

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

M I N U T E S

November 15, 2021

Online via BlueJeans Link

CONVENE: 1:31 p.m.

PRESENT: VOTING MEMBERS:
Councilmember Gabe Johnson, Chair
Councilmember Michael J. Molina, Vice-Chair
Councilmember Tasha Kama
Councilmember Kelly Takaya King
Councilmember Alice L. Lee
Councilmember Tamara Paltin
Councilmember Keani Rawlins-Fernandez
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura (out 3:45 p.m.)

STAFF: David Raatz, Supervising Legislative Attorney
James Forrest, Legislative Attorney
Alison Stewart, Legislative Analyst
Laksmi Abraham, Legislative Analyst
Rayna Yap, Committee Secretary
Kristeena Locke, OCS Assistant Clerk

Autumn Ness, Executive Assistant for Councilmember Gabe Johnson
Axel Beers, Executive Assistant for Councilmember Kelly Takaya King
Evan Dust, Executive Assistant for Councilmember Tasha Kama
Davideane Sickels, Executive Assistant for Councilmember Tasha Kama
Kate Griffiths, Executive Assistant for Councilmember Gabe Johnson
Jordan Helle, Executive Assistant for Councilmember Yuki Lei Sugimura
Sarah Freistat Pajimola, Executive Assistant for Councilmember Keani Rawlins-Fernandez
Ellen McKinley, Executive Assistant for Councilmember Kelly Takaya King
Stacey Moniz, Executive Assistant for Councilmember Gabe Johnson
Lois Whitney, Executive Assistant for Councilmember Tasha Kama
Roxanne Morita, Lanai District Office

ADMIN.: Linda Munsell, Deputy Director, Department of Housing and Human Concerns

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Johann Lall, GIS Analyst V, Department of Planning
Mimi DesJardins, Deputy Corporation Counsel, Department of the
Corporation Counsel
Christie Trenholme, Deputy Corporation Counsel, Department of
the Corporation Counsel

OTHERS: Faith Rex, SMS Consulting
Khara Jabola-Carolus, Hawai'i State Commission on the Status of
Women
Jeff Gilbreath, Hawaiian Community Assets
Pamela Tumpap, Maui Chamber of Commerce
Jason Economou, Realtors Association of Maui
Sherry Dodson, Habitat for Humanity
Christopher Delaunay, Pacific Resource Partnership
Monte Heaton
Cassandra Abdul, Na Hale O Maui
Faith Chase
Junya Nakoa
Others (3)

PRESS: *Akaku Maui Community Television, Inc.*

CHAIR JOHNSON: . . . *(gavel)*. . . Aloha, will the Affordable Housing Committee meeting please come to order. I'm Gabe Johnson, Committee Chair. Present with me is Kate Griffiths, as well as Stacey Moniz. The time is 1:31 p.m. on 11/15/2021. As required by the Governor's most recent emergency proclamation, Members at non-public locations should state who, if anyone, is present with them. Members joining us today are Committee Vice-Chair Mike Molina. Osiyo.

VICE-CHAIR MOLINA: Aloha...aloha and osiyo back to you, Mr. Chairman, and also to my colleagues and everyone else joining us for our Affordable Housing meeting today, Monday, November 15th. My goodness, time is sure flying. For the record, I am transmitting from my home here in Makawao and in the next room is my wife. And also, a big welcome back to our international traveler Kelly King as well. Aloha, Mr. Chairman.

CHAIR JOHNSON: Yes, aloha. Next we have Councilmember Tasha Kama. Osiyo to Councilmember Kama.

COUNCILMEMBER KAMA: Aloha 'auinalā, Chair, and osiyo to you and all of my colleagues. And yes again, welcome back to our wanderer, Member King. I am in my workspace and I'm by myself. Thank you, Chair.

CHAIR JOHNSON: Thank you. Okay. Next we have Councilmember Tamara Paltin. Osiyo to you, Councilmember Paltin.

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COUNCILMEMBER PALTIN: Osiyo and aloha ‘auinalā mai Malu Ulu O Lele. I’m over here at the West Maui District Office, live and direct with my aide Angela. We are more than six feet apart.

CHAIR JOHNSON: Okay. And next we have Council Chair Alice Lee. Osiyo to you, Chair Lee.

COUNCILMEMBER LEE: Osiyo, Mr. Chair. I’m glad to see everyone. I’m glad our Member from Kihei, Kelly King, is back safe and sound. And I am here alone in my office home broadcasting...well, I do have my...my dog Koa about six feet away from me. Okay.

CHAIR JOHNSON: You know, it’s the holiday season, so I like to dress my dog up in those sweaters. So maybe I’ll give...you...we’ll trade pics on our...our dog clothing.

COUNCILMEMBER LEE: Okay.

CHAIR JOHNSON: Next we have Council Vice-Chair Keani Rawlins-Fernandez. Osiyo to you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha ‘auinalā, Chair, mai Moloka‘i nui a Hina. I am at the Moloka‘i District Office alone on my side of the office. And I like that Chair Lee has...is also dropping a little bit of like information along with the...or education with the greetings. And what she put in the chat is the Cherokee...so the greeting today is from Cherokee Nation, and is the largest of the 567 Federally recognized tribes in the US with 300,000 tribal members.

CHAIR JOHNSON: Wow.

COUNCILMEMBER RAWLINS-FERNANDEZ: I learn something new every day. So osiyo kākou. Mahalo, Chair Lee.

CHAIR JOHNSON: Okay. Just like what Councilmember Shane Sinenci said...just said, knowledge is power, so I appreciate that. Let’s move on to Councilmember Shane Sinenci. Aloha and osiyo to you.

COUNCILMEMBER SINENCI: Hey, osiyo, Chair, and feašgar math to our road traveler, Kelly King. Welcome back. And aloha ‘auinalā kākou mai Maui Hikina. I’m...I’m at home at the virtual hale. Aloha.

CHAIR JOHNSON: Okay. All right. Thank you for that. Let’s move on to Councilmember Yuki Lei Sugimura. Osiyo to you, Councilmember.

COUNCILMEMBER SUGIMURA: Osiyo, everyone. I’m here in the County Building on the 8th Floor, and down the hall from me is the Chair. I have company today, so that’s great. While Kelly King was away, she sent me a picture of two gentlemen walking down the street, one was wearing a kilt. I hope you brought one home for your husband. No. Good afternoon.

CHAIR JOHNSON: Good afternoon. Okay. And last but not least is Councilmember

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Takaya...Kelly Takaya King, and I also want to say welcome home as well as osiyo.

COUNCILMEMBER KING: Mahalo, Chair. Osiyo to all of you. And I do want to let you know that I did meet a few Native Americans, one of whom has been working with Artown (*phonetic*) Apana. So I will connect with you later, Councilmember Sinenci, to...to give you that contact. And I did not buy...the kilts are actually really quite expensive, but I did have a meeting with our Moloka'i sister city, what they call the twin city, they call it twinning of Kaunakakai, and I had a very nice dinner. The...our host, whose name was Liz (*phonetic*), her husband's name is Struen (*phonetic*) and he wore his wedding kilt, which probably cost a couple thousand dollars. They're not cheap. Really nice outfit, saw it a couple of times. Didn't see too many people walking down the street, but when I saw the first one I thought of you, Member Sugimura, because you asked me to bring back a kilt, so I thought there's your kilt. Thank you all for your well wishes. It's great to be back, and I can't wait to share with you...I'll have a report on Wednesday morning in the CARE Committee on some of what we've been doing. So Member Kama and Member Rawlins-Fernandez, welcome to join. We have some...there's some really interesting information from that...that conference. But I've never worked so hard at a conference in all my life, they just had me running around doing presentations and interviews and...almost every day. So it was...it was...it was not...people kept saying I hope you're having fun, I kept thinking well, that's not the operative word, but it was really important to get our message out from Maui County. So I was really proud to be presenting our...not only our County, but our Council, who passed some really important legislation, and I was able to talk about it in real time. So thank you all for that.

CHAIR JOHNSON: Great, well said. And doubly last, but not least, we have Councilmember Tamara Paltin. Osiyo to you as well.

COUNCILMEMBER PALTIN: Osiyo kākou. Live and direct again from the West Maui District Office.

CHAIR JOHNSON: I thought I skipped you. My mistake.

COUNCILMEMBER PALTIN: And me and Angela are more than six feet apart.

CHAIR JOHNSON: Okay. Got it. Okay. So joining us from Administration are Housing and Human Concerns Deputy Director Linda Munsell, Housing Administrator Buddy Almeida, Deputy Corporation Counsel Mimi DesJardins. Our...our Committee Staff is Legislative Analysts Alison Stewart and Laks Abraham, Committee Secretary Rayna Yap, and Legislative Attorney James Forrest, and Assistant Clerk Kristeena Locke. So for our agenda today is AH-14(2), Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing Units. We will be discussing a proposed bill to adjust the income group distribution of workforce housing units. I'd like to say a few words at the outset about my intentions with this item. As with previous legislation considered by the Committee under this agenda item, the proposed bill that is before us today is one part of a larger process to implement the research-based goals and objectives of the Comprehensive Affordable Housing Plan. I invite everyone to visit the

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Council's website or webpage at mauicounty.us/johnson for a flow chart that outlines the interconnected steps needed to implement the plan. So we have a matrix and Ms. Stewart, for now, can you please put up the affordable housing matrix on the screen just real quick? I know you folks have seen it before, I just want to remind you of where we're at. So Ms. Stewart, if you don't mind just putting that up real quick. So yeah, there's our Comprehensive Affordable Housing Plan matrix. So the first tier include...included establishing the right to housing, a Countywide waitlist that prioritizes long-term residents, amending the market...marketing period for for-sale homes, phasing out Apartment District properties allowed to be used for short-term rentals, addressing mortgage steering, and also resetting the affordable sales price and rent guidelines. All but the last item has been discussed in either my Committee or PSLU. Those discussed in my Committee have passed on second reading except for the right to housing, which will be heard at first reading during the Council meeting this Friday. We're beginning to work on the second tier, so I think that's next page for us, Ms. Alison...or Ms. Stewart. So we are beginning to work on the second tier, as I believe we need to discuss realigning the AMI brackets to the needs of our community before we update the rent and sales price guidelines. I intend to place the updated...the...updating the rent and sales price guidelines on my November 29th Affordable Housing Committee. This bill before us today does not stand alone. It...okay, thank you, Ms. Stewart, you can stop sharing screen. I appreciate that. This bill before us does not stand alone. It will only achieve what we want to achieve if we do it in conjunction with the price guidelines and subsidies; therefore, we also need to look at amending Ordinance 3.35 to allow the use of Affordable Housing Fund monies for affordable housing plan initiatives and/or expand the Home Acquisition Fund. This will not be for the faint of heart. I estimate that we may need to subsidize projects anywhere between 10 and \$15 million for a 100-unit project in order for developers to produce housing for the lower AMIs. This may sound like a lot, but broken down will be...it will be between 100,000 to 150,000 a unit. This is a lot less per unit than the 2 million we designated last spring to Na Hale O Maui for six houses. We need to support and work our developed...our developers, and essentially put our money where our mouth is. The crisis is only getting worse if the system does not change. With this bill, we are not only changing the rules, we are changing the game. I'll say it again; if your hair's on fire, you best act like it. I also understand that the bill proposed today will affect 2.96 projects, 2.97 projects, 201H projects, and projects funded through 3.35, which is the Affordable Housing Fund. And right now, we use 2.96 as a guideline for all four. So this one approach of many should be discussed at this meeting. My intention today for all stakeholders is to have ample opportunity to be heard and have their input fully considered before a final decision is made. So if the matter before us requires more work or deliberation, or Members would like to wait until discussing price guidelines and subsidizing in more depth, the item...then the item will be deferred in the interest of producing the best policy outcomes. Or if the body decides this needs-based policy is the direction we may need to take today, I will consider that too. Mahalo for your indulgence, Members, let's begin with public testimony. Okay. So testimony, testifiers can be...can join the BlueJeans meeting using the information on the agenda. Written testimony can be sent in at any time using the eComment link at mauicounty.us/agendas. Oral testimony is limited to three minutes. While waiting for your turn to testify, please turn off your microphone and video. When you are called

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upon, please unmute yourself, state your full name and if you are testifying on behalf of an organization or if you're a paid lobbyist. If you have joined this meeting on BlueJeans, Staff will add your name to the testifier's list. The link to the list will be posted in the chat. You may chat if you wish to be added to or taken off the list. Chat should not be used to provide testimony or comments during the meeting. If you do not wish to testify, or once testimony is closed, you will be disconnected from the meeting...from the BlueJeans meeting. Please continue to view the meeting on *Akakū* Channel 53, Facebook Live, or on the mauicounty.us website. Mahalo for your cooperation. Members, I would like to proceed with oral testimony. Any objections?

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR JOHNSON: Okay. Seeing none. Ms. Stewart, will you please call the first testifier?

. . .(BEGIN PUBLIC TESTIMONY). . .

MS. STEWART: First testifier is Pamela Tumpap, to be followed by Jason Economou.

MS. TUMPAP: Aloha and osiyo, Chair Johnson, Vice-Chair Molina, and Members of the Affordable Housing Committee. I'm Pamela Tumpap, President of the Maui Chamber of Commerce, and advocacy is one of my many duties. We understand the proposed changes are based on the recommendation from the Hawaiian Community Assets Comprehensive Housing Plan [sic], which used the 2019 Housing Study and projects things that are already in the pipeline to determine what is still needed within the next five years, which their plan is focused on. We also acknowledge the great need for housing in the very low and low-income AMI levels, and understand that additional subsidies are required for these projects to pencil out. We feel the Hawaiian Community Assets recommendation for the next five years is a realistic focus for that period of time, given what's in the pipeline; however, we are concerned that shifting these percentages and cutting out the moderate and below-moderate levels will impact future housing beyond five years. This is about what is occurring and needed in the next five years, and we feel that limiting now is not a long-term solution. We don't feel that it's going to be appropriate to change the Code maybe every five years, and so we want to look at other ways that we have more flexible systems. And we can focus on priority determinations based on changing conditions and information, along with future housing study updates. Given this, we believe the Council and Department should work with the developers on the need for housing and rentals in the very low, low, and below-moderate levels now instead of revising the Code, which will likely need to be altered again in another few years. Additionally, we question the need for change from the Director to the Council for granting exemptions. While the County Council is moving bills forward quickly, we believe an exemption request would still need to go through at least one Committee hearing and first and second reading at the Council, which usually takes over a month. And time is money, so even that period of time adds to cost. And any delay would further add to costs. So therefore, we feel it should stick with the

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Departmental Director protocol, which would help us avoid future higher prices on homes and rentals. Mahalo for the opportunity to give testimony today.

CHAIR JOHNSON: Thank you, Ms. Tumpap. Members, do we have any questions? Seeing none. Thank you for your testimony, Ms. Tumpap.

MS. TUMPAP: Thank you. Aloha.

CHAIR JOHNSON: Okay. Ms. Stewart, will you call the next testifier please?

MS. STEWART: The next testifier is Jason Economou, to be followed by Sherry Dodson.

MR. ECONOMOU: Good afternoon, Committee Chair Johnson and Committee Members. My name is Jason Economou, and I am the Government Affairs Director of the Realtors Association of Maui. I am testifying today on behalf of the Realtors Association of Maui and our 1,900 members to ask that this Committee not move forward with AH-14(5) at this time, at least not until the Committee has fully considered and incorporated feedback from the various knowledgeable groups and individuals who have provided testimony on this proposed legislation. We are concerned that this Committee is in danger of supporting legislation that actually inhibits its goals of providing more housing for our residents. Though the good intentions of the Committee are very evident, good intentions still sometimes result in bad outcomes. For instance, you know, regarding income groups distribution for sale...for the for-sale projects, RAM strongly urges this Committee to consider the testimony...written testimony submitted by Leilani Pulmano, the former Chair of the Board of the HHFDC, and the current board member of Hawai'i Public Housing Authority, as well as the testimony submitted by Pacific Resource Partnership. The proposed income group distributions cut out middle-class households and create a system that either cater...creates less housing overall, or only creates housing for the very high ends and the very low ends of the spectrum. It is our expectation that the legislation, as it has been proposed today, would result in less housing opportunities being created by developers because it reduces what little incentive already exists to produce affordable housing today. Now, regarding income group distribution for rental units, RAM strongly urges this Committee to consider the input provided in the testimony of Grant Chun on behalf of Hale Mahaolu. The income group distribution proposed in the draft legislation looks like it would likely hinder the ability of groups like his from doing their good work, rather than actually providing more housing opportunities. And regarding the exemptions for income group distribution, RAM strongly urges this Committee to consider the input provided by Cassandra Abdul on behalf of Na Hale O Maui. Though the County Council is always composed of remarkable individuals elected by the people, the Council's decision-making process is known to be time consuming and somewhat unpredictable. Moreover, at any given time, the Council might be composed of a majority of individuals with little background in housing or economics; therefore it might be better to rely on the Director for such decisions and discretion. Overall, this bill almost imagines a world where we have a glut of housing in Maui County where the middle class don't need any assistance and where the median income is enough to afford the median sales price house, and that's just not the situation. I understand the urge to act as if your hair is on fire, but

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sometimes when we act in a sense of panic, we make bad decisions that aren't good for the long term. So I urge this Committee to consider the...the . . .*(timer sounds)*. . . expertise and knowledge provided to them in testimony and move forward at a slower pace. Thank you.

CHAIR JOHNSON: Okay. Thank you for your testimony. We have a question from Councilmember Kelly King.

COUNCILMEMBER KING: Thank you, Chair. Aloha, Jason. Thanks for your testimony. I just...forgive me if this is all in the record, but I just go back from being gone for over two weeks. So I just wanted to check with you, you mentioned quite a few testifiers. Is there a consensus among all these folks on what these percentages should be, you know, over and...

MR. ECONOMOU: I do not believe there is.

COUNCILMEMBER KING: Okay. So there was just testimony on whether they liked what was proposed, but not a suggestion for what would be more reasonable in your...in your...

MR. ECONOMOU: My understanding is that there hasn't been a significant amount of outreach to stakeholders to...to sort of do that groundwork of figuring out what percentages are most...more feasible. I...I know that an email went out at the end of the last week asking various organizations and developers their opinions on the matter. But you know, I...I don't think that...that any consensus has been reached. So...so that's why I think there...there really is a call for more time that's...that's needed, and...and perhaps more outreach to the folks who would actually be responsible for...for either building this housing or administrating these programs.

COUNCILMEMBER KING: Okay. All right. Thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. Any further questions for Mr. Economou? I have a question for you, Mr. Economou, it's a simple yes or no. So as it stands, we don't have any...any...anything for 80 percent and below for homeownership. Is...do you think that's okay? Are you all right with that, that's there nothing for 80 percent below AMI groups for sale?

MR. ECONOMOU: No, I'm not okay with that.

CHAIR JOHNSON: Okay.

MR. ECONOMOU: I just think there's a different --

CHAIR JOHNSON: All right.

MR. ECONOMOU: -- solution.

CHAIR JOHNSON: Well, that's...we agree with that, so okay. All right. Thank you, Jason. All

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right. Seeing no further questions for you. Thanks for your testimony. Ms. --

MR. ECONOMOU: Thank you.

CHAIR JOHNSON: -- Stewart will you answer...

COUNCILMEMBER SUGIMURA: Chair, before...

CHAIR JOHNSON: Oh, we do have one from Councilmember Sugimura.

COUNCILMEMBER SUGIMURA: This is a question for you, if...before we --

CHAIR JOHNSON: Oh, sure.

COUNCILMEMBER SUGIMURA: -- go to the next testifier. Could you share with us your matrix that you opened with? Can you send it to our offices or to my email?

CHAIR JOHNSON: Okay. Certainly.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR JOHNSON: Alison Stewart will probably do that for you right now, as we speak.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR JOHNSON: Is that all right, Ms. Stewart?

MS. STEWART: Yes, Chair.

CHAIR JOHNSON: All right. Thank you. And just send it all Councilmembers so it'll be nice and (*audio interference*). All right. So can you call the next testifier for us, Ms. Stewart?

MS. STEWART: The next testifier is Sherry Dodson, to be followed by Christopher Delaunay.

MS. DODSON: Hi, good afternoon. Sherry Dodson, Habitat for Humanity Maui. I am testifying about the...specifically about the 80 percent and below median income because that is who I serve. And you mentioned earlier that developers would be given large subsidies to be able to build for these families. And you know, we've been given large subsidies, thank you very much, Council. But the reality is, it's not that easy. In dealing with this income group, I'll give you an example. For the Kahoma project we had ten homes, and we put out notice of application, and we probably received 300 applications. Of those 300, 150 qualified. Of those 150, 50 followed through with getting us the paperwork and so forth. And then we had to do a lottery of about 30 that actually ended up qualifying for the program. So it's not that easy to serve this income group. Yes, there is a need there, but there's a larger need to get this income group ready for homeownership. And I think you're putting the cart before the horse here because you've got a list that you guys talked about creating. Perhaps getting that list

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established, finding out what those income groups are of that list, getting them homeownership ready, and then figuring out, you know, what percentage would be below 80 percent, what percentage would be moderate, and so forth. Because I think you're going to find there is a larger percentage of people who are ready for homeownership at a higher income level. The last project we did, there was 10 Habitat homes; 12 Na Hale O Maui, which is 80 percent to...I'm going to misquote, it's either 100 or 120 percent; and then the rest were above 120 percent. Those types of projects, with the smaller percentage being for the below 80 percent, tend to be more successful. So I just think before you pass this, I think a little bit more research has to be done, and certainly reaching out to those providers like Habitat for Humanity to discuss this with. And nobody's reached out to us. So I believe we're the only ones at this point serving 80 percent and below.

CHAIR JOHNSON: Okay. Thank you, Ms. Dodson. We have a question for you from Councilmember Shane Sinenci, as well as Councilmember Sugimura.

COUNCILMEMBER SINENCI: Mahalo, Chair. And aloha, Sherry, nice to see you, and thank you for your...you guys' work with the Hāna community. That's going great. I just had a question about the Kahoma ones. What were the price ranges for those homes?

MS. DODSON: Anywhere from 210,000 to 400,000. It really depends on...again, we...when we build a house, we don't look at the...the...what the sales price is going to be based on market value, we look at the sales price on what they can afford. So 30 percent of total household income would be their payment amount. So somebody making less, say in the 40 percent median income, would pay less for a house than somebody at 80 percent, who could pay almost market. Because our market...our cost of home is a lot less because we use volunteer labor.

COUNCILMEMBER SINENCI: Right. Okay. Thank you. And then I understand that you guys are building at the current codes, and I know in the past, affordable...building affordable in the past has been where you have the kind of, you know, one or two bedrooms, and then...and then later on we've seen, especially in rural communities, where you could...down the road, you could either add or enclose the garage or do something like that. Is there a way where Habitat for Humanity can...can look at building or...or designing affordable housing where later on you can also add equity to it and still keep your costs down?

MS. DODSON: Our houses are designed to be easily expanded. Typically if you have a family of just a husband and wife, they're just starting out, two bedroom, one bath, that is what they can afford. We...our...our guidelines base the house size on the current application. But again, the houses are designed to be easily expanded so that they can add on bedrooms and/or, you know, decks, carports...and we have seen that in the past.

COUNCILMEMBER SINENCI: Oh, great. Okay. Thank you, Sherry. Thank you, Chair.

CHAIR JOHNSON: Thank you, Councilmember Sinenci. Let's move on to Councilmember

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Sugimura.

COUNCILMEMBER SUGIMURA: Thank you. Nice seeing you, Sherry. So you haven't heard of this until it was posted on the agenda, so nobody has done outreach to you, you're one of the few doing 80 percent; is that correct?

MS. DODSON: Yeah.

COUNCILMEMBER SUGIMURA: Oh, okay. What kind of jobs are the 80 percent? Or what kind of...

MS. DODSON: Everything. The Kahoma project, we had people working at the hotels, we had a guy who owned his own business, we had a couple of retired people on pensions...well, we had one guy on a pension. Because we serve 80 percent and below, it could be anywhere...the lowest we'll go is 25 percent. So somebody on a pension with Social Security could, you know, realistically afford one of our houses at 25 percent median income. But we had...you know, and some of them...you know, there's two people in the family that work, so their income was a little bit higher. But we did have a couple of single mothers who we built for as well.

COUNCILMEMBER SUGIMURA: Thank you. Thank you very much.

MS. DODSON: Uh-huh.

CHAIR JOHNSON: Council Sugimura...Councilmember Sugimura. You know, it's...it's interesting that Councilmember salaries is considered 80 percent AMI, right? So that's just...me, as a single father, that's...I fall in that category. All right. So I...I wanted to ask you...oh, wait, we have a question from Councilmember Kelly King. Go ahead.

COUNCILMEMBER KING: Thank you, Chair. Aloha, Sherry, thanks for being here. I love your background, by the way. So just looking at the bill because it goes from...it goes from...the bill actually adds the very low income, and then it goes up through moderate income. So is your...is your concern that there should be some...something in there for above moderate, is that one of your concerns?

MS. DODSON: My concern is that you have 50 percent at the low income, which is 80 percent and below. That's a lot of houses for Habitat to build. And if you're going to ask developers to do it again, and give them higher subsidies to be able to build this, you still have the issue of who's going to work with these families to get homeownership ready. My experience over the last 20 years is that this income group needs a lot of work prior to homeownership, such as, you know, budgeting, financial literacy, debt management, these types of...clearing up their credit reports. This is all something that a nonprofit is perfect for. So when somebody comes to us and...and again, usually these projects take about a year and a half, so we are in that process of working with families, getting them homeownership ready. I don't think developers have that ability. I don't think that they...even if they, you know, hire us to do it, that's...they don't have a year

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and a half to get a homeowner ready, we do. So I think that it's just a little unrealistic, that's all I'm saying.

COUNCILMEMBER KING: Okay. So it's that B...the 45 percent being changed from moderate to low-income residents that is your concern...biggest concern?

MS. DODSON: Yeah, yeah.

COUNCILMEMBER KING: Okay. Thank you. Thank you, Chair.

MS. DODSON: I mean, I would love to be able to serve that many people, you know, and...you know, in a perfect world, we could fit...if a project is, you know, a 500-house subdivision and 250 were, you know, set aside for 80 percent and below, that would be wonderful. But I will tell you, it would be very, very difficult to get 250 families ready. It's not just about, you know, their credit and their...their income and their debt, but getting them to turn in documents and working with the families. It can be very time consuming.

CHAIR JOHNSON: Ms. Dodson, I'm glad you mentioned that, because that is the main pillar of Bill 111 where we had the...the list for affordable housing. While you're on that list, you're...we're going to be working with...everything you said I agree with, and we have a bill for that, it's Bill 111. So I think your concerns could be...you know, if you look into Bill 11 [sic], it addresses a lot of your concerns. So --

MS. DODSON: Sorry.

CHAIR JOHNSON: -- the...the other question I had for you...

MS. DODSON: Can I just say (*audio interference*)

CHAIR JOHNSON: Okay. Sure.

MS. DODSON: Can I just answer that? That is true that...you know, I...I do know that, but we also...that list also could be helpful in determining how many truly are willing and able to purchase a home. Is it 50 percent, or is it 30 percent? So I think maybe we go back to that list first --

CHAIR JOHNSON: Okay.

MS. DODSON: -- and really dive into that list, and see where we're at with income levels.

CHAIR JOHNSON: I think our presenters today are really going to address your questions, so stay tuned. I...I just want to follow up with the last questions. Did the Hawai'i [sic] Community Assets reach out to Habitat for Humanity?

MS. DODSON: We were in some early meetings with the housing plan, yes.

CHAIR JOHNSON: Okay. Because that's really where a lot of this data comes from. We...we

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use them because they did all of the outreach, they did all of the reaching out, so hopefully your voice was heard and is reflective in the plan. So thank you, Ms. Dodson, I appreciate your time in coming out and testifying. Let's move on to the next testifier. Ms. Stewart, will you please call the next testifier please?

MS. STEWART: The next testifier is Christopher Delaunay, to be followed by Monte Heaton.

MR. DELAUNAY: Aloha, Chair and Councilmembers. Chris Delaunay with Pacific Resource Partnership. I am a registered lobbyist. So we are opposed to this bill relating to the income group distribution for residential workforce housing units for a number of reasons. To our understanding, it's the Council of the County of Maui has not approved the Comprehensive Affordable Housing Plan just yet. I know there was a...what was it, the Maui County Comprehensive Affordable Housing Plan that came out, but to my knowledge, I don't think anything was adopted in which they agreed that this is a plan to follow, and as a guideline for what will come in terms of policies. And another question is, I'm just wondering what plan did this bill originate from? I heard someone saying that it might have been from the Maui County Comprehensive Affordable Housing Plan, but I...I just want some clarification on that. Because my understanding, I don't think it is, but I could be wrong, so just some clarification on that. Second point I'd like to bring out is that I don't see how this bill will incentivize the construction of more affordable housing. You know, we've seen bad policy in the past hurt Maui, we don't want to do the same thing over and over again. We need to look at basically and things that will incentivize the construction of more housing, to just get more inventory out there for Maui residents, you know, and rely less on Government subsidies and more on private funds to build this...these types of projects. Third point is that there's no clear plan on who will pay for the construction of affordable housing if this bill is enacted. Since the proposed policy will not incentivize developers to build more affordable housing, the County will need to subsidize these projects. In order to do this, the County may need to raise real property taxes for Maui residents who are already struggling to make ends meet. So that would be another concern. Fourth, I think over regulation of housing will likely result in more Maui-born residents moving out of Maui for a better life elsewhere. We've seen that more Hawai'i-born residents are moving out of Maui and being replaced by U.S. citizen-born or foreign-born residents. So I think this proposed policy will likely accelerate the trend to cause more Hawai'i-born residents and families to leave Maui to find a better life elsewhere. So my recommendation...our recommendation would be that the Council defer this bill, have more discussion, more outreach, you know, to get a clearer picture of what is the plan, and also to reach out to more developers and more stakeholders in order to work on something that would be more comprehensive and that will actually build more affordable housing for Maui residents. And we need to find ways to use more private funds versus this depending on, you know, subsidies and . . .*(timer sounds)*. . . tax hikes. And that's it. Thank you.

CHAIR JOHNSON: Okay. Thank you, Mr. Delaunay. We have questions for you from Council...Vice-Chair Mike Molina.

VICE-CHAIR MOLINA: Thank you very much, Mr. Chairman. Aloha, Mr. Delaunay. I always appreciate hearing your thoughts. And you know, Chris, I hope in a perfect world you

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can come back and testify to us in support of something. You know, I will just say it tongue in cheek.

MR. DELAUNAY: Oh, absolutely, absolutely.

VICE-CHAIR MOLINA: Because I know you got your job to do, I realize that. Can you provide us the source of...you know, you mentioned that there's more, I guess, Hawai'i-born residents moving out, or is it more mainland people...people who are born on the mainland coming here?

MR. DELAUNAY: I...I...yeah, I can provide that source. I've...I've done so on a number of affordable housing meetings, so I provided that numerous times. But I can send it to you directly. I tried to...on this one it was eComment, and eComment didn't allow me to...to paste it in there, so I couldn't provide the graph and the citations. But I...I can do it. It's been in my...like I said, in previous testimonies that I provided too. But I...yeah, more than happy to send it to you.

VICE-CHAIR MOLINA: Yeah. And for the record, who is that source? I mean, if you know off the top off your head.

MR. DELAUNAY: Oh, wait, hold on. Let me pull up my...my...it's the Census.

VICE-CHAIR MOLINA: Oh, okay. The U.S. Department of Census?

MR. DELAUNAY: Yes, correct.

VICE-CHAIR MOLINA: Okay. All right. Thank you, Mr. Delaunay. Thank you, Mr. Chair.

CHAIR JOHNSON: Okay. We do have a question...thank you, Councilmember Vice...Mike Molina. We have a question from Tasha Kama. Go ahead, Councilmember.

COUNCILMEMBER KAMA: Thank you, Chair. So Chris --

MR. DELAUNAY: Yes.

COUNCILMEMBER KAMA: -- since you're going to do that for Member Molina, I'm just concerned about the number of Native Hawaiian...Hawaiian Home Land beneficiaries who are part of that immigration that's moving out. Could you get statistics on that also?

MR. DELAUNAY: Yeah. Yes, Councilwoman. I can take a look at it. Let me get back with our guys and I'll...and I'll contact you directly on that one. That's an interesting...yeah, that would be interesting to see as well.

COUNCILMEMBER KAMA: Thank you.

MR. DELAUNAY: Thanks for the question. Yeah.

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COUNCILMEMBER KAMA: Thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. Thank you, Councilmember Kama. We have a question from Councilmember Shane Sinenci.

COUNCILMEMBER SINENCI: Okay. Mahalo, Chair. And mahalo, Mr. Delaunay, for your...your testimony this afternoon. I was just curious because, you know, I mean, all of the stats that you've already said, those things are already happening. And so I guess my question to you is from the Pacific Source [sic], what are...do you guys...how is Pacific Source [sic] helping to...to create more affordable housing for our residents so that they don't move out of state?

MR. DELAUNAY: Yeah. We've...we've been doing a lot of advocating on the state level and other counties too. We have a number of proposed bills, affordable housing bills that we're working with, you know, some of the departments on the other neighboring islands. So we'd be more than happy to...to work with you guys on...on some things moving forward. There's a lot. I mean, our testimony is everywhere on the state level, we're always advocating for incentivizing, you know, the construction of more affordable housing, finding creative ways to do so. So I mean, I can --

COUNCILMEMBER SINENCI: Okay.

MR. DELAUNAY: -- there's a lot. So I can provide some of those things that we supported and what we worked on, and then you can kind of...

COUNCILMEMBER SINENCI: Yeah, that'd be great.

MR. DELAUNAY: Yeah.

COUNCILMEMBER SINENCI: Because we've definitely seen that the luxury home industry is not helping us to get more affordable housing, so I think this is what the...the intent of this Council is to do. So --

MR. DELAUNAY: Right. No --

COUNCILMEMBER SINENCI: -- thank you though.

MR. DELAUNAY: -- that's great. Thank you for the...the question. And yeah, there...there's solutions too on the State level that need to be --

CHAIR JOHNSON: Okay.

MR. DELAUNAY: -- looked at.

CHAIR JOHNSON: We have another question from Councilmember Kelly King, followed by Councilmember Keani Rawlins-Fernandez. But before we get to that, I just wanted to

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say that the Bill 11 [sic] does address the idea of putting locals first and, you know, prioritizing length of residency. So I...I hope that squashes your concerns, Mr. Delaunay. But let's lead on the questions from Councilmember Kelly King.

COUNCILMEMBER KING: Thank you, Chair. Aloha, Mr. Delaunay. I just wanted to clarify, when...when you send us this information on...you know, I think you said there was information showing that folks are leaving the...the State because of the current cost of housing. But just if you could differentiate...you know, there's a lot of people, especially young people, who leave the State because of a lack of career path...pathways, and we're working on...that's...that's the point of having...diversifying the economy and trying to make it more circular. There's also folks who are...who are leaving that Member Kama referred to, beneficiaries, and some of those are leaving because they can't get off that beneficiary waitlist, so not really having directly to do with the cost of housing. But I just wanted to ask you to be really careful and specific when you send us that information. That if you do have statistics on why people...you know, specifically related to the cost of housing now, and how this bill would affect that, that would be really helpful for us.

MR. DELAUNAY: Thank you for that.

CHAIR JOHNSON: Okay. Thank you, Councilmember Kelly King. Let's move on to Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Delaunay. Mahalo for your testimony. In your testimony that it's our understanding it's the Council...that the Council has not approved the Comprehensive Affordable Housing Plan yet, that it came out but to your knowledge, you don't think it was adopted, which they agree that this is a plan to follow as a guideline for what will come out in terms of policy. So I was reading that straight from the transcription of your testimony. My question...my clarifying question is, where did you read any rules that would require this Council to approve or adopt and not just accept the plan and take from it what recommendations we do support as the Council? Where did you read that rules?

MR. DELAUNAY: Oh, so I...I'm not...unaware of any Council meeting where the Council as a body accepted the findings and recommendations of the plan and the path forward on this.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. We received it months ago. Okay. Mahalo --

MR. DELAUNAY: I...I know you received it --

COUNCILMEMBER RAWLINS-FERNANDEZ: -- *(audio interference)*

MR. DELAUNAY: -- but my...my question was, was there like a resolution approving it, the findings and recommendations and...and what is the follow up from it or...or was it just, you know...

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COUNCILMEMBER RAWLINS-FERNANDEZ: That is not our process. That's why I was asking for clarification on where you assumed that that was our process, because that's not our process. But we...yeah, so we did receive the recommendations, and we received the presentation on the recommendations from the consultant. And our process is that we can take recommendations from any proposed plan or report, and those that we agree with we can advance into policy. So that's our process. Mahalo, Mr. Delaunay. Mahalo, Chair.

CHAIR JOHNSON: Okay. Thank you, Councilmember Keani Rawlins-Fernandez. Seeing no further questions for our testifier. I want to thank you once again for your testimony.

MR. DELAUNAY: Thank you.

CHAIR JOHNSON: Okay. Ms. Stewart, will you please call the next testifier?

MS. STEWART: The next testifier is Monte Heaton, to be followed by Cassandra Abdul.

MR. HEATON: Hello, everyone. Can you hear me?

CHAIR JOHNSON: Loud and clear, Mr. Heaton.

MR. HEATON: Hi. My name is Monte Heaton. I'm here representing Highridge Costa Development Company. We are an affordable housing developer, we exclusively develop affordable housing. I think in my entire career I have done about ten market-rate units, so that's the context I'm coming from today. I don't have anything to say particularly on for-sale, but with regard to the proposed rent restriction changes, I...I wanted to address how they would affect developers in my position. As you're all aware, in order to apply for affordable housing tax credits in Hawai'i and anywhere else, largely the...the...the index is 60 percent area median income. If you're...if you're above that, unless you're doing income averaging in some other states, which...which Hawai'i doesn't allow, that...that's the limit. And the restrictions as proposed for a 100 percent affordable project would result in 65 percent of the units being at 50 percent AMI versus 60. On an example project that I ran a model on yesterday, that rules results in about a 30 percent increase in Affordable Housing Fund necessity, which the Council has expressed it is willing to cover that difference, and...and that's appreciated. What...what I don't know has been fully considered is the effect this will have on operations and...and underwriting at the State level. Again, as you're all aware, these projects tend to go to the State and require significant amounts of State financing in order to be financially feasible. One of the primary sources is the Hawai'i State Rental Housing Revolving Fund, which is a debt source, and therefore needs to be able to demonstrate that it can pay this debt back. Maui County projects already have significant difficulty in demonstrating this. In addition to that, we need to demonstrate that we're at 1.15 debt service coverage ratio for the...for the compliance period of the project, as well as fully paying off the developer fee. In short, this is difficult as it is, Maui County's published affordable rents are below the HUD and HHFDC affordable rents to the tune of about 7 to 10 percent. This will increase that effective gap, and generally make it very, very

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difficult for projects to be considered financially feasible by HHFDC. As such, we...we would like to propose that if we are...if you are moving forward with this legislation, that the 65 percent requirement could stay low income rather than very low income. Further, I wanted to mention putting these requirements in place will...could have a significant impact on existing projects. Projects that already have awards, for example, might be . . .*(timer sounds)*. . . fully baked and *(audio interference)* considerable issue. So thank you for your time.

CHAIR JOHNSON: Okay. Okay, Mr. Heaton. Any questions for our testifier? We have one from Councilmember Paltin, followed by Councilmember Sugimura.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Heaton, for your testimony. I was wondering if you could clarify the part you said about the 1.5 *[sic]* debt service?

MR. HEATON: Right. So essentially that...that's a measure of how much income a project is taking in versus how much debt it has to pay every...how much debt payments it has to pay every year. So that ratio is 1.15 pretty much across the industry.

COUNCILMEMBER PALTIN: So basically what is owed has to...you have to bring in from your rent 1.15 percent of what is owed?

MR. HEATON: Sorry, no. The ratio of annual debt service to net operating income of the project needs to be 1.15, which is really a measure to demonstrate that the project can...can pay its debt and...and not go underwater.

COUNCILMEMBER PALTIN: So you have to make a little bit more than your operating...net operating cost in order to pay down your debt service is what you're saying?

MR. HEATON: That's right. If...if the project has...has zero income, then it's...it's...it's considered pretty shaky.

COUNCILMEMBER PALTIN: And because that 65 percent is to very low income, 35 low income, and then 5 percent below moderate, you can't reach that 1.15?

MR. HEATON: Well, we may be able to reach it; however, HHFDC requires that you graduate your income and expenses at 2 and 3 percent, and that means that eventually, if you...if you increase your income and expenses by those numbers, then eventually you're going to reach zero. And the problem with Maui County and a lot of the other islands is that that happens too early in a lot of cases because your operating expenses are quite high and your...and your...your rents are quite low.

COUNCILMEMBER PALTIN: And what do you mean by graduate?

MR. HEATON: Increase. So your...they would require you to underwrite your income coming in by 2 percent a year and your expenses by 3 percent per year.

COUNCILMEMBER PALTIN: Okay. Thank you. Thank you, Chair.

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CHAIR JOHNSON: Okay. We have a question from Councilmember Sugimura, followed by Councilmember Molina.

COUNCILMEMBER SUGIMURA: Thank you. Very interesting testimony. So one of the things that you said, I think, is that this will affect existing ongoing projects that have been approved. So...

MR. HEATON: That...that...sorry. To be...to be clear, it might affect a number of projects in the process, so...sorry, I should let you finish. But if...for example, if you had already submitted an Environmental Assessment and this got passed, I...I presume since no affordable...no workforce housing agreement is in place, these rules would affect that project, and that project might no longer be feasible. And as you're aware, it's...it's a very expensive and time-consuming process to create an EA, to submit your entitle...entitlement applications. And to be frank, I mean, it doesn't serve anyone to take good projects out of the pipeline because we're changing the rules midstream.

COUNCILMEMBER SUGIMURA: So sounds like you have a lot of experience in this area. So the recommendation that you would have, what is your...what would you recommend?

MR. HEATON: I would recommend...and again, I'm certainly not an expert on all areas of this bill, I've never built an affordable for-sale unit in my life. But as far as rental goes, I would recommend at the very least removing the change to the very low income and keeping it at low income.

COUNCILMEMBER SUGIMURA: Getting rid of that last...that starting category, I guess, the very low income?

MR. HEATON: Yeah, and...and to be honest, and I'm sure these things affect other groups more than it'll affect me, but the...the percentage going from one-third to 65 percent is not a problem for a 100 percent affordable development, but going from low income to very low income is a significant impact.

COUNCILMEMBER SUGIMURA: Okay. Because of that difference. Thank you very much.

CHAIR JOHNSON: All right. Any other questions for our...our...we do have one from Councilmember Molina. Go ahead.

VICE-CHAIR MOLINA: Well...well...well, not anymore, Chair. Member Sugimura asked my question as far as what the impacts would be on existing projects if this measure passes. So yeah, that's it...that was it for me. Thank you, Chair.

CHAIR JOHNSON: Okay. All right. Thank you, Mr. Heaton, for your testimony. Ms. Stewart, will you please call the next testifier? Can you let us also know how many more are left?

MS. STEWART: Yes, Chair. There are four testifiers on the list. And also, the matrix shared

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earlier is now available on your Granicus.

CHAIR JOHNSON: Thank you so much for that.

MS. STEWART: Cassandra Abdul is next, to be followed by Faith Chase.

MS. ABDUL: Good afternoon. There we go, sorry. Okay. Thank you very much for all the hard work that you've invested on what's going on with affordable housing. We do appreciate it, and we appreciate all that the County has done to work with Na Hale O Maui, a 501(c)(3) nonprofit that creates affordable housing in perpetuity. I should note that the IRS, in approving our nonprofit status, approved a ceiling of 140 percent of the area median income based on the high cost of living in Hawai'i, in Maui County, and the high cost of housing. So we serve between 80 to 140 percent of AMI households here in Maui County, although we have several that are actually below 80 percent. And as Sherry noted earlier today, Habitat for Humanity is very well set to take care of the lower end of the income strata. And we both deal with the same issues with getting people prepared for homeownership, and we want them to be successful; so it's not just being able to buy a home, but we want them to be able to stay in the home as long as they want to stay in the home, okay. So it's not a matter of you can stay in the house for a year or two and then the bank is going to take it back, right? So having said that, I just wanted to make a couple comments. I know there's been an expression about luxury housing being a problem here in Maui County, but I do want to point out that luxury housing is part of what subsidizes affordable housing from the developer's standpoint. A lot of their expenses get shifted up to higher income households. And I know I've said before that as a community, we have to serve everybody here, and we have people on the higher end of the income strata--like doctors, that we need, that we have shortages of--and other professionals too. I do support the intent of what the Council is doing, but I do have a very strong concern that if you remove the above moderate income category, which goes from 120 percent up to 140 percent, you are reducing or negating many of the workforce here in Maui County, including the people that work for the Council. This is, you know, I think something that should continue to be served. And I mentioned also that although the bill addresses both for-sale and for rental, I don't have much input...well, I could give input on the...the rental side because I am president of a nonprofit that does . . . *(timer sounds)*. . . affordable housing *(audio interference)* on O'ahu on Pua Lane next to Mayor Wright Housing. But I strongly urge the Council not to reduce or get rid of the above moderate income category, I think our families need it. Thank you very much.

CHAIR JOHNSON: Thank you, Ms. Abdul. Members...we have a question for you from Councilmember Sugimura.

COUNCILMEMBER SUGIMURA: Thank you, Cassandra. Appreciate your input because you're definitely in the business. So the...the people who own...not own, who earn the above-moderate AMI, what kind of occupations are they?

MS. ABDUL: Many of them are...you know, actually, I'd be happy to send you something that actually Tasha Kama provided to the Council about a year ago that looked at what the

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salaries were and the income were for...for Maui County. And basically it is County workers, the State workers, it's our firemen, our policemen, our teachers, many of them fall into that category.

COUNCILMEMBER SUGIMURA: Please...please, Chair, would you allow that, to...to share the...the information that Cassandra Abdul just mentioned?

CHAIR JOHNSON: To share it in...by what, sending an email?

COUNCILMEMBER SUGIMURA: Yeah, can she...

CHAIR JOHNSON: Yeah. Sure. You know it's funny that this a great talking...switching over to Khara's presentation is really going to address this. So there's going to be more information for you as well, Miss...Councilmember Sugimura. So yeah --

COUNCILMEMBER SUGIMURA: Okay.

CHAIR JOHNSON: -- if you want to send that, Ms. Abdul, go ahead, it's fine.

MS. ABDUL: Okay. Great.

COUNCILMEMBER SUGIMURA: Thank you.

MS. ABDUL: And I would like to point out, if I may, that the only time that Na Hale O Maui has been able to sell above 120 percent, between 120 to 140, is when the funding has not come from the Council or, you know, from the County or from the State, NSP funding. So it's...it's money that has been generated separately. And there's just been a few...a very small amount of people that have actually qualified at that level, but it's important to keep our families here, and this is one way to do it, I think.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR JOHNSON: Okay. Thank you, Ms. Abdul. I don't see any further questions for you. Thank you for coming and testifying.

MS. ABDUL: Thanks very much for all you do. Aloha.

CHAIR JOHNSON: Aloha. I don't want to get too much in...ahead of ourselves in the future presentations, but the top ten ranking of occupations in our County is waiters, waitresses, salespeople, maids, fast food; those are the majority of our jobs that we have right now. So I appreciate your, you know, advocating for the folks who are out of that range, but these are the most of the people who are working in our County is low, low wage earners. So that's the reality. Okay. Ms. Stewart, will you call the next testifier please?

MS. STEWART: The next testifier is Faith Chase, to be followed by Junya Nakoa.

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MS. CHASE: Aloha, Chair. Aloha, Committee. I...I get distracted sometimes when that bell goes off, so just so you know, I have my own timer on and I'm watching, and if I could...if I see it, I'll wrap up. I just wanted to speak...thank you for having this agenda item. I'm excited to see the presentation. I'm...I'm eager to read Bill 111. I just want to speak...I think I can speak specifically to the DHHL, Department of Hawaiian Home Land, issues that have been discussed today. I don't believe that the fellow that Councilmember Kama actually asked for that data is the right person to get that about beneficiaries, wait listers, moving off island. But as genuine of an agreement that he made to...to find that, I think that you can find it in other places. I just want to let you know that the DHHL beneficiaries and wait listers are being incredibly empowered. I know Councilmember Rawlins and Councilmember Paltin, Councilmember Sinenci, have seen them on a lot of the DHHL meetings, but I would just...just give a small piece of advice to your Committee or your...your Staff to have them maybe start attending or have somebody attend to report on it, they're brisk and it's because of COVID. So these beneficiaries and wait listers all across Hawai'i have never had the advantage of being in the same room. And it's taken actually months to get past hey, uncle, how you, long time no see, ha, ha. You know, we've had to get past all these niceties for two months, three months, you know, and everybody got...got familiar and comfortable. And so now, people are actually getting down to the business, and it's very exciting. So...and also I just want to say that you have this advantage of having Blossom Feiteira have this historical DHHL knowledge, and then also working for Community Hawai'i Assets [sic]. And so I would encourage you to perhaps have a...a presentation, or have them as a guest. Pā'ūpena Community Development, don't forget them, they're the ones that actually did their...conducted their own census. They paid...they paid well for a database engineer out of state to come in because they knew that the census was not going to...historically the regular census does not make that reach. So those would be great guests for you to have. And also, really quickly, you know, Department of Hawaiian Home Lands, they're losing their footing. We all know their...their shortcomings, and what's happened is 44 different Hawaiian homesteads across the State have aligned with Sovereign Council of Hawaiian...Home...Homestead Hawai'i...Hawaiian Homestead Associations, SCHHA is the acronym. And they are being empowered and, you know, held up by this organization far better than DHHL has done. And DHHL, quite frankly...I mean, you know, God bless our local commissioner Randy Awo, but they are becoming aware of it, that they...the homesteaders are being empowered. And so you need to have those as guests. I would also encourage you to tune into ...*(timer sounds)*... Thursday's Commission on Healing Solutions for the Homelessness...the Commission on Healing Solutions for Homelessness this Thursday. We'll have some emergency solutions that are exciting. And I will provide written testimony for the things I ran out of time for. Thank you.

CHAIR JOHNSON: Thank you so much, Faith, for your testimony. Members, do we have any questions for Faith? Okay. Seeing none. Thank you for your time. Ms. Stewart, will you call the next testifier please?

MS. STEWART: The next testifier is Junya Nakoa, to be followed by the final person on the list, Keoni Kuoha.

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MR. NAKOA: Howzit, guys. Junya Nakoa, Lāhainā. Yeah, you know that Pacific Source [sic] guys, whatever, Delaunay or whatever, yeah, like Mike said, hopefully one day he going support your guys' hard work, you know, all this presenting of bills yeah. But we don't need more houses, gang, we...we need more truly affordable homes. That's what we need. And just to tell you guys right now, before I went on my...oh, I still on my vacation, but before I went on 'em I met with the Kā'anapali 2020 bruddah, the one over there, I forget his name, but...Chad Fukunaga, yeah, that guy. I met him and his team and I took...I sorry, I going throw her name under the bus, Autumn Ness with me, I took John Brown from KOA Realty [sic] with me. Yeah, and we went listen about, you know, their affordable homes that they owe us, yeah, because in the Kā'anapali 2020, they supposed to owe us 51 percent of they...all that hotels that was built on North Beach, all the million dollar homes already built on Kā'anapali. And brah, zero was built. Zero, not one. Okay. And...and so I tried to present because now, you know, they saying they get the Pu'ukoli'i...Pu'ukoli'i Mauka where they say they got the rights to do that project, but they only 51 percent going be affordable. I call BS because that's where all the houses that they owe from the original Kā'anapali 20 [sic] supposed to be at, and it was supposed to be 100 percent of all those houses, okay. But what we...what I'm trying to get at is we went try present to them that we would build all their affordable homes, you know, KOA Realty [sic], and with the knowledge of Autumn Ness because she smart buggah, that one. But yeah, she is telling, you know, like all this affordable projects that's coming up now and just recently is BS again. It's not truly affordable. And she get...she get...she get choke knowledge on that. She show us the data that meeting. And so that's what you guys should be following. And when we try present 'em to Kā'anapali 2020, they...they was saying...they...they was...you know, give us the yank, left, right, up, down, and whatnot. And so they not benefitting the people of Maui, let alone Lāhainā. So when you...you know, so with this EI...IMA or whatever letters you guys using, all of them is important, like you said. But Gabe, you...you hit 'em right on the nose, most of the majority of people who in Lāhainā, especially right across the street, is at the hotels, they all in that low part, yeah, the waiters, the waitresses, like that, you know, and all those kind guys. And that's what the guys we got to get into homes . . .(timer sounds). . . so now they closer to work, they no need travel back and forth, you know, on our highways. Okay. So yeah, that's what we got to get going. Mahalo, guys.

CHAIR JOHNSON: Okay. Thank you, Mr. Nakoa. Members, for any questions for our testifier? Seeing none. Thank you. Thank you for your testimony. Okay. Ms. Stewart, are there any other testifiers?

MS. STEWART: No, Chair, there are no other testifiers on the list.

CHAIR JOHNSON: Okay. So this is the last call for testifiers. If you wish to testify, please unmute your video and...and your audio and identify yourself. Seeing that there's no more individuals wishing to testify, without objection, I will now close oral testimony.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS

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. . .(END PUBLIC TESTIMONY). . .

CHAIR JOHNSON: Okay. All right. Thank you, Members.

AH-14(5) COMPREHENSIVE AFFORDABLE HOUSING PLAN: INCOME GROUP DISTRIBUTION FOR RESIDENTIAL WORKFORCE HOUSING UNITS (MISC)

CHAIR JOHNSON: All right. We're on to our agenda item, AH-14(2) [sic], Comprehensive Affordable Housing Plan: Income Group Distribution for Residential Workforce Housing Units. As I mentioned, the item on today's agenda is AH-14(2) [sic] and a proposed bill entitled "A BILL FOR AN ORDINANCE"...I just read that, so I'm going to skip that. The purpose of the bill is to increase affordable housing for Maui County residents by adjusting the income group distribution of units required as workforce housing. The proposed bill does not change the percentage or amount of units required under the Residential Workforce Housing Policy, it only addresses how these units, per current Code, are allocated across the various income groups. The proposed bill changes the distribution of workforce housing units to the very low, low, below moderate, and moderate income groups. So very low is 50 percent of the AMI or below, or households earning \$47,950 or less per year. Low is between 50 and 80 percent AMI, or between 47,950 and \$76,720 a year. Below moderate is between 80 and 100 percent AMI, or between 76,000 and 95,900. Moderate is between 100 percent and 120 percent AMI, or between \$95,900 and \$115,080. The distribution of units for sale are proposed as follows: 15 percent will be for very low groups, a group that previously hadn't even been considered. all right. 45 percent for low income groups; again, a group that has not been considered in 2.96. And 40 percent, that's up from 20, from the moderate-income groups. Now that's the for-sale side. Now for the for rentals is 65 percent, and that's up from 33 percent in the current Code for very low income groups; and 30 percent, or about the same, 33 percent for low-income groups; and then 5 percent down, from 33 percent, for the moderate-income groups. Keep in mind that unless the project is 100 percent affordable workforce housing, the income group distribution of units amounts to a percentage of a percentage. For example, if you take a typical 201H project, only 50 percent plus one of the units is workforce housing. The rest is all market rate, right? So a project with 101 total units for sale only has 51 units to be distributed to various income groups. That's the case whether it's under the current Code or the proposed bill. Under the proposed bill, 40 percent of those units must be for the below moderate and moderate incomes, which means 40 percent of 50 percent of the total units, which equals 20 units, 20 units. For the 45 percent, or 23 units, would be for the low-income group; and 15 percent, or 8 out of the 101 total units would be for the very low income group...8 out of 101. The proposed formulations are based on data and research on the actual housing needs in Maui County and the needs of our residents. I would also like to point out here that any developer can come in front of the Council and request modifications to the proposed distributions if they feel it is justified for their project. If they have a different plan, they can come and testify and tell us all about it, and we could be malleable to it, but that's what we're trying to set up now. Let's see,

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we had invited four resource persons to join us today to help explain the methodology and provide additional background and context. Unfortunately the representative from UNITE 5 [sic]...UNITE HERE, Local 5 is unable to make it today, but we still have Faith Sereno Rex, President of SMS Consulting, LLC, who will present how the original needs based data was collected and formula...or formulated. We have Khara Jabola-Carolus, Executive Director of the State Commission on the Status of Women, who will present through the lens of the Feminist Recovery Act [sic] which the Council unanimously supported by resolution last year. And last, but not least, we have Jeff Gilbreath, Executive Director of Hawaiian Community Assets, will explain how the current system presently works, what this bill is proposing, and how it will need to be subsidized. Members, with...without objection, I'd like to designate them as resource persons under Rule 18(A) of Rules of the Council.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR JOHNSON: Okay. So what I'd like to do, I'd like to...first I'd like to correct the record, I meant...I called it the Feminist Recovery Act when it should be the Feminist Recovery Plan, my mistake. I'd like to have the presenters go, and then at the end of the three presentations, then we can go round robin and ask questions, if that's okay with the Members. I figure we just let...let them go, and then we'll write down our questions, and we'll come back and...and ask them at the end, okay? So let's see, let's...I'd like to recognize Faith Sereno Rex for her presentation, and she can start right now. Welcome, welcome, Faith. Let's see, are you on the call?

MS. REX: Yes. Good afternoon. Thank you for inviting me today. Nice to be sort of on Maui again.

CHAIR JOHNSON: Yes, thank you.

MS. REX: Shall I just go ahead and start?

CHAIR JOHNSON: The floor is yours, Ms. Rex. Mahalo.

MS. REX: Okay. I'm going to share with you some slides so I don't have to get so nervous about you looking at me. So I'm presenting...I'm the President of SMS Consulting. SMS has prepared the Hawai'i Housing Planning Study 2019 on behalf of the State and counties, and I'm here today to review the methodology of the data collection and analysis of the housing needs portion of the study. SMS has been doing this study for the State and each County since 1992. We've done it in periods of about three to five years, depending on...on the needs of the community. Overall, the study has changed just a bit over time, but it's primarily designed to be an assessment of housing markets in Hawai'i. You can see before you the different lists...the list, excuse me, of data collection analysis sources that were used. I won't go through each of them, but you can see them. The primary one that we rely on is the housing demand survey, but as you can see, many other data sources were used to ensure that the numbers we had made sense. Are they real? Do they work? And we had other people take a look at them also to make sure they were fine. In the Housing Policy Study, this was the chart

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that was most...that I believe being relied on to talk about the needs for housing, affordable housing in the future. This shows the total units needed 2020 to 2025. The categories along the top are HUD area median income categories, so less than 30 percent, 30 to 50 percent, et cetera. I think several of the people who have testified have already discussed the different levels. Not surprisingly, there is a big need under the less than 30 percent, and then other people have testified about the need all along the way. Overall, let me explain, these...this data is from the 2019 study, so it was using an area median income for Maui of 81,400. So based on that, there are about almost 5,000 households that were below 100 percent of the Maui area median income. So how are needed units decided on? We...SMS develops a housing model that takes into account first, the population change projections, how...how much...how much is DBEDT or the State project our housing population to increase over...between 2020 and 2025. What's a good...the next one is what's a good target for reducing pent-up demand caused by housing supply shortages, and pent-up demand is really derived from the number of house...households, excuse me, that are doubling up. How many people are living with other families all in one household? How many people who were living with other families who are related to them and not related to them? How many households have multi generations, you know, grandparents, parents, children? Especially during COVID, we've seen examples of that. And these unrelated...or these individuals that are part of these very crowded housing, we ask if they'd like to...in the survey, if they'd like to do...like to move out, but cannot do so for financial reasons. And that's one reason we take a look at pent-up demand, just because we have such a high percentage of overcrowding within our households. And that's throughout the State and, of course, Maui. And then we include an estimate of the number of units needed to accommodate homeless and special needs households in each of the communities. So the process is basically we start with the total number of housing units in 2019, usually it's based on American Community Survey numbers for 2018. We look at the housing demand survey to identify households that are going to move from their current housing unit to another unit within the same County within the next five to ten years. Basically we take out people who are going to move to another County or move out of the State. We just focus on within the County. And then the survey data is used to classify households as not qualified to purchase or rent in the next ten years. We look at household income and the number of people within the household to determine the HUD...HUD income levels. Unmet demand is adjusted for population change over the five-year period. And then here again, we add affordable housing units to accommodate homeless and special needs households. So the housing demand survey, as you can see, we're very reliant on that. Okay, the good news is it's a very large sample survey, about over...almost 1,500 surveys were completed in Maui County, which provide the sampling reliability of plus or minus 2.6 percent at the 95 percent confidence level. The survey itself is conducted by telephone and uses an online panel. For Maui County, most of the surveys were done by telephone. And just for your information, we...it's a random sample. In the good old days we used to do landlines, now most of our surveys are done by telephone. A random sample of cell phones is how we've...we've done that now. Surveys used to identify family size and annual household income. The two factors then classify a household by HUD income levels. One reason we like to use HUD is because it takes into account both the income and the household size. If you didn't take household size into consideration, you'd think that Hawai'i households were...were rich, and that's only

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because we have...some households have more than one or many household income earners. So you really have to take into account the actual size of the households, especially since we have the...one of the highest...our households have an average of a...much higher counts than elsewhere in the country. Just to go back a bit, HUD uses the American Community Survey to establish an average median income annually for HUD. And as a reminder, for 2018 it was 81,400, they dropped out at...oops, dropped out at zero. The matrix, again, is decided on the area median income and family size. HUD establishes the rent and purchase price guidelines. For example, based on 30 percent of income, so when they talk about less than 30 percent area median income, HUD actually sets the guidelines for rental rates and purchase price. The HUD guidelines are also used for Government grants and Government-sponsored options such as...I think a testifier earlier talked about low-income housing tax credits. Those are the same guidelines that are used for awarding those types of credits, are these HUD guidelines. I think that about answers my part of it. And I'll hand it off, and I'll stick around for questions later. Thank you.

CHAIR JOHNSON: Thank you so much, Ms. Rex. I really appreciate your sharing screen and your presentation. So...and thanks...thanks for sticking for next...so next we have...Khara, help me if I'm doing your name right, Jabola-Carolus, is that...

MS. JABOLA-CAROLUS: That was perfect, Chair. Thank you.

CHAIR JOHNSON: All right. So the floor is yours, Ms. Jabola-Carolus.

MS. JABOLA-CAROLUS: Thank you.

CHAIR JOHNSON: There you go.

MS. JABOLA-CAROLUS: If you would patiently wait one second as I screenshare, appreciate it. All right. If I could just get a thumbs-up that you can see my screen? Perfect.

CHAIR JOHNSON: Yeah.

MS. JABOLA-CAROLUS: Here we go. So first of all, thank you for, you know, asking me to join you today and present. Maui's my favorite County, don't tell the others, for reasons you can probably...most of you know, but I...I digress. My name is Khara Jabola-Carolus, I am the ED of the State Commission on the Status of Women. Essentially I am the State's advocate for women. I did want to address two points from previous testifiers before I get into this. First, from realtors, you know, no...no offense at all, but I think we really need to dispense with the idea that the most appropriate and equipped voices on this issue are, you know, housing experts and economists. That is really code for white, male, affluent advisors, and I think that really, the people who are best situated are those who are not, you know, for-hire economists and folks driven by the profit motive. And I promise we can level up our knowledge very quickly, despite the complexity of housing. And then secondly, I think we also need to really move on from a mindset of scarcity, especially because we're the worst in the class in the United States when it comes to uber wealthy and, you know, income-generating property taxes.

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So you know, we do have honeypots there to draw from, and I have all the confidence in all of you to find solutions to incentivizing a plan that's based in reality. So here's just a summary of my main points. First, what is defined as affordable housing is really unaffordable for women. Women, and in particular single-mother households, have different housing needs than what has, you know, typically been the default, which is men. Women have more to lose from housing insecurity than any other group. Gender discrimination and these kinds of disparities are absolutely appropriate in terms of being factored into the policy that you're making here today. And housing law, you know, must be determined by reality, not realtors, developers, and investors. I also want to say I'm a renter who struggles with rent in Hawai'i, and that should be genuinely troubling because, you know, I run a State agency and I'm a lawyer, so that's a huge red flag. Women are not able to cope with our housing crisis in the same way as men. You know, we've all heard of the gender pay gap, some folks dispute it, but it's really because our lives are interrupted in a different way, and we're also segregated based on social conditioning and what we expect from women into different parts of the economy. Essentially we have a gender apartheid happening in our economy, whether we want to admit it or not. So as a result, women are poorer than men, even women in the same race, and I'll have a chart for that in a second. We also need to understand, right, like why are we changing this now? We have gone through an incredible biblical crisis, not just for public health, but also economically. 85 percent of people living paycheck to paycheck in the U.S. prior to COVID were women, and COVID has been incredibly punishing for women economically more than others, we know that. There's a mountain of data there, I won't go into it right now. But the gap is real regardless of, you know, the theories behind it, and our earnings are very low, with Filipinos and Native Hawaiians having the lowest earnings in the State. So this is also an issue of racial justice. Again, affordable housing is just simply not affordable. And there's a...this is a little dated, but you can see in this chart you have, you know, white women compared with white men. And you can see for Native Hawaiian women it's \$37,000, whereas Hawaiian men 45,000; so even within groups there is a gap. It's also gender. There is still gender discrimination and segregation happening that impacts our access to capital. So to drive this home, the number of ALICE households in Hawai'i has increased 59 percent to...59 percent of households due to the, you know, economic shocks of COVID, and it's really been driven by single moms. That's an important point. Also, Hawai'i is superlative. Hawai'i women experienced the highest rates of unemployment in the entire United States during COVID, and Filipinos experiencing the highest rate within that. So even though women make up, you know, the majority of frontline workers, also the majority of jobs that are feminized have been hit the hardest and experienced the biggest job losses during COVID. So women are still suffering, you know, and we also have the childcare crisis happening simultaneous to the housing crisis, and this is deeply gendered as well. Not just for women and caregivers who still have to take on the brunt, you know, of that, for a number of reasons, but also, you know, who is working in those sectors, and what kind of pay are they getting? It's not good, it's terrible, it's poverty wages. So let's talk about housing for folks and who's at risk. We know that women, especially single moms, struggle with housing, and if we are not factoring in the weakest among us, we really are not thinking about our community holistically. There are about 16,000 single moms in Hawai'i, one-third are poor, and that is a lot different than single-dad household, it's like double the poverty

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rate, as you can see there. 83 percent of Section 8 voucher holders are women...are...are...are women. That's huge. And we know that Section 8 is severely underfunded, and we're one of the only places left in the entire United States where Section 8 discrimination is permissible by law. That bill has not passed, even though we've been trying for like five years. So the takeaway from just all of those numbers is again, you've got to factor in women's position economically, the lowest rung, if you're going to have an effective affordable housing policy. Now, what's at stake? You know, we act like this doesn't have any implication intersectionally; it does. The stakes are really serious for women because we know that housing insecurity is tied to physical violence when it comes to women. So being homeless or not having a stable place to live carries a...it's like a Pandora's Box. Domestic violence, landlord abuse, women are more susceptible to sexual abuse, and this was documented by the Department of Justice during COVID. They made it a priority issue out of Hawai'i. And in fact, the first cases that I saw at my office were on Maui, reported for Maui, of landlord sexual abuse of tenants. Also, sex trafficking. So we often don't think of, you know, women just choose prostitution or whatever, this kind of freewheeling notion that's very misinformed. We actually play a role as Government in pushing women into really horrible situations where they're left with no options but to prostitute or are easy to be exploited. So 25 percent of the 97 sex trafficking victims across the State identified by the Commission on the Status of Women and CFS reported being coerced or forced into, you know, a sexual act for a place to stay. That was the same amount that was doing it for money. So housing is really, really important when it comes to ending sexual exploitation. And this really...I don't even care if we don't get beyond this slide--so Chair, please feel free to cut me off--but I want to show a gap. The chart on the right is, you know, what it says our Code is right now. Folks have gone over this. And you see, you know, the corresponding income levels right there. Now, compare that to the annual mean wage over here on the chart on the left. These are the most common occupations in Maui. So think of servers, think of hotel housekeepers, the people that make tourism possible are not even on that chart, they are off the charts. We got to...we got to fix the gap. We need to fix that gap. If I were a single mom right now, I would be in the lowest income bracket as a lawyer, as a Government lawyer heading an agency. That is not acceptable. So you know, the analysis here is really workforce housing policy requirements cover income brackets that require two full-time income earners in a household. And this is out of reach, let's just be real. This is out of reach for single moms...and not just single moms, but just most, you know, of the common jobs on Maui that uphold the tourist economy. So you know, if we're going to have this plantation economy based around tourism, you know, at least, at the very least, we need to make sure the people who run it are...are housed and sheltered. So you know, folks already went over this, we talked to all the presenters, they won't get too into it. But you know, look at the plan, look at the data, that is important. And then, you know, my understanding of what's before us today is really the first step is defining what we're going to do, and then we fund it, and then we work on the solution because this is part of a more comprehensive process. This is not, you know, a one-off. So driving home that point, right, just more conclusions from the data actually conducted that this Council should and is considering. And I'm not going to quote myself. But what's happening is urgent. Right now, in my son's class, his kindergarten class, 3 out of the 15 students have moved to the continent since August; 3 out of 15 kids because they

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could not...they just couldn't afford it here. We are having a great out migration. And this is not just an issue for women, right, this is also a very unique issue for Native Hawaiians. And one of the things that I...I love working in government, but one of the things I dislike is sometimes there's this attitude that, you know, the system sucks, and pretending that we're not in control of that system. You know, you all determine who lives here in 10, 20, 30 years from now. This is the moment where you get to define that, and this is urgent that we resolve by at least defining and redefining who gets to be considered as part of the future of Maui and of Hawai'i. So yes, let's not make gender-blind policy. And thank you. I'm sure I might have surpassed my time, I apologize for that, but thank you so much for inviting us today.

CHAIR JOHNSON: Okay. I really appreciate your presentation, Ms. Jabola-Carolus. And if you can stay on, we'll have some questions for you after the next testifier. But before we move ahead, I want to ask the Members, do you want to take a ten-minute break now or do you want to wait for Jeff's presentation? It's up to the Members, I'm...I'm malleable, whatever you guys like. So thumbs-up for now. Okay. Okay. We're going to do now. All right. So if you folks don't mind, just hold on, we'll take a ten-minute recess, and we'll come back after ten minutes. So the Affordable Housing Committee of...of 11/15/2021 is in recess until 3:13 p.m. . . .(gavel). . .

RECESS: 3:03 p.m.

RECONVENE: 3:15 p.m.

CHAIR JOHNSON: . . .(gavel). . . Will the Affordable Housing Committee of 11/15/2021 come back to order. The time is now 3:15. All right. Members, I hope we feel refreshed and ready to recognize Jeff Gilbreath for our last and final ten-minute presentation. So Jeff is on the call. There he is, his camera is on. You have the floor, Mr. Gilbreath.

MR. GILBREATH: Thank you, Councilmember. Good to see all you folks. Hope all is well. Kelly, welcome back. So I am presenting today...was asked to just talk about the Comprehensive Affordable Housing Plan as it relates to this issue. Let me pull up and share my screen. You folks are able to see that?

CHAIR JOHNSON: Yeah, we can see it.

MR. GILBREATH: So...so great to be here with you. I am Jeff Gilbreath, Executive Director of Hawaiian Community Assets and talking with you about income targeting as it relates to this issue for Maui County renters and homebuyers. I've broken out the presentation into three components for you folks today to talk about the current affordable housing system, the proposed new affordable housing system based on the plan, and then conclusions from our...our work. First off, I just want to note that in our work through the Maui County Comprehensive Affordable Housing Plan, we recognize that it was necessary to identify the best source of data available to determine real housing demand for local residents, and we found that in the Hawai'i Housing Planning Study. I just want to note, as you heard from the presenter previously, that this study is developed every five years in participation with a bunch of different folks at the State, the County,

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Office of Hawaiian Affairs, Department of Hawaiian Home Lands, even the...the Federal U.S. Department of Housing and Urban Development. So let's take a look at the current affordable housing system. What I will say is that the current affordable housing system is providing the type and price of homes it was set up to deliver. And unfortunately, from 2016 to 2020, what the data showed us as we went through the plan that only 20 percent of the housing needs of local residents below 140 percent area median income was actually met. And so I want to share with you folks--this slide here shows--in blue are the rental units that were either built or were in process between 2016 and 2020, as compared to the grey bars, the demand, from the Hawai'i Housing Planning Study. But just want to note that you can see, we have an overproduction of units between 50 to 60 percent area median income, and you have a lack of addressing the demand in those other income brackets. So what does this tell us? So as I said, you know, the majority of rentals were built for 50 to 60 percent area median income, and this is a result of how the current affordable housing system is being incentivized. I think one of the testifiers talked about the Low-Income Housing Tax Credit program. You know, 50 to 60 percent AMI affordable rentals are built primarily by nonprofit developers who rely on that program as the...the key source of funds. Additional funding is provided by the State's Rental Housing Revolving Fund, and...and limited funding comes from the County's Affordable Housing Fund. But again, the system is building based on incentives, and the incentives are between 50 to 60 percent AMI. On the ownership side, what I'll share with you, when we looked at data, again at the past five years as compared to the demand from the most recent Hawai'i Housing Planning Study is that you can see in the yellow bars what was built or was in process as compared to the demand in the grey bars, right? And so you can see between 80 and 120 percent, even 120 to 140, you start to address some of that demand pretty...you know, in a significant way. But as you get below 80 percent there's very few, if any, units for families at that income. So what does this tell us? We know that the majority of for-sale homes that were built were affordable for those 100 percent area median income and above, right? And again, this is how the current affordable housing system is being incentivized. These homes are primarily built by for-profit developers as a result of them having to build 20 percent of all units in a market-rate development as affordable under 140 percent AMI. This is based on the County's existing workforce housing ordinance. And then limited funding comes from the County's Affordable Housing Fund. So again, you know, the incentive here is the requirement for market-rate developers to build more affordable. What you end up getting is that a significant, almost...almost entirely the number of units that get built because of this incentive structure are for homeowners that are above 100 percent AMI, and you can't get under. So what I will note, and what was the key thrust of the Maui County Comprehensive Affordable Housing Plan, is that under the current affordable housing system there are few tools that the County has to meet the...the needs of extremely and very low income households under 50 percent AMI, and for those households that are low to moderate income, 61 percent to 100 percent area median income, because the incentive structure is just not there, right? You've got the 50 to 60 percent AMI folks taken care of with low-income housing tax credits, the rentals, and you have the 100 percent and above being taken care of primarily by the requirement under the inclusionary zoning law. So what I did want to share with you folks is the current affordable housing system is funding units, and we know that, and what I have here for you is in the blue bars. This shows the funding

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that was dedicated out of the Affordable Housing Fund last year, last fiscal year, for the FY 2022 projects. The grey bars show what the demand is. So again, as you can see here, there's a significant number of units at 50 to 60 percent area median income that have received some affordable housing funds, but they haven't received enough affordable housing funds to dig deeper on income levels, to be able to target those below 50 percent area median income. You'll see that there were no units funded from 60 to 80 percent AMI, and only a few between 80 and 120. So if I extrapolate this out for you folks, in the next five years, based on the Affordable Housing Fund monies that were dedicated to projects last year, this is what you would see in five years. Essentially in the blue is what the projected would be, right, because we don't...again, we don't have the tools that are necessary to target the folks under 50 percent AMI, we don't have the tools to target folks 60 to 100 percent AMI. So this is what we would be left with as opposed to the demand, which you see in the grey bars and is based on the Hawai'i Housing Planning Study. So what does this tell us? So if we continue with the current affordable housing system and funding as is, we're not going to meet the real needs, the real data, the real demand of Maui County residents as is defined in the Hawai'i Housing Planning Study, the best source of data that we have to define demand. So in five years, if we continued as is, we would be able to provide a little over 2,200 local residents with affordable homes, but you would fail at serving another 2,700 local residents who need affordable homes right now. There will be an overproduction of rentals at 50 to 60 percent AMI, again because that's where low-income housing tax credits are at. There will be gaps for all other income levels based on these projections, and those hit hardest we see are 60 to 80 percent AMI households who would have no new affordable homes available to them if we follow what we did last year. So now I want to shift this and take a look at the new affordable housing system that was proposed as part of the plan. And the plan really looked at how can we start to incentivize the building of units or creating opportunities, even if they're not built for households that are under 50 percent area median income where there's significant demand, and between 61 to 100 percent AMI where there's significant demand, yet there are not the tools to address it. So the plan calls for 5,000 homes, as was asked for by the Council, under 120 percent area median income. This is the breakout of the number of units that need to be at each of the AMI levels based on the demand in the Hawai'i Housing Planning Study. We went further and we dug in, in talking with different folks in the development community, development consultants, community members, nonprofit developers, for-profit developers. Looked at how we could split this need, this demand, in order to address with both ownership and rental units. And as you can see, there are ownership units that we're proposing at all of the AMI levels and rentals, but you can see at the lower AMI levels, it makes more sense for us to go with rentals because of the...the pricing structure and the pro formas of...of developers and...and lessons over time as homeownership becomes more realistic. On page 37 of the Maui County Comprehensive Affordable Housing Plan, you'll see it's actually broken out in terms of those 5,000 units at each of the different levels. Rather than just an image, here's a table for you. So you'll find that on page 37 of the plan. So what we know, so to meet income targeting that is needed, and based on the demand from the Hawai'i Housing Planning Study, the new affordable housing system must make investments in our local renters and homebuyers. On average, what our team had pulled together in terms of what that cost would be in order to subsidize and target those rentals under 50 percent area median

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income and those homeownership units typically between 61 and 100 percent AMI is that for each renter household should be making \$175,000 average investment in that household, and so to make sure that unit is affordable under 50 percent AMI. On the homebuyer side, the average investment would be \$150,000, though we do recognize in Hāna, on Lānaʻi, and on Molokaʻi, this need may be greater because of the situation there and being in hard-to-reach communities. Now, what I would say is that these investments are long overdue. And providing a stable home is proven to result in better health and education outcomes for children and parents. In my mind, \$150,000 investment in a family now to make sure they have an affordable home now, and the impacts that'll have for generations, is significant; and that by keeping that subsidy in the home, you're also providing opportunities for additional families down the line. These incentives and these...these subsidies are critical and are necessary to reach the kind of income targeting that's being proposed. So how would this work? So I wanted to give you folks at least a look, hearing some of the concerns from testifiers today, how would this work for rent...for rentals, for example? So we would look at the developer applying to the Affordable Housing Fund for funding and submitting a pro forma with the rents it can achieve without the Affordable Housing Fund money. And then the County would take a look at that pro forma, they would determine the need...the need of funds, affordable housing funds, to meet those income targets such as those potential that you folks are proposing or if they get adjusted. Then the County and the developer would need to negotiate, you know, come to agreement, come to consensus on the amount of Affordable Housing Fund monies that are needed to meet income targets. The discussion, right. It's not absolute, it's going to take time, it's going to take folks being willing to partner and find consensus. The County would then provide the Affordable Housing Fund monies at an average of \$175,000 per extremely or very-low income renter household below 50 percent AMI. And to speak to the debt service coverage ratio concern, we talked with the State in developing this plan, as well as many low-income housing tax credit developers, and what you would do is you would actually provide that developer with a 0 percent interest loan, no payment required as long as the rentals remained affordable. This would address the concerns, I think, of Highridge Costa, as they talked about the debt service coverage ratio, which is a concern, and...and this is a way to...to address that. This is a significant investment, right? So I'm sharing with you a rental housing pro forma that's in the...the plan, and I encourage you to take a look. But I will note for you, based on a 100-unit project...and if you look at all these different uses and sources, and assuming that infrastructure and land dedication is part of the deal, you're looking at \$17.5 million investment into this 100-unit project to meet the kind of income targeting we're talking about. Subsidies must be part of the deal in order to meet these income targets. And I think it's...it's far past time to make an investment like \$175,000 into a family that's going to pay dividends for generations, and potentially keep that unit affordable in perpetuity, depending on how the developer works the deal. How would for-sale work? So this is what we're looking at again to, I think, address some of the concerns that were brought forward by some of the...the for-sale builders. So the developer would partner with HUD and housing counseling agencies, as I know you folks have already laid out in Bill 111, to market these homes to local homebuyers who are on that affordable housing list. So that ensures you've got the kind of attention that I think Sherry and Cassandra talked about because it is needed, and is critical. The HUD housing counseling agencies would provide the

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services needed to help qualify these homebuyers for affordable mortgages, including the USDA subsidized product. The HUD counseling agencies would also prequalify the homebuyers for an expanded down payment assistance grant. So you know the \$30,000 grant you folks give on the lottery? I'm saying ramp that up to \$200,000 max, prequalify the family, and get it targeted to the family that's going to be moving into that development that you approved. So it's not a lottery, it's...it's targeting, right? The County would provide that expanded down payment assistance grant to the homebuyers for purchase. They...you know, if they don't want to administrate it, I'm sure they could pass that on to a HUD counseling agency or a third party. And the local homebuyer would then purchase the home, and the expanded down payment assistance grant would stay with the home as long as it's sold to a homebuyer at the same AMI level or below. So again, you're making a 150 or \$200,000 investment that will follow families as long as it stays in affordable hands, right, with one investment. This one here I want to share you folks. It's...it's pretty busy, so let me walk through this. So there's assumptions that we're making here. This is a pro forma that we developed as part of the plan. What you'll see in...in this section here is private land, so assuming private land and sales prices ranging from 621,300 to 551,300. And then under these columns, we're talking about County land or land trust. The assumptions we make, you know, based on the work that we had done, a 1,300 square foot single-family home, all costs in, with a reasonable rate of return for a builder was at \$621,300. And this is when, if you remember, we were seeing lumber prices ramp up significantly, and we're still having supply chain issues. We're assuming in this...what you see here that infrastructure fee waivers would be for all homes under 120 percent AMI as you folks, I think, currently do for all affordables. We would assume that the County would...would expand that maximum down payment assistance grant from \$30,000 to \$200,000 and target it to prequalified homebuyers who are on that affordable housing list working with HUD counseling agencies. And if folks are working under a community land...County land or land trust model, we would...we've included the assumption that that land is free essentially, held in trust. Infrastructure fee waivers, again, and subdivision improvement waivers as well. So if I can walk you through this. If you take a look, we've laid out for you the sales prices at the top based on these assumptions, right? The expanded down payment assistance grant that would be needed to make it affordable at the different AMI levels, right, and the monthly payment that that would mean for the families. So if I use this example here, a \$581,300 home, if you put in \$150,000 down payment assistance grant, that would drop the purchase price to \$431,300. That would be affordable for someone at 86 percent AMI based on the current AMI. Now here's an interesting thing, USDA provides a subsidized mortgage that if you're under 60 percent AMI, we can actually move you out to a 38-year loan term, at 1 percent interest, but that's only available if you're under 60 percent AMI. That same purchase price would look like this. It could actually get to a homebuyer who's at 52 percent AMI paying 1,380 in a monthly payment, that's affordable, right, that's affordable opportunity. I'll get deeper into USDA funding, it's in...a little bit in the next slide, but I'll...I want to kind of move you along. You can see some other information here. Obviously if you did a duplex, with this star up here, you can see how that...that works and moves some of the price points down. But everything else is...is the same, it's essentially the same. If you put in this down payment assistance grant what would the purchase price become, and what AMI levels could you target. I think this is looking

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at a 1,300-square-foot home. I want to be real, not everybody needs a 1,300-square-foot home. The smaller the home, the smaller the cost, the smaller the purchase price, the lower the AMI you could hit. So just in conclusion, to meet income targeting, the County must invest in our local renters and homebuyers who are extremely low, low, and moderate income. We think that average investment is 175K per renter, 150K per homebuyer. The rental projects will require infrastructure, land dedication, and 0 percent interest loans to reach those renters, right? For-sale projects on private lands are going to need infrastructure, to expand down payment assistance, and a USDA subsidized mortgage to get to below 50 percent significant. And then for-sale projects on County land or trust land are...are perfect for homeownership. It would require infrastructure, the expand down payment assistance grants, subdivision improvements, either the USDA subsidized mortgage or smaller homes...smaller homes, right? And I just note this because the last two bullet points, the annual USDA financing that the State gets is only about 5 million bucks, folks. That's not a lot of homebuyers to be able to reach below 60 percent AMI as I was sharing, or even 50 percent AMI, okay. So we don't have the Federal subsidies in order to reach that level. It will be harder on private land in particular, easier on County and...and land...County land and (*audio interference*). So something to...something to think about and consider. And income target should be contingent on subsidies being available and provided. In all of our running the numbers, we couldn't get to the type of income targeting that were needed without making significant investments in the renters and the homebuyers, the families that work so hard there in the County to be able to have an affordable home. So I'll leave it at that, happy to take any questions folks might have of me. Sorry if I went over time.

CHAIR JOHNSON: Okay. Thank you, Mr. Gilbreath. Let's talk a little bit about how we're going to proceed from here on out. Thank you, all the testifiers...or presenters for presenting. I'm going to go with the...I'll propose we do initial three round of our Councilmembers, and if we need a second round, we'll do two minutes...or three minutes for the first round, and the second round will be two minutes. And then after we do our rounds, we'll have...we'll recognize Deputy Director Linda Munsell, and if they...if the departments want to speak on it. But I understand some folks are leaving early today, so I...I think I'll start with Councilmember Yuki Lei Sugimura for your first three minutes, if you'd like to ask any of our presenters any questions, any one of them.

COUNCILMEMBER SUGIMURA: Yeah, thank you. So I'm just wondering, the SMS presentation, how does that compare with Jeff Gilbreath's?

CHAIR JOHNSON: Is that question for Ms. Rex or for Jeff --

COUNCILMEMBER SUGIMURA: Yes.

CHAIR JOHNSON: -- Mr. Gilbreath? Okay.

COUNCILMEMBER SUGIMURA: Oh, either one, but I was thinking of for SMS. Yeah.

CHAIR JOHNSON: Okay.

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MS. REX: Hi. I'm sorry, can you please repeat the question again?

COUNCILMEMBER SUGIMURA: Oh, yeah. How does your study compare to what Jeff Gilbreath put together for us, your survey findings in comparison to the Hawai'i [sic] Community Assets?

MS. REX: I haven't read the complete report that Jeff talked about, but I'm...I'm guessing that the demand numbers or the needs numbers are very similar.

MR. GILBREATH: Yeah, Faith...yeah, we use the SMS data to...to lay out the targets based on the AMI. We...we used the SMS study to...to be able to target us...there you go.

COUNCILMEMBER SUGIMURA: Okay. So theirs was...that was the study that you were saying was a compilation of many? Okay.

MR. GILBREATH: Yeah.

COUNCILMEMBER SUGIMURA: Okay. Very good. And...and then for the presentation, I was wondering about the statement, Section 8 discriminates in...is...is permissible by law. The...sorry, I don't...I don't...I don't remember your first name, but the first...first presenter. You were talking about Section 8 discriminates.

CHAIR JOHNSON: That would be Ms. Jabola-Carolus.

COUNCILMEMBER SUGIMURA: Jabola...yeah. And what are you doing about it, or how can the...or...or why is it permissible, Section 8 discrimination?

MS. JABOLA-CAROLUS: Yeah. So in lay terms, basically a landlord, you know, can post an ad saying no Section 8 folks can apply, and that's really uncommon now in the United States. In fact, no other...there's no major metropolitan areas that permit that. So it's not that we're forcing landlords to accept Section 8, that's not at all what it would do, but there have...there is a bill that's been introduced for the past at least five years at the State level that would at least prevent them from that first step of saying absolutely no applicants, right? So just that they would have to consider Section 8. So that's...that's currently what the...at the State level, the legislation that is ongoing.

COUNCILMEMBER SUGIMURA: So you have been lobbying for it, or you've been advocating for it, but it has not passed the Legislature, even if it's illegal?

MS. JABOLA-CAROLUS: That's correct, it has not passed. I believe DHS is...it's going to be in the...it was in the admin package last year, it will be the Administration's package again this year. And it has, you know, pretty broad support from the Government side, but yeah, there have been challenges, so it has not passed.

COUNCILMEMBER SUGIMURA: Oh, interesting. Thank you. Thank you --

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MS. JABOLA-CAROLUS: You're welcome.

COUNCILMEMBER SUGIMURA: -- very much, Chair. Thank you.

CHAIR JOHNSON: Okay. Thank you, Councilmember Sugimura. Let's move on to Committee Vice-Chair Molina for his first round.

VICE-CHAIR MOLINA: Thank you very much, Mr. Chairman. I guess my question is for Mr. Gilbreath. With regards to the proposal to increase the down payment assistance from, I guess...was it 30,000 to...I guess currently the first-time homebuyers assistance, if I'm correct, is 30,000, you're proposing that it go upwards of 150 to 200,000. So I know in your affordable housing comprehensive plan, so was that part of the...I guess, the...what was the amount of money that the County would need to raise to achieve those goals? So how would you propose that we come up with that money for the down payment assistance portion so aside, I would guess, would be raising taxes. Can you...can you share with us how we would reach...

MR. GILBREATH: Yes. Yeah, so you know, I think there's...there's different opportunities that have come up since we put forward the plan, and I think one of them is that the transient accommodation tax is now available. That's...you know, that is an opportunity there. But in the plan, we...we recommended that folks with two, three, four second homes pay a little bit more tax on that so that local families can have one. And so give you an example, if you have a second home that's over 3 million bucks, we're asking folks to pay \$300 more a month. And if you had a vacation rental, we're asking for \$3 more a day. And by doing that, and that being the majority of the...the revenue raised, you'd be able to enable the bond sales that are necessary to raise funds and make the investments in your...your local families. So we were looking at how can you level the playing field a little bit. It wouldn't be raising taxes on all local families, as I think one of the testifiers had shared. It's really asking folks with two, three, four second homes over 3 million bucks or vacation rentals to pay a little bit more so local families can have one home.

VICE-CHAIR MOLINA: Okay. And I guess if someone were to sell prior to, say ten years, then they pay back that...that grant or that loan to them. Now, if they stay ten years or more, then it's basically forgiven, right?

MR. GILBREATH: No. We had an affordability period of 30 years, I believe. So it would stay in the property as long as it got sold to another affordable buyer at the same AMI level or below. But if it didn't, you're right, they would...they would pay back that with the sale proceeds, right. So whatever net proceeds came out, that would...

VICE-CHAIR MOLINA: Yeah, to prevent any flipping, right, for profit's --

MR. GILBREATH: Yeah.

VICE-CHAIR MOLINA: -- sake, yeah. Okay. All right. Thank you. Thank you, Mr. Chair.

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CHAIR JOHNSON: Okay. Thank you, Councilmember Molina. Let's move on to Councilmember Kama, followed by Councilmember King.

COUNCILMEMBER KAMA: Thank you, Chair. Thank you, Jeff, for being here. I kind of like the way you always lay out stuff for us because it's very clear, it's simple, and it's understandable. So out of your whole presentation, what I got from that was that truly, we have to really...if we really are serious about providing housing for our people, and what the Council was looking at was 5,000 units, however you break it up into 2,000 homeownership or 3,000 rentals, the cost of having to do this now, as opposed to waiting five years from today, is what we're looking at. So...and I did hear you say to Member Molina that the way to structure that, you had already offered that. So when you did your calculations, did you break it down in terms what it would look like for X amount of housing rentals and X amount of homeownership rentals...I mean ownership?

MR. GILBREATH: We did. It's...it's on page 37 of the plan --

COUNCILMEMBER KAMA: Okay.

MR. GILBREATH: -- and I...in looking at the bill, I believe it aligns with the percentages that are being proposed as targets. That's...that's my take on it.

COUNCILMEMBER KAMA: Okay.

MR. GILBREATH: Yeah.

COUNCILMEMBER KAMA: That was my question, the second one, but thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. Thank you, Member Kama. Let's move on to Councilmember King, followed by Chair Lee.

COUNCILMEMBER KING: Thank you, Chair. So I've got a lot of questions written down, I'll try to be as efficient as I can. But I think I'm going to start with Jeff Gilbreath, if I can. So Jeff, a couple thoughts, and my questions might be a little bit disjointed because I was taking notes as you were going, but I appreciate your presentation. What we're talking about as far as the bill that's before us is basically the percentage of that 51 percent of...that's required of builders for affordable housing, right? That's what I heard the Chair say earlier, so that's what we're...that's what the bill refers to?

MR. GILBREATH: I...I believe it's in...and I would assume it's also the 2.97 100 percent affordable, but I'm not --

COUNCILMEMBER KING: Yeah, yeah.

MR. GILBREATH: -- entirely sure.

COUNCILMEMBER KING: It's...that percentages refer to percentages of that original

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requirement of 51 percent, the affordable (*audio interference*). For the 5,000 units that you've been working on, did you identify enough County lands for...for those homes, or do you have...do you have it broken down with how much County land we have available?

MR. GILBREATH: There's...there was a few proposals, and we identified some County land we thought would be suitable with some infrastructure investments. But there also...there's going to be the need for private land as well, and projects --

COUNCILMEMBER KING: Do you know what percentage...

MR. GILBREATH: -- off of County land.

COUNCILMEMBER KING: Do you know what percentage we have available of...of that five...for the 5,000 homes you're talking about?

MR. GILBREATH: For the County owned...on the County-owned land? Geez, that's a great question. I'm unsure...I want to say it was closer to like 1,200 of the units could be on County-owned land, majority of them being homeownership, but not all. And then 1,100 would actually be through cost-sharing partnerships with Department of Hawaiian Home Lands.

COUNCILMEMBER KING: Okay. So approximately a little over 50 percent would have to be on private land . . . (*inaudible*). . .

MR. GILBREATH: Yeah.

COUNCILMEMBER KING: And then --

MR. GILBREATH: (*audio interference*)

COUNCILMEMBER KING: -- do you have a spreadsheet adjustment if we...if we lower the...the square footage for the homes? Because you know, when I...30-something years ago, 35 years ago when my husband and I were able to get the farmer home loan deal, that was limited to less than 800 square feet that you...you could build on. So 1,300 sounds like a lot for us to subsidize, you know, especially the number of homes we're talking about.

MR. GILBREATH: Yeah.

COUNCILMEMBER KING: And...and then there's the...so then there was the statement of if they were kept in perpetuity, so are you...is that...is your plan allowing for them to actually be sold, and if they are sold at...you know, if they're not just sold to another home...homeowner at the same rate, then would there be a payback of some of that subsidy? Because that's what that farmer home loan deal required, you know, if --

MR. GILBREATH: Yeah.

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COUNCILMEMBER KING: -- you sold it...or...or...or even if you improved upon it before ten years, you had to pay back the entire subsidy that you had received to that point.

MR. GILBREATH: Yeah. So a couple things there. I think we could definitely run some numbers on the pro forma. I think it would be helpful to get some real numbers from some of the...the builders who are building for the 100 percent affordable under 140 percent AMI just to see what their numbers look like, right, and we can . . . *(timer sounds)* . . . we can analyze what we had, right? But that's helpful on some smaller square footage. But I think it'd be helpful to get some real numbers from the...the builder community at this point in time on that. And then to the second point about the returning subsidy, yeah, if...if...if the home is not bought by a homebuyer that is in the same AMI level or below, that subsidy would have to be paid back. It would come back into the County's hands, and then you could subsidize the next buyer.

COUNCILMEMBER KING: Okay. So that might cover some of that 57 million if we're...we're trading up like that. Okay.

CHAIR JOHNSON: Okay.

COUNCILMEMBER KING: All right. Thank you, Chair. My time's up, I think.

CHAIR JOHNSON: Thank you. I was going to call on Chair Lee, but I wanted...I was informed that our...our presenter Jabola...Ms. Jabola-Carolus has to leave soon. So Chair Lee, if you have any questions for Ms. Jabola-Carolus, you can ask her. Okay. You don't. Then can...if you don't mind, could I ask for the rest of the Members, if you wanted...have a burning question for our presenter, she has to go shortly. So raise your hand if you want to...okay. Let's go with Councilmember Shane Sinenci, followed by Councilmember Kelly King. Okay.

COUNCILMEMBER SINENCI: Yeah, I just had a quick question for Ms. Jabola-Carolus. She mentioned 16,000 single-women families. Is that Statewide, and if...how many...is there a breakdown of each county?

MS. JABOLA-CAROLUS: That's Statewide, and I believe the most recent figures were summarized by the...there's a report from the...we actually have a State Fatherhood Commission. So I think they included single-mom stats, so you might be able to find the County in there. And I apologize, I don't have the County specific in front of me, but I would advise you to...to look at that resource. Thank you.

COUNCILMEMBER SINENCI: Okay. Thank you. And mahalo for your presentation. Thank you.

CHAIR JOHNSON: Thank you. And let's go to Councilmember Kelly King.

COUNCILMEMBER KING: Okay. Thank you, Chair. Thank you for your presentation, Khara. So my...my question was, you know, you made a statement that if we're going to have this tourist, this plantation economy, but are you suggesting that this is a good thing to

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stay in this type of economy? Because you know, it sounds like a lot of the...what's been happening with the underpayment of women and abuse of women has been because of this economy. So you know, I'm hoping that that's what we're trying to change, diversify our economy. So I just wanted to clarification whether you've felt was a good thing because, you know, you did make that statement.

MS. JABOLA-CAROLUS: Thank you. I...I don't, I don't. And I think that's why Hawai'i has led really the globe with the feminist economic recovery from the State, but not just the State, but every single county led by Maui. The United Nations just released its Global Women's Plan, and it was modeled after Hawai'i. And so, you know, it really is important because if we're going to take a sobering look at where we're at, I mean, our population is really just going to be in a servile position to tourists indefinitely. And so it is a dead end. And I think that I am, you know, fully in support, and our State commission fully supports a different economic system and setup. So absolutely, I am not advocating for, yeah, the current.

COUNCILMEMBER KING: Okay. Well, I just wanted to clarify that because, you know, you made this...a very good statement about us being in control of our system. A lot of people up to this point have pointed out that we're always going to be in this tourist economy. Well, I completely agree with you, we will be if we want to. You know, if we keep funding, you know, tourism to the extent that we are, but I think we need to change that. So I just wanted to clarify that that's what you guys are supporting.

MS. JABOLA-CAROLUS: Yeah. A tourist economy is not a given, not at all. Thank you.

COUNCILMEMBER KING: Thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. Thank you. All right. So let's move on to Council Chair Lee for her questions, followed by...oh, I see...I see...are you...you're just waving bye, Councilmember Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah. Mahalo, Chair. I was just thanking Ms. Jabola-Carolus (*audio interference*)

CHAIR JOHNSON: Okay. So if you're leaving now, Ms. Jabola-Carolus, I want to thank you so much for your presentation. Very profound. It's...we're going to...it's on Granicus so everybody, the public can see it. So once again, thank you so much for your words.

MS. JABOLA-CAROLUS: Thank you for your leadership, and thank you all. Aloha.

CHAIR JOHNSON: Aloha. Okay. So let's move on to Chair Lee, followed by Member Paltin. Chair, you're muted.

COUNCILMEMBER LEE: . . .(*inaudible*). . . for Jeff. Are you there? Okay. Hi, Jeff. Now, this down payment assistance program, are there other counties that provide this amount, this generous amount as you're proposing?

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MR. GILBREATH: Not at this time, Councilmember, but I think what we've...what we found is that the City and County of Honolulu and Kaua'i County are looking to some of the solutions we brought forward to you folks and...and to codify that in plans with them. So we see the need Statewide because of the incentive structure that currently exists. So it doesn't exist right now to that level, but it seems like there's need across the State.

COUNCILMEMBER LEE: Okay. So you...well, yeah, I think we all recognize the need, but the idea is we don't have those kinds of resources necessarily, especially we don't have enough water for 5,000 units, nor do we have sewer for 5,000 units. It's not only the down payment program that we would have to fund, it's a lot of infrastructure that we also have to fund. And so I was wondering, were you talking about potentially partnering with Hawaiian Home Lands?

MR. GILBREATH: Yeah. I thought...a cost share partnership was laid out in the plan as a potential opportunity for housing a significant number.

COUNCILMEMBER LEE: You know, my concern there is that those on the Hawaiian Home Lands list do not have income limitations, nor do they have asset limitations...nor residency, for that matter. So how do we reconcile those issues?

MR. GILBREATH: I think there's got to be a conversation with the Administration and Department of Hawaiian Home Lands. I've seen DHHL work, you know, across different counties with issues like this, and be able to come to some kind of agreement, be able to address the concerns (*audio interference*)

COUNCILMEMBER LEE: Okay. And then, Ms. Rex? She's still here?

CHAIR JOHNSON: Ms. Rex, are you on the call?

MS. REX: Yes, I'm here.

COUNCILMEMBER LEE: Okay. Ms. Rex, I have a question for you. Now on your...when you talked about your demand study, are you equating desire with demand? So people's desire to move, desire to have a home?

MS. REX: We...we're equating a need, so it's not just desire. We also look at people who intend to move. When we do the study, the question is within the next five years, ten years or time uncertain, and we only look at the five-year period as people who are more specific. And then the respondents who say within the five, and then the respondents who say they...they...where they want to move. For example . . .(*timer sounds*). . . --

COUNCILMEMBER LEE: Okay.

MS. REX: -- within the County --

COUNCILMEMBER LEE: Right.

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MS. REX: -- or within the State.

COUNCILMEMBER LEE: Okay. If I may just add, the...when you're calling people on the telephone, there's no way for you to know if they're qualified for housing of any type?

MS. REX: What we do is we ask household size and household income, and then --

COUNCILMEMBER LEE: So...okay.

MS. REX: -- we...we look...we create a model around that.

COUNCILMEMBER LEE: Right. Okay. But you have --

MS. REX: And we do have to take --

COUNCILMEMBER LEE: -- no idea...

MS. REX: -- their word for it for the most...

COUNCILMEMBER LEE: Yeah, you have to take their word for it and their credit rating, so forth. Thank you.

MS. REX: Thank you.

COUNCILMEMBER LEE: Thank you, Chair.

CHAIR JOHNSON: Okay. Thank you, Chair Lee. Let's move on to Councilmember Paltin, followed by Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER PALTIN: Thank you, Chair. My first question is for Ms. Rex.

MS. REX: Hi there.

COUNCILMEMBER PALTIN: Hi. I just was wondering who funded or who commissioned the study that you presented?

MS. REX: Okay. The study is funded by HHFDC for the State, and then by each of the counties contributes a bit, you know, a share. And then a couple of the other housing areas that slip my mind at the moment. But it's a shared funding, and that's been the...the model of the study forever. So there's no private funders as a part of it, if...if that's your question.

COUNCILMEMBER PALTIN: Okay. Thank you. And then my next question, I'm not sure if it would be for you or Mr. Gilbreath, but I just was wondering, you know, in the...the spread of the proposed distribution, if the LIHTC rental housing was taken into account. I'm not sure if the Chair consulted with you on the rental proposed distribution for 65 percent very low, 30 percent low, and 5 percent below moderate, when LIHTC is mostly

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for 60 percent and below rentals, and if that was factored into that...if...if the Chair consulted with you on the proposed rental distribution percentages.

MS. REX: Jeff, you want to answer that? Because it's...that LIHTC rule will apply primarily to supply, yeah, to who gets the tax credit for it.

MR. GILBREATH: Yeah. And...and so, Councilmember, as you saw in the pro forma in those slides, that we do consider a project. We...we used a project that would need low-income housing tax credits to...to make this work. And so these subsidies have really been based on low-income housing tax credit projects that have been funded a portion, you know, by the State, the Rental Housing Revolving Fund, but still have a gap in order to get below 50 percent AMI renters.

COUNCILMEMBER PALTIN: So to clarify, those 65 percent very low, you are expecting them to pursue low-income housing tax credit monies in order to...to get that number?

MR. GILBREATH: Yeah. Our pro forma is based on, yeah, using low-income housing tax credit projects and subsidizing those at the rates we were talking about.

COUNCILMEMBER PALTIN: And is there a portion of that that we're not in control of, the HHFDC and the LIHTC group? Like the County can control what we can control, but we don't control HHFDC and who they...who they fund, and how much they fund. And has that been taken into consideration that we only control what we control?

MR. GILBREATH: Yeah. I think if you folks came forward with this kind of subsidy for very low income renters and extremely low income renters, the State had shared with us this would be very appealing to them so that Maui projects could get to the front of the line. I mean, they're going to be looking at all the sources and uses, and if they can see they can get below 50 percent AMI, which is extremely tough with a Maui project and the funds that you folks would be providing, while not increasing their debt service coverage ratio, HHFDC would be very much incentivized to...to want to fund those projects because you just don't see that type of subsidy anywhere else here in the State.

COUNCILMEMBER PALTIN: Did you get that in writing?

MR. GILBREATH: We could chat. I'm sure...I'm sure they'd be willing to share that with you, right? I mean, but...but yeah, I...I don't necessarily have it in writing, but I'll tell you if you ask somebody at HHFDC, any time you bring dollars like that to the table, it's going to make the project look --

COUNCILMEMBER PALTIN: And then...

MR. GILBREATH: -- look good and...and *(audio interference)*

COUNCILMEMBER PALTIN: Oh, was that the clock? And then for the ownership ones, is there any distinguishment between single-family homes or multifamily homes or would these...like, you know, to get 15 percent at 50 percent and below, 51...45 percent at 51

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to 80 percent, would it have to be multifamily?

MR. GILBREATH: We didn't define that in the plan, but where I would...what I would recommend for you folks is if you...if you talk with the folks who are those 100 percent affordable for-sale builders, and to see what can they do with multifamily, what can they do with single-family, that will give you a real sense of what's...what's possible and doable in this...this type of targeting. So we didn't...we didn't make that distinction in our...in our plan. But I think your...your local builders would have the ability to share that with you.

COUNCILMEMBER PALTIN: And just throwing it out there, what about like yurts and stuff?

MR. GILBREATH: You know, you folks have some pilot and demonstration project money sitting in a...in an account that's not currently being used. I know one project that we recognize in the...in the plan, they don't need funding, they just need some help in streamline permitting. And you could probably get to...you can definitely get to under 30 percent AMI. Now, whether or not that's a yurt, Councilmember, I don't know. I think they're...I think it's kind of like that, it's like tentalows or like glamping kind of style. But I...I think, you know, those pilot and demonstration projects may be a better fit for doing some of those alternative housing types, testing them out, seeing what you can do, and so then maybe you can do more of them in the future.

COUNCILMEMBER PALTIN: And then if it's County or State-owned land, does that change any of the percentages or things like that?

MR. GILBREATH: You'll see in the pro forma, and if you go back to the plan you'll see it, right, that we're...we're talking about the land being dedicated, right? So that you would...basically wouldn't...wouldn't charge for the land essentially. That would be a kind of a quasi-leasehold program. . . .*(timer sounds)*. . . So that would allow to take the land out of the equation for the sale.

COUNCILMEMBER PALTIN: Okay. Thank you. I guess that's my time.

CHAIR JOHNSON: Okay. Thank you, Councilmember Paltin. Okay. Let's move on to Councilmember Rawlins-Fernandez, followed by Member Sinenci.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Mahalo for the presentations, Mr. Gilbreath and Ms. Rex. I have a few questions, and if either of you have the answers then please, you know, feel free to unmute and answer. Okay. In the studies, did you research and break down on average per AMI level how much 2.96...in 2.96, how much the 75 percent subsidizes the 25 percent of workforce housing?

MS. REX: Jeff, I think that's yours.

MR. GILBREATH: That's me, Faith. Yeah. So Councilmember, we did take a look at...and when I showed you the 2016 to 2020 numbers of what was built or in process, what became clear to us is that the majority of for-sale units that were getting built were

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above 100 percent AMI, and most of them were like 120 to 140. So this idea of...of cross subsidization to get below 100 percent AMI is not happening that much, it's very rare, in fact, and...and never under 80 percent AMI. So that's the extent of where we...we took it. I can take it back to our team though and see what kind of data we have on specific projects and how that was...how that was dedicated in terms of income targeting if that's helpful.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. I don't know if that answered my question. So...okay. So for the...so with 2.96, we're told that the 75 percent subsidizes 25 percent, right, because they're lower AMI, so it's not, you know, covering the cost (*audio interference*). So did you say yes, you have the breakdown, or you would have to go back to the team to find out on average how much a 80 percent AMI house was subsidized in order to be sold or rented for that amount--I guess I'm thinking more of the sold--sold at that amount so the market-price houses would have to be increased to cover the subsidies of these workforce housing. So that's what we're...we're told.

MR. GILBREATH: I see. Yeah, so yeah, and as I had kind of shared generally like with the big data that you see, you don't see that kind of cross subsidization getting under 100 percent area median (*audio interference*) very rare. And under 80 percent never, you just never see it, right? But if you want specific project data, project-level data like that, I can...I can bring it back to our team and try and find to what level. Now, that information that we receive about project-level data is really just dependent on what the builder is willing to share with us, but we could...we could do our best.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Thank you. My next question is regarding the First-Time Homebuyers program. Did you do research on how many of the first-time homebuyers grants were returned? . . .(*timer sounds*). . .

MR. GILBREATH: No, we haven't.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. That's my timer. Mahalo. Mahalo, Chair.

CHAIR JOHNSON: Okay. Thank you. That brings us to the end of all of the testifiers [*sic*] because...oh, I beg your pardon, Councilmember Sinenci, got you. All right. That's...there you go.

COUNCILMEMBER SINENCI: Thank you, Chair. Yeah, I just got a couple questions for Jeff here. So it looks like, Jeff, of all the...the projects that are listed in the...the report, so any one of these projects can go ahead and apply for these housing stipends for any of their projects?

MR. GILBREATH: I mean, yeah, the ones we put in the report were the ones we identified as priority projects. So these are ones where we thought if you put in the kind of regional infrastructure that's needed, and you move on the County lands that are suitable, as well as the private projects that we thought had the least impediments, that you could in fact get the 5,000 homes. And we would encourage that they be eligible to...to receive these subsidies, right, so you could target the...the income levels that are needed.

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There's other projects that are listed that didn't meet all of our tiered requirements to begin construction in five years, but those are listed in there as well. And I'm sure there's others that we just weren't able to pick up, so...

COUNCILMEMBER SINENCI: Okay. Great. And then you mentioned at the last meeting, the last time you were here, that developers could dedicate a percentage, maybe 25 percent of their projects, to probably a nonprofit that could take on the building of...and...and fulfill the...the...the amount of affordable AMI in this. Can...can they still do that?

MR. GILBREATH: Yeah, I think...I think we have to be open to all types of partnerships, whether it's the for-profit and the nonprofit working together, or if the for-profit can do it with the right amount of subsidy and it makes sense for the County in those negotiations as they go and move, right, then you have more capacity in the development community to make these things happen. Our stance on the plan, just so everybody's clear, is it's not a donation of land, but to dedicate 20 percent of the land on 2.96 projects, and then use the 2.97 process to actually up zone so you can do higher density so you get to a point where 54 percent of the total units are affordable. And that actually meets the demand that Ms. Rex's team has identified in that plan. So to answer your question, Councilmember, I went a little farther. These nonprofits, it could be just the for-profits, but I think it's going to...it's going to take the whole hui and everybody coming together and coming to agreement and working hand in hand.

COUNCILMEMBER SINENCI: And...and finally, just for clarification, we heard a lot of testimony and from our, you know, nonprofit directors too. And...and it seems like, you know, okay, the...the luxury homes, you need this amount of luxury homes to pay for the affordable homes. This...that way of, I mean, doing business, like we said, we've never seen the amount of housing that we need. This investment takes...takes care of that, right? We're...we're saying that we don't need to...to focus on luxury homes just to get the amount of affordable homes, yeah?

MR. GILBREATH: Yeah. I mean, when we looked at the data, it just didn't back up the claim that luxury homes over 140 percent were creating affordable homes under 100 percent AMI or (*audio interference*). Just didn't see it in the data, right? But part of it is that there . . . (*timer sounds*) . . . isn't the incentive structure that's needed, like these subsidies, to get to those deeper levels. So this would, in fact, Councilmember, we believe have the...if you put the subsidies in that we're talking about, that is the critical first step, right, to reach the targeting that you folks are looking for.

COUNCILMEMBER SINENCI: Mahalo. Thank you, Jeff. Thank you, Chair.

MR. GILBREATH: Yeah.

CHAIR JOHNSON: So folks, it's 4:12. And in the interest of time, I'm thinking we can have the departments come up and ask our presenters some questions, and then we can get to the second and final round for you folks. And then I...I...the way I'm looking at it, I think with this discussion, we might want to look into deferring this item. So we'll call upon Deputy Director Linda Munsell. And if you have any questions for our...or any

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comments on...on the presentations. There she is.

MS. MUNSELL: Yeah.

CHAIR JOHNSON: Aloha, Deputy Director. Do you have any comments?

MS. MUNSELL: Yeah. Thank you, Chair. Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. Thank you for today's discussion. I think this was very interesting, both hearing from the testifiers as well as from the presenters today. One of the things that Mr. Gilbreath did say in his presentation is that he indicated that 2.96 is working in exactly the way that it was intended. So I think one of his charts, I think that was his number 8 chart, he actually shows the number of units that are being produced for those...those individuals above 80 percent AMI. And if you look at what's being produced versus what the need is, I think we're pretty close. And maybe we could do some tweaking in there to adjust that if that's...if that's really necessary. What you're really focused, I think, in this conversation and what you're trying to achieve is how do you produce units for those folks that are 80 percent and below. And what I would propose in future discussions for this Committee, and maybe with Mr. Gilbreath, is that perhaps...you know, after listening to all this testimony that perhaps 2.96 isn't the place to do this. Perhaps we need to develop a new section of the Code, maybe it would be 2.86, I think that still exists, but it's kind of defunct, and actually use that as the affordable housing ordinance rather than the workforce housing ordinance, which is what 2.96 was intended to do. And then using that separate ordinance, you allow this to continue to do the good work that it's been doing, and then in the meantime, let's all get together and talk about how would you create or incentivize the construction or the building of all these other units using some of the components that Mr. Gilbreath has put forth in his comprehensive housing plan. And there, you can set up experiments where you can say all right, we're going to run a couple of...let's do some trial errors without upsetting the entire appplecart that we've had going for a number of years, which is actually showing some fruit. One of the things, you know, when I'm looking at his data, he indicates that in the lower AMIs, we're not fulfilling those needs. We made some shifts a few years ago with the Affordable Housing Fund to try and attract projects that were doing the lower AMIs. And we've had some success with that, but I can also see in the data where it appears that it's true that we need to do some more things. And I think that we need to look at our whole funding structure, and he's proposed some really interesting things. I think there's some more things out there that we could be doing. But you know, I appreciate the conversation, and I love the fact that you have been open to having this discussion and listening to the developers and their concerns, but also trying to balance it with what the data says that we need to build. And so this has been a really...really good conversation, I think, today, and I appreciate your having it. And I appreciate Jeff being here and, you know, batting back all of the balls and...and explaining their positions and...and clarifying some data, and really, really appreciate that.

CHAIR JOHNSON: Well said, Deputy Director. I agree. So what we'll do now is we can go around and have questions, and I see Councilmember Kama has questions, but we'll

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include Deputy Director Linda Munsell if you have questions for her as well among the presenters. So we'll start with Councilmember Kama.

COUNCILMEMBER KAMA: Thank you, Chair. So yes, I did want to ask Ms. Munsell, or even Mr. Jeff Gilbreath if he's...would like to respond. But it seems to me that what really drives costs of development is water, wastewater, and the infrastructure, the roads, sidewalks, whatever. But if the County provided that, wouldn't it be cheaper for the developers to just go in there and just put up the structure? Anyone can answer.

MS. MUNSELL: Maybe...maybe I'll take a real quick shot. So you've...thank you, Councilmember Kama. You have all sat into...in the 2.96...or 2.97 and 201H discussions, right, for every single project. Every single project comes in and asks for an exemption from, you know, various and assundry [sic] things, permit expenses as well as, you know, typically sidewalks and gutters and things like that, things that the Committee and Council has felt is very important to the livability of a community. So you know, if you're ask...if you want...if you want the developers to put in those kinds of things, it certainly is going to drive up the cost. And you know, what mechanism we have, whether it's providing more funding in the public works arena so that the County can do those...those things after the fact, or you know, how you...how you achieve that, I think...I think is a challenge. And I know that Jeff has looked at infrastructure, so maybe I'll let him comment as well.

MR. GILBREATH: Yeah. I mean, I think, Councilmember, to your question, the answer is yes, we think so. And I think we've got an amazing opportunity right now with the infrastructure bill that got passed Federal level to be able to align our local resources with those dollars. You know, so you can take some of those costs that we outlined in the plan and you can...you can cover those with those Federal...Federal funds. But the answer is yes, I mean, you provide that kind of regional infrastructure, it's going to have an impact on the...the price and the...the monthly rents of homes.

COUNCILMEMBER KAMA: Thank you, Chair. Thank you, Jeff. Thank you (*audio interference*)

CHAIR JOHNSON: Thank you, Councilmember Kama. We have a question from Councilmember Molina, followed by Councilmember King, followed by Chair Lee.

VICE-CHAIR MOLINA: Thank you, Mr. Chairman. Good afternoon, Madam Director. Could the Department use affordable housing funds to assist developments in making some of these proposed percentages work for future projects, in your opinion?

MS. MUNSELL: Thank you for the question. I'm not sure the Affordable Housing Fund specifically would be the right place to do like mortgage assistance, down paying...or paying down mortgages. Maybe that might be done in the...the homeownership fund. The trick is, the Affordable Housing Fund has got the ready source of funds, and the revolving fund does not. There's no, you know, mandate that that...that funding should be provided in there. But I mean, there's...certainly we can look at different uses of the funds and how that can be set up. And I'm not...you know, I'm not positive at this point whether, you know, it could be used for mortgages. But we...we would check

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with...maybe Corporation Counsel is online, and she's got that right in front of her. In the meantime, I can look.

MS. DESJARDINS: Chair, do you want me to chime in?

CHAIR JOHNSON: Mimi...Mimi DesJardins, please speak on this if you can.

MS. DESJARDINS: So 3.35.040 is the use of funds for the Affordable Housing Fund, and the first one says to increase the supply of affordable rental and owner-occupied housing. So that's fairly broad in scope, that...that definition. But when you look at some of the other uses of that fund, they're much more narrow. So one of the discussions that we've had is whether to just amend the language to make it very more...much more directive towards using that fund for specific units or projects, and that's within your folks' power to do that, you know, to...to amend the language to make it more useable for yourself. But certainly, that first line is fairly broad, to increase the supply of affordable housing. Now, some might say supply means the actual physical infrastructure, which is what it's used for now. So really up to you whether you'd want to amend it to...to put that language in.

VICE-CHAIR MOLINA: Okay. Thank you. Okay. Chair, I just want to squeeze in one last question before my time is up. So for Director Munsell, so does the Department anticipate receiving less 2.96 project applications if this bill is...is passed in...in your capacity as the Housing Director?

CHAIR JOHNSON: You're muted, Deputy Director.

MS. MUNSELL: Thank you. Sorry about that. Thank...thank you for that question. 2.96 is typically for projects that are entitled, right? So...so any project that's already entitled, they're going to have to look at whether these numbers work for them or not. And so they don't even have to come to . . . *(timer sounds)*. . . to the Department, they would have to come to the Council for approval. So my discussions with the developers, at their first blush, right, without any incentives, without any carrots that are...that are attached, they're already telling me that they won't be able to move forward with these numbers. Now again, we haven't looked at the full package that you guys are discussing. We don't know how the affordable sales guidelines will fit into this. So you know, the fact that you're deferring this...I think if you were to pass it today, you would have a disaster on your hands because you would create panic, and it would be a problem. But if you talk about this in terms of okay, what other carrots might we add, maybe. But...but the developers are nervous about what they're seeing here, which is why I would propose that we look at it as a separate thing. You know, let's talk about setting up a set of carrots for them, saying okay, we want these things to happen; and therefore, if you will partner with us, then here's how we will package this to make it feasible or financially viable for you. In the meantime, 2.96 does what we need it to do right now. And you know, we'll...we'll see. I mean, 2.97 they get incentives, 201H they get incentives. You know, we should look at all of those things at...at...at one time and make sure that it all is working together.

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VICE-CHAIR MOLINA: Okay. Thank you very much, Madam Director. Thank you, Mr. Chair.

CHAIR JOHNSON: Okay. All right. Let's move on to Councilmember Kelly King, followed by Chair Lee.

COUNCILMEMBER KING: Thank you, Chair. I'll try to keep this real quick. So Jeff, I heard the Director say that 2.96 is doing what it's supposed to do, but I kind of gathered from your presentation that that...that may be the case, but maybe our needs weren't...are changing, or looking to the future they're different. So it's not going to fulfill what we need for the next...that 5,000 units for the next five years. And then the other part of that question is, so I just wondered is that...is that what you were trying to portray? And then the other thing was, how...how many of those 5,000 units are already being built or have been built in the last year? So...so what are we looking at going forward as far as new units needed?

MR. GILBREATH: Sure. So the...as stated, the current system is producing the type and price of homes that have been incentivized. And so what's happening is you're getting a significant number of homes on the affordable side that are between 100 percent AMI and (*audio interference*) percent AMI.

COUNCILMEMBER KAMA: Right. So...

MR. GILBREATH: You're leaving the families who are 61 percent to 100 percent AMI with very few, if any, options. And on the bottom side, under 50 percent AMI, you are leaving those folks without any options as well. So it is working the way it was intended to work, but it's not addressing the real needs as is defined by the SMS research study that Ms. Rex had presented on. In terms of the number of units that have been...gone forward and constructed, there haven't been a whole lot out of that...the priority plan. And...and part of that is that we need to have some of these pieces, some of these recommendations that were put forward by the Comprehensive Affordable Housing Plan to unstuck some of these projects, to get things moving, regional infrastructure --

COUNCILMEMBER KING: Okay. But Jeff, not to be --

MR. GILBREATH: -- is one of them but subsidies are another.

COUNCILMEMBER KING: -- I don't want to be rude, but I only have two minutes, so...you know, we've...we've got like four or five projects in South Maui District alone, so I...and I was told, you know, when we...when we first got the...the plan that...that these are included in that 5,000, the one that's...the ones that are already on the book. So that was...that's why I was asking, you know, are we...are we starting from today we need 5,000, or are some of those...the projects that have already been approved and are already in the pipeline?

MR. GILBREATH: Some have been approved, but what...the goal is to get 5,000 in construction, right?

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COUNCILMEMBER KING: Okay. And then my...my last question if I could squeeze this in. If you could put into the spreadsheet...maybe this is for you, Chair, try...so that we're looking at apples and apples. You know, we're looking at a bill that refers to these terms like very low and...and low, and then we're looking at a spreadsheet that actually has 30 percent AMI, 30 to 50 percent AMI. So it's...it's hard to, you know, keep making that...that translation in my mind. So if...if the bill could...either that or the spreadsheet could refer to what is very low, what is low, what is moderate, that would be easier to read. And then the last point I wanted to make and ask . . .*(timer sounds)*. . . Jeff, you know, when you talk about the benefits for health and education, those don't translate into...into revenue benefits for the County, those are State-level...you know, the State does education, the State does our hospitals and healthcare. So if you could maybe at some point translate it into terms of where it saves the County money to subsidize these units, you know, for...there is some level of...of...of pre-K that we fund, you know, there's some level of education that we fund. That there's some level of social services that we fund that maybe we'll be seeing less need for. But if you just translate it --

MR. GILBREATH: Sure.

COUNCILMEMBER KING: -- in terms of health and education, you know, if that's...that's...

MR. GILBREATH: Well, I'll tell you this, you get 1,500 new homeowners, you're going to have more property taxes coming in from those homeowners paying those taxes...

COUNCILMEMBER KING: Yeah. Yeah. And that's...that's another good point, but you know, just if you can translate in terms of what we see...where we see the tradeoff in the County, that would help. Thank you, Chair. Sorry to go over.

CHAIR JOHNSON: No, that's fine. Let's move to on to Chair Lee for our last and final. it seems.

COUNCILMEMBER LEE: Thank you, Chair. I have a question for Ms. Mundell *[sic]*. Linda? Munsell, I'm sorry. I gave you...I gave you a new name. Okay.

MS. MUNSELL: Almost *(audio interference)*

COUNCILMEMBER LEE: So you heard the presentation about the rather sizeable down payment assistance program. Do you think that's possible or...or feasible, I should say...feasible considering the competition we have for limited funds?

MS. MUNSELL: Well, if you...thank you for the...for the question. When we originally proposed the First-Time Homebuyers Fund, we had actually asked for 60...I think it was \$60,000 down payment assistance, and the Council felt like that was too much money because we would serve too few people. Working on the assumption that there's going to be unlimited funds, then certainly this model, you know, could...could work. And eventually that funding would come back to the County, right, in the form of a deferred payment loan when that unit sold. I...I'm not sure if Mr. Gilbreath is proposing that there would be a time frame where that would become a gift to the person or whether...

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COUNCILMEMBER LEE: I think he said 30 years, 30 years.

MS. MUNSELL: Yeah. See, and my...and my feeling would be that it ought to always come back to the County. But in that case, yeah, if there's unlimited funds, then you can do this.

COUNCILMEMBER LEE: Okay. Thank you. We don't have unlimited funds. Thank you.

CHAIR JOHNSON: Okay. Anyone else before we're pau? Okay. We got one from Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. My question is for Deputy Director Munsell. Aloha. So I asked these questions of Mr. Gilbreath about, you know, the market-rate housing subsidizing the workforce housing, and Mr. Gilbreath said he didn't...in his research, he didn't see that really happening. So do you have information on what that breakdown looks like as far as the market houses subsidizing the workforce housing?

MS. MUNSELL: Thank you for the question. You know, I don't have hard numbers. What I do have though is an example of a policy that didn't work, for instance. So in Kaua'i, I think the original workforce housing ordinance required the developers to provide 30 percent of the units as their requirement originally, and they didn't build any units. So we're, at this point, requiring 20-25 percent, depending...

COUNCILMEMBER RAWLINS-FERNANDEZ: Director...oh, sorry, I have limited time, so I just wanted information on that question. So if you don't have that information then it's okay, I'm going to move on --

MS. MUNSELL: No, but I...

COUNCILMEMBER RAWLINS-FERNANDEZ: -- to another question.

MS. MUNSELL: Not...not specific numbers.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Thanks. How many of the first-time homebuyers grants have been returned since the program started?

MS. MUNSELL: Thank you for that question. I don't have that information either. We have...had run several first-time homebuyer programs, and I know that earlier ones I've seen some of that funding come back, but I don't have the numbers yet. We can get that if you'd ask for it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And what percentage...so I think like last year we put 3 or 4 million into the First-Time Homebuyers Program, and then the year before it was like 2, and I think the year before was also like 2 million. What percentage of that was granted out?

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MS. MUNSELL: I don't...thank you again. I don't have those specific numbers, we can get them. What has happened is originally this wasn't a revolving fund, so we ran a lottery, we'd get people qualified, then we'd have to come to a screeching halt because the...the funds would lapse at the end of the year. We thought we figured out how to fix that problem, and yet we didn't. So I think we're still having...we're not being able to continuously run people through that program. But also, the pandemic hasn't helped us at all this year. So I think if you're asking for the data, we can get that to you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Would you say more than 50 percent?

MS. MUNSELL: I think the first...the first year they really worked it hard, and they were, I think...yeah, I wouldn't guess. But we --

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MS. MUNSELL: -- in the first year, I think we did a pretty good job, and then after that, because of the pandemic, we have not used funding, a lot of the funding.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So the reason for these two questions, one is I kind of wanted to understand the success rate of our First-Time Homebuyers Program. So you're going . . . *(timer sounds)* . . . on that information. And then my first question regarding the market-rate housing subsidizing the workforce housing, because that's the narrative that we've been force fed and led to...well, not just led to believe, but we were told, this is...this is going to make the project pencil out. And without that hard evidence, it sounds to me that that's inaccurate, that that...that may not even be true that we've been told all this time.

MS. MUNSELL: I would beg to differ. I respectfully beg to differ. Clearly we've had developers...and we've had a number of conversations with developers for various reasons over the last two weeks and talked about why projects haven't been moving forward. And they're...they're having some difficult time...and various...for various reasons, and one of them is, how do you build those lower AMIs that you're going to lose money on, you have to subsidize those with those...those higher AMIs. What that specific percentage is, it's going to vary by project because their other expenses will vary, right? This person has to put in a wastewater treatment plant or develop a well versus somebody else who only has to put in sidewalks and other things like that. So I think the pro forma changes with the developments, it's development specific. So if you wanted data on that, you would have to ask the developers if they're willing to talk about it. But you've sat in those meetings where conditions were placed on projects, right, additional conditions were placed on projects. They bring to us projects that they think that they can pencil out, and then when you add more...more costs to it, which would be decreasing the price that you can sell units for is...is an example of that, whether those projects will roll forward or not is...is the next question. So I don't have a ready answer because I think it depends on which...on...it varies by project.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Well, I look forward to the follow-up information on that question. Mahalo, Deputy Director Munsell. Mahalo, Chair.

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CHAIR JOHNSON: Okay. Thank you. Those were good questions. All right. Members, it's 4:35, we had a really good discussion, excellent presentations. I want to thank everybody once again. If there's no objections, I'd like to defer this item today.

COUNCILMEMBERS: No objections.

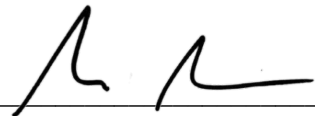
COUNCILMEMBERS VOICED NO OBJECTIONS (Excused: YLS)

ACTION: DEFER.

CHAIR JOHNSON: And I'd like to thank again all the presenters, and thank everyone for this time, and for a very productive discussion. Next meeting we plan to look at the rental and for-sale price guidelines and 3.35, which is the Affordable Housing Fund. So that's...that's going to be happening in the next round. So without...okay, it's 4:35, and we're going to...this Affordable Housing Committee is adjourned. . . .(gavel). . .

ADJOURN: 4:35 p.m.

APPROVED BY:



GABE JOHNSON, Chair
Affordable Housing Committee

ah:min:211115:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 56 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 15th day of December 2021, in Kula, Hawai'i



Daniel Schoenbeck