and Human Concerns; the Housing Administrator, Department of Housing and Human Concerns; the Assistant Budget Director, Office of the Mayor; an Executive

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Assistant, Office of the Mayor; a Deputy Corporation Counsel; Stacey Moniz, Executive Director, Women Helping Women; Kamaile Sombelon, Executive Director, Lokahi Pacific; Sherri Dodson, Executive Director, Habitat for Humanity; and Maude Cumming, Executive Director, Family Life Center, Inc.

Your Committee received oral and written testimony from six individuals. Two individuals testified in support of the 901 Lower Main Street Project and shared their experiences with Habitat for Humanity Maui. One individual testified and provided written testimony in support of the Wailuku Wahine Hale Transitional Housing Project and talked about her experience with Women Helping Women. Three testifiers expressed their general support for affordable housing projects in the County of Maui.

Your Committee questioned the process and criteria that were used to determine which projects would be included in the Annual Plan. Your Committee requested that the Department of Housing and Human Concerns provide this information and copies of all applications that were received.

The Housing Administrator stated that the Department of Housing and Human Concerns issued a Request for Proposals and conducted a community workshop for interested organizations. He explained that a selection committee evaluated seven proposals based on criteria such as housing need, experience of the agencies requesting the funds, project readiness, and leveraging of County funds.

The Deputy Director stated that a selection committee was comprised of the Human Services instructor of Maui Community College, the former Assistant Housing Administrator, the Grants Management Program Manager, and a Housing Program Specialist VI from the Department of Housing and Human Concerns.

Your Committee requested that the Department of Housing and Human Concerns provide information relating to the application process, review and scoring criteria, selection process, and projected timeline for funding. Your Committee was concerned that no consideration was given to fund affordable housing projects on County property in Central Maui and on Lanai.

With regard to the Wailuku Wahine Hale Transitional Housing Project, the Deputy Director stated that the project is a partnership between Lokahi Pacific and Women Helping Women that will provide housing for women who are transitioning from a domestic violence shelter to more permanent housing. The Deputy Director stated that

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Women Helping Women will be seeking a \$500,000 loan from the United States Department of Agriculture's Community Facilities Loan and Grant Program to fund the \$1,500,000 required to purchase the property.

Ms. Moniz stated that the building to be purchased for the women's shelter will need some repairs and improvements to meet the requirements of the Americans with Disabilities Act. She further stated that the rent will be \$250 per month for each renter. Women Helping Women also receives a Transitional Housing Assistance Grant from the Office of Violence Against Women, United States Department of Justice, to help pay for operations.

With regard to the Waiehu Mauka Rental Housing Project – Lokahi Pacific, the Deputy Director explained that the proposed project involves the construction of 28 one-bedroom units, 12 two-bedroom units, a resident manager's unit, laundry facilities, and a community hall situated on two acres of land in Waiehu. The affordable rental housing units are for households earning 50 percent or less of the County's median family income.

The Deputy Director stated that the project has received approximately \$2,000,000 in Home Investment Partnership (HOME) Program grants. The Deputy Director further stated that additional funding will be provided from a \$4,250,000 construction loan, from \$2,240,000 in "owner equity funds," and from grants from the Office of Hawaiian Affairs.

Ms. Sombelon stated that the land was donated by Goodfellow Brothers/Pacific Rim Land, Inc. and must be subdivided. She further stated that Lokahi Pacific is preparing the environmental assessment for the property.

With regard to the 901 Lower Main Street Project – Habitat for Humanity Maui, the Deputy Director explained that the project involves the construction of 40 multi-family homeownership units in Wailuku for low- and moderate-income families at a projected development cost of \$16,757,294. The project site is owned by Habitat for Humanity. She stated that in addition to the \$1,000,000 grant proposed from the Affordable Housing Fund, Habitat for Humanity has received commitments from private developers of approximately \$6.9 million of affordable housing in-lieu fees.

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Your Committee was concerned that commitments of in-lieu fees from developers are not a reliable source of funds because the funds would not be available until the developer receives final subdivision approval or a building permit.

Ms. Dodson stated that the grant requested from the Affordable Housing Fund is to fund pre-development costs and Habitat for Humanity has not yet addressed funding for the construction phase.

With regard to the FLC Affordable Rental Harbor Project I – Family Life Center, the Deputy Director explained that the project involves the purchase of seven two-bedroom rental apartment units in the Harbor Lights Condominium, which will provide affordable rentals to families earning 80 percent or less of the County’s median family income.

Your Committee was concerned that when Family Life Center, Inc. purchases these apartments, existing tenants would be displaced.

Ms. Cumming stated that she would confirm with the seller whether the seven units are currently rented and whether those tenants would qualify for rental with Family Life Center, Inc.

Your Committee deferred consideration of the matter pending further discussion.

By correspondence dated July 7, 2008, the Chair of your Committee transmitted the following: (1) a document entitled “HABITAT FOR HUMANITY MAUI, LOWER MAIN STREET PROJECT, 901 Lower Main Street, Wailuku”; (2) a document entitled “WAIEHU MAUKA RENTAL HOUSING PROJECT Funding Request: \$1,216,152”; (3) the Affordable Housing Fund Program Application form for the FLC Affordable Rental Harbor Project I; and (4) a document entitled “Wailuku Wahine Hale Transitional Housing Project, Lokahi Pacific and Women Helping Women – Partnership Funding Request: \$1,000,000”.

By correspondence dated July 11, 2008, the Director of Housing and Human Concerns provided information regarding the process and criteria used to determine the projects to be included in the Annual Plan, and copies of all applications received.

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By correspondence dated July 21, 2008, Virginia Brown, General Manager of the Harbor Lights Condominium, provided written testimony questioning the proposed \$150,000 purchase price for each unit, and a summary of units for sale and recently sold.

By correspondence dated August 8, 2008, the Chair of your Committee requested that the Budget Director provide a proposed bill, approved as to form and legality, to establish appropriations for the proposed projects identified in the Affordable Housing Fund Program Fiscal Year 2009 Annual Plan.

By correspondence dated August 12, 2008, John Andersen, Executive Director, Na Hale O Maui, provided a list of the units that are for sale and those that have been sold at the Harbor Lights Condominium. He estimated that the current market value per unit is between \$75,000 to \$85,000.

By correspondence dated August 13, 2008, the Budget Director transmitted a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2009 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2009, AFFORDABLE HOUSING FUND", incorporating the revisions requested by your Committee.

By correspondence dated September 5, 2008, the Chair of your Committee requested that the Budget Director further revise the proposed bill by deleting the provisos for the Wailuku Wahine Hale Transitional Housing Project, the Waiehu Mauka Rental Housing Project, and the 901 Lower Main Street Project.

By correspondence dated September 19, 2008, the Budget Director transmitted a revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2009 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2009, AFFORDABLE HOUSING FUND". The purpose of the revised proposed bill is to amend Appendix A of the Fiscal Year 2009 Budget as it pertains to Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds, by adding provisos in the Affordable Housing Fund for the FLC Affordable Rental Harbor Project I – Family Life Center in the amount of \$1,049,017, and for Administrative costs of \$30,000.

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At its meeting of September 29, 2008, your Committee met with the Budget Director; the Acting Director and Acting Deputy Director of Housing and Human Concerns; the Deputy Director of Finance; the First Deputy Corporation Counsel; and Maude Cumming, Executive Director, Family Life Center, Inc.

There was no public testimony.

The Acting Deputy Director of Housing and Human Concerns presented a document responding to concerns relating to the FLC Affordable Rental Harbor Project I – Family Life Center.

Ms. Cumming provided written correspondence addressing your Committee's concerns regarding protection of County interests, sales prices, realtor commissions, FLC working capital available, and tenant displacement.

Ms. Cumming stated that Family Life Center, Inc. proposes to increase the number of units to be purchased from 7 to 15 due to the drop in current market prices and that units could be purchased for an average price of \$65,000. Of the 23 units considered for purchase, 9 units are currently vacant but in need of major repairs. She further stated that Family Life Center, Inc. will consider renting to existing tenants should they be able to qualify for affordable housing.

Ms. Cumming stated that she met with Virginia Brown, Manager of the Harbor Lights Condominium and reached a "mutual understanding" of how Family Life Center, Inc. intends to rent the units. Your Committee requested that Family Life Center, Inc. provide the written correspondence from Ms. Brown.

Ms. Cumming stated that the projected rents would be \$1,100 for qualified renters under the United States Department of Housing and Urban Development (HUD) Section 8 Program, and \$900 for other renters earning 80 percent and below County's median family income. She further stated that the rent includes \$658 for monthly maintenance fees that pays for utilities and common areas. Families with children would be given a priority since the units purchased will be two-bedroom units.

The Acting Deputy Director stated that if Family Life Center, Inc. could not operate the units, the units would be transferred to another nonprofit agency to be used as affordable rentals or be given to the County. This would be enforced through language inserted in the deed of the units purchased.

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The Acting Director stated that the Department of Housing and Human Concerns will review the financial statements of Family Life Center, Inc. prior to funding and will review annual financial statements thereafter.

Your Committee voted to recommend passage of the revised proposed bill.

Your Budget and Finance Committee RECOMMENDS that Bill No. \_\_\_\_\_ (2008), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING APPENDIX A OF THE FISCAL YEAR 2009 BUDGET FOR THE COUNTY OF MAUI AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES – SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2009, AFFORDABLE HOUSING FUND", be PASSED ON FIRST READING and be ORDERED TO PRINT.

Adoption of this report is respectfully requested.

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JOSEPH PONTANILLA Chair

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DANNY A. MATEO Member

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G. RIKI HOKAMA Vice-Chair

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BILL KAUAKEA MEDEIROS Member

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MICHELLE ANDERSON Member

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MICHAEL J. MOLINA Member

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GLADYS C. BAISA Member

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MICHAEL P. VICTORINO Member

\_\_\_\_\_  
JO ANNE JOHNSON Member



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

BILL NO. \_\_\_\_\_ (2008)

A BILL FOR AN ORDINANCE AMENDING APPENDIX A  
OF THE FISCAL YEAR 2009 BUDGET FOR THE COUNTY OF MAUI  
AS IT PERTAINS TO PART II, SPECIAL PURPOSE REVENUES -  
SCHEDULE OF REVOLVING/SPECIAL FUNDS FOR FISCAL YEAR 2009,  
AFFORDABLE HOUSING FUND

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

SECTION 1. Ordinance No. 3573, Bill No. 55 (2008), as amended, "Fiscal Year 2009 Budget", Appendix A, Part II, "Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2009" is hereby amended as it pertains to the Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code), by adding provisos for FLC Affordable Rental Harbor Project I - Family Life Center in the amount of \$1,049,017 and Administrative Expenses in the amount of \$30,000, to read as follows:

"II. SPECIAL PURPOSE REVENUES - SCHEDULE OF REVOLVING/ SPECIAL FUNDS  
FOR FISCAL YEAR 2009

	<u>ESTIMATED BALANCE AS OF 6/30/08</u>	<u>ANTICIPATED REVENUES FOR FY 2009</u>	<u>TOTAL FOR FY 2009</u>
A. Housing Interim Financing and Buy-Back Revolving Fund (Chapter 3.32, Maui County Code)	2,272,140	241,880	2,514,020
B. Naval Air Station Kahului Airport (NASKA) Sewage Pump Station Fund (Chapter 3.52, Maui County Code)	1,460	2,960	4,420
C. Fire Hazard Removal Revolving Fund (Chapter 3.68, Maui County Code)	3,390	0	3,390
D. Plan Review, Permit Processing, and Inspection Revolving Fund (Section 16.26.107.3, Maui County Code) (1) Provided, that disbursement for salaries and premium pay is limited to 11.0 equivalent personnel.	2,846,440	672,260	3,518,700
E. Highway Beautification and Disposal of Abandoned Vehicles Revolving Fund (Section 3.25.030, Maui County Code) (1) Provided, that \$170,000 shall be for a grant to Community Work Day Program.	1,580,450	731,720	2,312,170
F. Molokai Diversified Agricultural Revolving Loan Program (Act 387, Session Laws of Hawaii 1988)	281,040	0	281,840
G. Construction Plan Review Revolving Fund (Section 18.24.010, Maui County Code)	360,790	6,620	367,410
H. Rental Housing Development Revolving Fund (Chapter 3.34, Maui County Code)	52,780	0	52,780

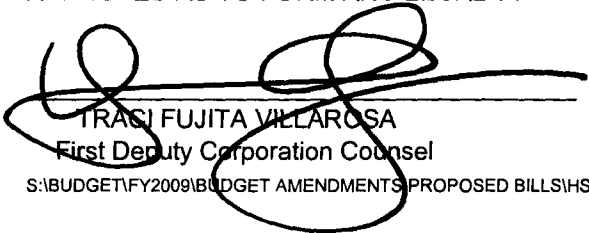
I.	Liquor Education Fund (Hawaii Revised Statutes 281-16, 281-17(2), 281-17(3))	389,710	30,220	419,930
J.	Recycling Grant-Loan Revolving Fund (Section 3.36.180, Maui County Code)	130	0	130
K.	Animal Management Revolving Fund (Chapter 3.84, Maui County Code)	209,750	80,300	290,050
L.	Plan Review, Processing, and Inspection Revolving Fund (Fire) (Section 16.04B.050, Maui County Code) (1) Provided, that disbursement for salaries and premium pay is limited to 1.0 equivalent personnel.	949,850	226,590	1,176,440
M.	Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Fund (Section 9-19, Revised Charter of the County of Maui, (1983), as amended; Chapter 3.88, Maui County Code) (1) Land Acquisition Subject to Chapter 3.88, Maui County Code, for Morris Point (also known as Murphy's beach, Kumimi Beach), Molokai, TMK No. 5-8-001:001 totaling approximately 7.42 acres in the amount of \$700,000. (2) Land Acquisition Subject to Chapter 3.88, Maui County Code, for Kawaikapu Ranch, Molokai, TMK No. (2) 5-7-005:021 totaling approximately 196 acres in the amount of \$480,000. (3) Land Acquisition Subject to Chapter 3.88, Maui County Code, for Nu'u Lands and Wetlands, Maui, portions of TMK No. (2) 1-8-001:001 totaling approximately 78 acres in the amount of \$220,776. (4) Land Acquisition Subject to Chapter 3.88, Maui County Code, for Keanae Taro Lo'i, Maui, TMK Nos. (2) 1-1-03:041 and (2) 1-1-03:065 totaling approximately 6.3 acres in the amount of \$350,000. (5) A grant for Land Acquisition subject to Chapter 3.88, Maui County Code, for Lipoa Point, Honolua, Maui, Hawaii, including portions of TMK Nos. (2) 4-1-01:010, (2) 4-2-04:032, and (2) 4-2-01:009, totaling approximately 583.4 acres in the amount of \$1,000,000.	4,253,045	2,205,511	6,458,556
N.	Emergency Fund (Section 9-14, Revised Charter of the County of Maui (1983), as amended; Chapter 3.96, Maui County Code)	9,926,470	2,000,000	11,926,470
O.	First-Time Home Buyers' Revolving Fund (Chapter 3.30, Maui County Code)	400,000	400,000	800,000
P.	Ocean Recreational Activity Fund (Section 13.04.340, Maui County Code)	92,760	20,750	113,510

Q. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code)	4,295,169	4,411,022	8,706,191
(1) Provided, that \$50,000 be for a Hana Affordable Housing Study.			
(2) <u>Provided, that \$1,049,017 be for FLC Affordable Rental Harbor Project I - Family Life Center.</u>			
(3) <u>Provided, that \$30,000 be for Administrative Expenses.</u>			
R. Post-Employment Obligations Fund (Chapter 3.97, Maui County Code)"	0	14,265,131	14,265,131

SECTION 2. New material is underscored.

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

APPROVED AS TO FORM AND LEGALITY:



TRACI FUJITA VILLAROSA  
First Deputy Corporation Counsel

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