Submitted by Paul Laub
mauilaub@aol.com
442-2450

10 March 2015

TO THE MAUI COUNTY PLANNING COMMISSION:

WHY WE DON'T HAVE AFFORDABLE HOUSING IN MAUI FROM THE VIEWPOINT OF A DEVELOPER

WATER SYSTEM DEVELOPMENT. The cost associated with developing the fundamental infrastructure of a water system have undoubtedly increased. Restricted growth, land use/rights, water rights, and lack of competition in the construction (and particularly, drilling and tank construction) trade all have some contribution (direct and indirect) as to the cost of water infrastructure. This cost is reflected in the water system development fees charged to new developments/construction, based on water meter sizing for a given project/property/development. I think the current cost for the smallest water meter available is $12K plus.

SCHOOL IMPACT FEES. I think this amount is a function of district/location. But can only guess that the amount is about $5K (or more) per housing unit.

PARKS FEES. Maui County establishes the fee per housing unit based on the district/location of the proposed housing unit. West Maui has the highest parks fee per housing unit. I think it is currently about $22K per housing unit.

WASTEWATER. I think there are established sewer connection fees for certain locations/district in Maui County. I believe West Maui does not (yet) have an established schedule, but in time, you can assume that a fee schedule will be introduced, especially with the challenge Maui County currently faces with treatment and disposal of treated wastewater effluent. I think certain areas in Central Maui requires about a $2500 sewer connecting fee.

DRAINAGE. Storm drainage systems in most cases now require water quality as a parameter of design (along with quantity parameters). This results in larger, or more elaborate drainage improvements that cost much much more than the conventional drainage improvement. These cost, once again, are included in any analysis as to the derivation of housing unit pricing.

ELECTRICAL. There are pressures currently that focus into alternative means for power generation. Consequently, there is also a need to improve power distribution (improved grid performance). These require infrastructure improvements that come at a high cost. There are no real monies available for this type of investment, and seems that at some point fees and charges will be set in place to be able to help obtain means of attracting investment monies or simply as a way to fund these improvements.

HIGHWAY TRAFFIC. Hawaii, and particularly West Maui, is more or less at capacity with the current given road network. We rely mainly on the federal government (along with state monies) to provide the funding for highway improvements - or in the case of West Maui - highway expansion/relocation. With the nature of improvements required statewide, only certain dollars are available any given year to address these improvements. Development either waits its turn as to when a particular improvement/expansion will allow it to help or contributes to the improvement/expansion which will allow for the project to move forward. The cost of the latter is simply added to the cost of the development (housing).

GENERAL CONSTRUCTION COSTS/COMPETITION. (As hinted to above in water development) Hawaii is a relatively small market in promoting competition and growth of resources toward expertise and experience in construction (essentially there is no opportunity for innovation, growth, efficiency). Only a few really are able to sustain given the market/growth conditions in Hawaii (and particularly Maui County and the other neighbor islands). The permit requirements and process itself lends to the risks these construction companies need to consider in establishing pricing points for their particular trade

work. Simply stated, the more difficult we make the process, the more risk is involved which naturally results in some justification for the market price for these resources. Fold-in the isolation Hawaii/Maui has with the rest of the nation as to construction codes (and update of these codes) being established based on mainland growth, construction materials are priced at a premium when landed FOB Maui.

MISCELLANEOUS PLANNING. The layers of entitlements and permits take years to get thru with virtually no/zero assurance that you will gain any approvals. And even after spending millions with entitlements, it could be permits and/or law or rule changes (e.g. show-me-the-water ordinance) that could displace or otherwise make projects not feasible. The years and cost it takes to gain entitlements are difficult to convince lenders/financiers and therefore limit financing competition. And with such a slow pace of growth, philosophies change over time, market demand changes over time, securing hard cost changes over time - many factors change over time. These are again difficult considerations in securing financing and/or often require premium ROIs that add to cost.

LACK OF AFFORDABLE HOUSING. Perhaps the biggest contributor to the cost of affordable housing is the lack of it. Simply the basic economics of supply and demand. The no-growth attitude leads to the market condition that we have - where the current supply supports the demand and therefore its prices are reflected accordingly. Laws/ordinance changes from years ago - mainly the 50/50 affordable housing ordinance - has resulted in no affordable housing being developed (with this requirement). Only recently we have seen a makeover of this ordinance reducing the affordable percentage. Time and market conditions will dictate whether this will work, but it is a step in the right direction. We live in a free enterprise market. No one will invest their money into something that cannot gain a Return On Investment.

GOVERNMENT, PERHAPS, COULD PROVIDE INCENTIVES WITHIN IT'S BOUNDS (I.E. EXEMPTIONS ON FEES, SUBSIDIZING INFRASTRUCTURE) RATHER THAN DICTATE REQUIREMENTS OF AFFORDABILITY.

SOME THOUGHTS ON WHAT CAN BE DONE BEFORE THE DISASTER STRIKES

1: Prepositioning items:

A) Make sure that at least 2 people who have the Keys for the Prepositioning Containers live close to the Container and not on the other side of potential traffic bottle necks.
B) Note that there should be adequate quarterly rotated fuel for both vehicles and small engines such as chain saws. The most important tools here are chainsaws and shovels.
C) Food, water, cots and blankets.
D) Generators: No electricity and the gas stations cannot pump gas. In Samoa they have mechanical back up at the gas stations so they can operate in storms. Perhaps the County Government can send electrical inspectors to gas stations to attempt to ensure that they are able to be partially operated by generators. Perhaps FEMA funds can be used to retrofit this connection.
E) Organize volunteer groups thru social and or sports clubs eg. Napili Canoe club, Kahului Rotary, PTA, etc. Provide classes to these organizations such as 1st aid, CPR, traffic control.
F) Identify evacuation buildings in advance with the CD symbol and wording, "Evacuation Center". Where possible grade ungraded areas for mass parking at these locations.

Thank You,
Paul Laub
Survivor 1984 (5) Samoa Typhoon
Previous commander and chief pilot, Monterey County Aero Squadron