

**AFFORDABLE HOUSING COMMITTEE**  
Council of the County of Maui

**MINUTES**

**November 3, 2022**  
**1:30 p.m.**

**Online via BlueJeans Link**

**CONVENE:** 1:31 p.m.

**PRESENT:** Councilmember Gabe Johnson, Chair  
Councilmember Michael J. Molina, Vice-Chair  
Councilmember Tasha Kama, Member (In at 1:35 p.m.)  
Councilmember Kelly Takaya King, Member (Out at 2:27 p.m.)  
Councilmember Alice L. Lee, Member  
Councilmember Tamara Paltin, Member (In at 1:32 p.m.)  
Councilmember Keani N.W. Rawlins-Fernandez  
Councilmember Shane M. Sinenci, Member  
Councilmember Yuki Lei K. Sugimura, Member (Out at 2:30 p.m.)

**STAFF:** Alison Stewart, Legislative Analyst  
Kasie Apo Takayama, Legislative Analyst  
Richard E. Mitchell, Legislative Attorney  
Stacey Vinoray, Committee Secretary  
Maria Leon, Committee Secretary  
Jean Pokipala, Council Services Assistant Clerk  
Lei Dinneen, Council Services Assistant Clerk  
Nalani Fujihara, Communications Specialist

Kate Griffiths, Executive Assistant, Councilmember Johnson  
Autumn Ness, Executive Assistant, Councilmember Johnson  
Ana Lillis, Executive Assistant, Councilmember Molina  
Laura McDowell, Executive Assistant, Councilmember Molina  
Evan Dust, Executive Assistant, Councilmember Kama  
Lois Whitney, Executive Assistant, Councilmember Kama  
Davideane Kama-Sickels, Executive Assistant, Councilmember Kama  
Axel Beers, Executive Assistant, Councilmember King  
Ellen McKinley, Executive Assistant, Councilmember King  
Sarah Freistat Pajimola, Executive Assistant, Councilmember  
Rawlins-Fernandez  
Kainoa Kaumeheiwa-Rego, Executive Assistant to Councilmember  
Rawlins-Fernandez  
Dawn Lono, Executive Assistant to Councilmember Sinenci

Mavis Oliveira-Medeiros, Council Aide, Hāna District Office

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

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Denise Fernandez, Council Aide, Lānaʻi District Office  
Jade Rojas-Letisi, Makawao-Haʻikū-Pāʻia District Office  
Zhantell Lindo, Council Aide, Molokaʻi District Office  
Daniel K. Kanahele, Council Aide, South Maui District Office  
Christian Balagso, Council Aide, West Maui District Office

**ADMIN.:** Mimi DesJardins, Deputy Corporation Counsel, Department of  
Corporation Counsel  
Linda Munsell, Deputy Director, Department of Housing and Human  
Concerns  
Clyde “Buddy” Almeida, Housing Administrator, Department of Housing  
and Human Concerns  
Jennifer Crouse, Assistant Housing Administrator, Department of Housing  
and Human Concerns

**OTHERS:** Gina Chamberlain, RCAC, (AH-31)  
Barbara Parr (AH-31)  
Junya Nakoa (AH-31)  
Mark Deakos (AH-31)  
Lawrence Carnicelli (AH-31)  
Jason Economou, Government Affairs Director, Realtors Association of  
Maui (AH-31)

Additional attendees: (4)

**PRESS:** *Akakū: Maui Community Television, Inc.*

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CHAIR JOHNSON: . . .*(gavel)*. . . Oh, that’s loud. Aloha. Will the Affordable Housing Committee meeting please come to order. I’m Gabe Johnson, Committee Chair. Present with me, we got a full Staff. So, we have Roxanne Morita, Denise Fernandez, and Kate Griffiths here at the Lānaʻi District Office. Members, in accordance with Sunshine Law, if you’re not in the Mayor’s Conference Room, please identify by name who, if anyone, is with...present with you today. And the word of the day...the greeting of the day is ni hao. So, Members, joining us today are...is Committee Vice-Chair Mike Molina. Ni hao to you, Councilmember.

VICE-CHAIR MOLINA: Ni hao and aloha to you, Mr. Chairman. Looking forward to a great Affordable Housing Committee meeting this afternoon. For the record, I am transmitting under the virtual bridge here at my residence in Makawao, and there’s no one else present in the building, and there are no testifiers at the Pāʻia District Office. Mahalo, Mr. Chairman.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: Mahalo for that information. Let's move...oh, so Councilmember Kama is excused, she's running a little bit late, and let's move on to Councilmember Kelly Takaya King. Ni hao to you, Councilmember.

COUNCILMEMBER KING: And a ni hao, Chair. You sound like you're in the hollows there, there's a bit of an echo.

CHAIR JOHNSON: Yeah.

COUNCILMEMBER KING: I'm still at my home office, and there are...the report is no...no testifiers at the district office so far. I...regrettably I can only stay for an hour, so I hope we have quorum beyond that, but then I'm...I'm leaving tonight. I've got a lot of stuff to do today. But happy to be here as long as I can. Hopefully we can get some business done. Thank you, Chair.

CHAIR JOHNSON: Okay. All right. Thank you for that. Now, Council Chair Alice Lee is running a little bit late, she'll be here shortly. Let's move on to Councilmember Tamara Paltin. Ni hao to you, Councilmember.

COUNCILMEMBER PALTIN: Ni hao and aloha 'auinalā. Sorry for my tardiness, I just was working on something pretty exciting, but I can't drop...I can't let you guys in on it just yet, but hopefully it all pans out to be huge.

CHAIR JOHNSON: Oh, huge. Okay. Sounds good. Let's move on...

COUNCILMEMBER PALTIN: Oh, and, Chair, with Angela Lucero and Christian Balagso.

CHAIR JOHNSON: Thank you for that information, Councilmember. We're going to go to Councilmember Keani Rawlins-Fernandez. Ni hao to you, Councilmember.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha 'auinalā, Chair, mai Moloka'i nui a Hina. I'm at the Moloka'i District Office, alone here at the office, and we have no testifiers here. Mahalo, Chair.

CHAIR JOHNSON: Okay. Easy. And then we'll move on to Councilmember Shane Sinenci. Ni hao to you, Councilmember.

COUNCILMEMBER SINENCI: Hey. Aloha and ni hao. Happy to join you all from my home office at 68 Kauiki Street. I'm here by myself with a couple fur babies, and there are no testifiers at the Hāna District Office.

CHAIR JOHNSON: All right. Thank you for that information, Councilmember. And finally we've got Councilmember Yuki Lei Sugimura. Ni hao to you, Councilmember.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER SUGIMURA: Ni hao, everybody, and looking forward to a meeting. I'm going to leave at 3:00, Chair. I think my Staff told you that. Thanks.

CHAIR JOHNSON: Yeah, yeah. Okay. So, we're going to have a smaller meeting today it sounds, but as long as we got quorum, we'll keep on rocking. Let's move on. From the Administration, we have Housing and Human Concerns Deputy Director Linda Munsell; Corporation Counsel, we have Mimi DesJardins; we have, from the Mayor's Office, the Budget Director, Michele Yoshimura; the Planning Department, Director Michele McLean. And on our Committee Staff is Legislative Analyst Alison Stewart and Kasie Apo Takayama, as well as Legislative Attorney Richard Mitchell, Committee Secretary Stacey Vinoray, and Assistant Clerks Jean Pokipala and Lei Dinneen. On our agenda today, Members, we have three agenda items. And it's AH-31, Bill 103 (2022), Relating to Residential Workforce Housing Deed Restrictions and Resale. Next we have AH-14(7), Comprehensive Affordable Housing Plan: Expanding the Affordable Housing Fund [sic]. And finally, we have AH-4(8), Establishing Design Standards for Affordable Housing Projects Less Than 150 Units So Projects Can Be Approved As of Right. Now, I notice that Councilmember Kama came on, so let me recognize her. Ni hao to you, Councilmember Kama.

COUNCILMEMBER KAMA: Aloha 'auinalā, Chair, and ni hao to all of my colleagues. I am here in my workspace in my home, and I am alone. Looking forward to a great Affordable Housing meeting today.

CHAIR JOHNSON: Okay. Mahalo for that information, Members. All right. So, let's begin with public testimony. Information on providing testimony can be found on today's agenda. In accordance with Sunshine Law, a person has the right to testify before the item is to be discussed by the Committee. We'll receive oral testimony at the beginning of the meeting, and as the item is called upon on the agenda. If you're logged into this meeting, Staff will add you to the testifier list, which will be posted in the chat. If you prefer to testify anonymously, please indicate in the chat, and Staff will assign you a testifier number. Testifiers should also be indicating in the chat if you would like to testify at the beginning of the meeting or before an agenda item, otherwise Staff will assume you wish to testify at the beginning of the meeting. You may also chat to be removed from the list; however, chat should not be used to provide testimony or comments during the meeting. Oral testimony is limited to three minutes per item. While waiting for your turn to testify, please turn off your microphone and video. While [sic] you're called upon, unmute yourself, and unless you wish to remain anonymous, please state your full name, and if you are testifying on behalf of an organization or if you're a paid lobbyist. If you do not wish to testify, you may disconnect from BlueJeans and view the meeting on Akakū Channel 53, Facebook Live, or [mauicounty.us/agendas](https://mauicounty.us/agendas). Written testimony can also be sent using the eComment links found in the next posted meetings on [mauicounty.us/agendas](https://mauicounty.us/agendas). As always, mahalo for your cooperation and patience. At this time we'll call upon

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

the testifiers wishing to testify. So, Staff, do we have any testifiers today?

MS. STEWART: Chair, we have Gina Chamberlain on the list, followed by user logged in as Tree.

CHAIR JOHNSON: Okay. Thank you. Before we call upon Gina, Alison, I think there's something with your mic. It sounded like you're at the Niagara Falls or something...is really some background feed there. Okay. So, Gina, are you on the call, you're ready to testify?

**. . . BEGIN PUBLIC TESTIMONY . . .**

MS. CHAMBERLAIN: Hello. Yes, I'm on the call, and thank you for giving me the opportunity. So, my name's Gina Chamberlain, and I work with RCAC, or Rural Community Assistance Corporation, and I'm the Homeownership Program Manager. And I'd like to speak to both Bill 103, and then also AH-14, the other one that's being discussed today. So, RCAC is a regional nonprofit covering the 13 western states, and we assist in the development of Maui's housing plan. On Bill 103, these changes overall are bringing the workforce housing deed restrictions into better alignment with the...the housing plan. This will increase the opportunities for short-term and long-term benefit of Maui's affordable and workforce housing needs. The amount of investment in creating these affordable workforce housing units and the need for these units within your communities requires strengthening the restrictions for the overall long-term benefit, not just for those first owners or residents, but for generations to come. My only concern is the rate of appreciation allowed in the resale calculation as I understand it. Under...if you have multiple sales, and over the years that 25 percent increase at the appreciated value could make these homes unaffordable in the future. The typical model is to have an established rate of appreciation per year on resale, and some limit this to no appreciation during what they might...a specified period, or affordability period, and then have a set rate. But typically, that rate is less than 3 percent, averaging about 2.5 percent. I guess I also just wanted to raise concern, and it might be just my understanding about the impact of the restrictions when they are not applied to properties in foreclosure, and whether those homes might then be lost to future affordable workforce housing. RCAC would like to also support the AH-14(7), as it will allow for the much needed funding from the Affordable Housing Fund for direct subsidies to buyers. This is a key component to making many other strategies successful. The direct subsidies are often the key piece of financing, making the home initially affordable, but more importantly, the long-term affordability, allowing residents to live, and thrive, and fully participate in the community, and not just survive while making...while working long hours just to cover their housing costs. I understand that there's some additional efforts on amendments to 3.35, which would also address some other recommendations from the housing plan, so I won't speak to those today. But we support those amendments, as they bring

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

the overall...your overall work in alignment with those recommendations. So, thank you for the opportunity.

CHAIR JOHNSON: Thank you, Ms. Chamberlain. Now, before I ask you...or I ask the Members if I can make you a resource, I want to ask you if you have the time to stick around during this meeting so we can designate you as a resource. and ask you questions when this item comes up. Are you free, Ms. Chamberlain?

MS. CHAMBERLAIN: I just realized I had shut my camera off. but turned it on. So, I...I think I would...if there is a need for me to be a resource, I can figure out how to stick around...but I am on Central time right now, so --

CHAIR JOHNSON: Oh, okay.

MS. CHAMBERLAIN: -- if there's not a need, I would wish you well as you continue making housing affordable.

CHAIR JOHNSON: Okay. It's the first item on the agenda that...if...if you can stick around for the first item, if that's all right with you. If not, you know, I understand if you have to go. So, Members, without objection, I'll designate Ms. Chamberlain as a resource person under rule...Council Rules 18(A), given her expertise in this matter. Any objections, Members?

**COUNCILMEMBERS VOICED NO OBJECTIONS.**

CHAIR JOHNSON: Okay. All right. Thank you, Ms. Chamberlain. Thank you so much. Staff, will you call the next testifiers please?

MS. APO TAKAYAMA: Chair, the next individual signed up to testify is Barbara Parr.

CHAIR JOHNSON: Ms. Parr, are you on the call...are you ready to testify?

MS. PARR: I...I am on the call. I'm just trying to learn how to use this. And basically, I really just wanted to ask if the Councilmembers have considered any opportunities for residents who are low income to rent to own. Rather than putting it in...being a homeowner, you know, I understand how hard that really is, and how it looks like it's wonderful, but it becomes a little insurmountable. And I was wondering if that has ever come up. That was all I wanted to know.

CHAIR JOHNSON: Okay. Thank you, Miss...so, for the record, your name is Barbara Parr, right?

MS. PARR: Yes.

CHAIR JOHNSON: So, usually during testimony we allow the...the community to come

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

out and speak to items, but we...we don't really ask questions. But having said that, yes, the rent-to-own model is something we're looking at very, very...it's a very good way, but it's not in today's agenda, so we can't really talk too much about that.

MS. PARR: Okay.

CHAIR JOHNSON: But on...so, if there's anything on today's agenda you'd like to speak on, I'd allow you a little more time if you want to add anything.

MS. PARR: And the...and today's agenda is regarding the fast-track homes that are going to be built, is that the idea? There's just one other thing. I...I feel very strongly against ruining mountainous aquifers to be used for concentrated communities, and I'm talking about Waiehu and Waihe'e. And so, basically, really all I want to do is oppose that particular building because that water goes somewhere --

CHAIR JOHNSON: Okay.

MS. PARR: -- and a lot of people don't realize it, and that's the only other thing I want to talk about.

CHAIR JOHNSON: Okay. I appreciate that, Ms. Parr. So, when that...when those projects come up on the agenda, we'll...I'll make --

MS. PARR: Oh, okay.

CHAIR JOHNSON: -- sure you come on out and we can speak on that as well. So --

MS. PARR: All right. Thank you.

CHAIR JOHNSON: -- Members...thank you so much, Ms. Parr. Members, do we have any questions for our testifier? Seeing none. Thank you once again for coming to testify. Staff, will you call the next testifier please?

MS. APO TAKAYAMA: Chair, there are no further individuals who have indicated they would like to testify at this time.

CHAIR JOHNSON: Okay. So, this will be a last call for any testifiers on this one. Last call. If you want to testify before anything, you can, otherwise we'll move on to the item. Okay.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

**ITEM AH-31: BILL 103 (2022), RELATING TO RESIDENTIAL**  
**WORKFORCE HOUSING DEED RESTRICTIONS AND**  
**RESALE**

CHAIR JOHNSON: Now, I'm going to proceed with our first agenda item, and it's item number...AH-31, Bill 103 (2022), Relating to Residential Workforce Housing Deed Restrictions and Resale. So, again, I have to open up public testimony. At this point, any testimony specifically to AH-31? Staff, is there anyone wishing to speak to this item? Staff?

MS. APO TAKAYAMA: *(audio interference)* in the call just logged in.

CHAIR JOHNSON: Okay. It looks like we have Junya Nakoa.

MR. NAKOA: Hold on, I going turn down my TV.

CHAIR JOHNSON: Okay.

MR. NAKOA: Okay. I thought it was gonna have one presentation, but yeah, I like the deed restriction thing, so the buggah stay...

CHAIR JOHNSON: Oh, Junya? Junya? If you want --

MR. NAKOA: Yo.

CHAIR JOHNSON: -- you can wait until I'm done speaking and then you can...I got a little presentation if you want to wait.

MR. NAKOA: Yeah, that's what I was waiting for, brah. I like make sure --

CHAIR JOHNSON: Okay.

MR. NAKOA: -- I talking about the right stuff. Sorry.

CHAIR JOHNSON: Okay. I'll call you after then.

MR. NAKOA: Shoot. Okay. Mahalo.

CHAIR JOHNSON: Okay. And Councilmember Paltin might have a presentation as well, or opening remarks. Okay. So, Members, let's move on to this item. If you remember, we began our discussion on Bill 103 during the last Affordable Housing meeting when we met on October 18th. At this meeting, I mentioned that with the passing of Bill 107 that creates truly affordable workforce homes with the support of County subsidies, I now want to turn my attention to how we



**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

keep our investment in these homes, or in other words, keep these units in the affordability pool for longer. Under current law, affordable...affordable units stay affordable under deed restrictions for just five, eight, or ten years, and then can flip out to market. If the house is sold during the deed restricted time, a managed appreciation model is used. Deputy Director Munsell presented on that model during our last meeting, if you guys remember. To recap, we get an appraised market value at the purchase of the home, get another appraised value when the owner wants to sell, and then allow a maximum of 25...25 percent of the appreciation to be added to the original purchase price. So, simply put, if a home appreciates \$100,000 over the time of ownership, we would allow that owner...homeowner to add \$25,000 to the price, right? We can continue using the same appreciation model, and simply increase the deed restriction time to what is suggested by the bill, or even longer, maybe 20 or 30 or even 50 years. I want to take this time to show you what happens to the price of a home if it was sold three times within a 30-year deed restriction. You'll see from the slides that homeowners will be able to build equity, and can potentially even make a modest profit while the home remains affordable for the next buyer. Keep in mind, there's tons of variables, including market appreciation and length of time someone owns a home, so we're just making a couple assumptions here so we can see the possible outcomes. It's also really important to keep in mind that we're potentially creating a dual housing market. This is very important. That this is a...there is the commodity housing market driven by volatile market forces open to anyone, which is outpricing our residents. And then what we are creating here, a secondary affordable housing market insulated from the volatile market forces, and able to be brought...bought and sold amongst our local Maui residents. Every year we will be investing in projects, buying down units through deferred mortgage payment...deferred...deferred payment mortgages, and added homes to our affordable housing inventory. We need to make sure these homes stay in that inventory pool for as long as possible so we're getting the most out of our investment. Each of these homes can support multiple families, or stay in the family for a long time, such like Dream City. You know how that was, affordable...those affordable homes at Dream City. So, Staff, if you have the slides up. And Members, I want to remind you, the slides are on Granicus if you want. So, Staff, if you can bring up the slides. Okay. So, here's the slides, and again, they're on Granicus for everybody else who doesn't want to follow the slides. But basically what does managed appreciation model do to the price of a home over...over the years. We're going to follow a 60 percent AMI house, it's a three-bedroom, and it's going to go through three owners over a period of 28 years. And remember, this is the 68...the 60 percent AMI is one of the lower AMIs, right. So, the initial affordable sales price is 289,000, and the initial market value appraisal is 750,000. Okay. And then if you go to...you're going to see the...follow the affordable sales prices in the green, and the estimated market value in red. Go...if you don't mind going to the next sled...next slide. So, this is the first homeowner, right. This person bought the initial affordable sales price for \$289,100. And we're just going to assume that that's a 2 percent appreciation

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

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every year. So, of course, you look at the initial appraised value, you know, what...what it's worth on market, it's worth \$750,000. So...and eight years later, it became...you know, if you...if you look at it eight years later, the value has gone up to \$880,000. Then if you can go down a little bit, you're just going to see the math that we did, but at the very bottom, the new sales price is really what you want to look at. After eight years, that house will be sold for 321...\$321,600. Oh, wait, \$321,600. You see the numbers. So, the...the green is where you...that new person would...like they would sell that house to another person for that price. And then on the far right column is if we're having like a volatile...like what we had during COVID, right, an 8 percent increase in appreciation. So, you had a \$289,000 house, it was initially appraised at 750, and then eight years later, it became 1.23 million, right. So, that is...that's just when we have a really crazy market like we had during COVID, when the price is just going real...up and up. Even on an extreme example like that, that house, if you go to the very bottom of the list in this model, you're still only going to be able to sell that house for \$409,000. So, if you'd go to the next slide please. This is...that next slide would be that second homeowner. So, that second homeowner sees that house at 321,000, they buy that for 321,000 at a normal 2 percent...you know, 2 percent appreciation model. And you...and you see the...you know, the appraisal of it is really high, it's 880,000 going up to 1 point...56...1. million. And then if you look at the bottom, the new sales price, if we just continue with that 2 percent, it's...they'll still only sell it for \$365,000, right. So, remember, this in the bracket of the 60 percent AMI bracket, Members, I want *(audio interference)*. And then if you look at that managed appreciation, I will bring this up, that's the 44,000. That...that homebuyer will get that 44,000, in addition to the money that they put into that house for living in it for ten years. So, you are going to get some modest returns on your...on your *(audio interference)*. Okay. And then just on the far right column, it...it shows like that example of a really volatile 8 percent increase every year. So, that's just an example. But even in a volatile market, you're selling it for 526,000 to the next homeowner, which brings us to the next slide, the homeowner number 3. Thank you, Staff. So, again, now homeowner number 3. They...they're buying that house for 365,000, and this is a good deal for these folks, and the current sales appraisal is 1.2 million, and this is, you know, 28 years later. And then you go down to the very bottom, when they do sell, it'll be sold for 401,000. So, that's the managed appreciation. And again, in the far right column in the extreme example, you got a \$526,000 house, it's valued at almost 2 million, and they still sell that for 601,000 to buyer number 4, right. So, it...it manages the appreciation. That's the appreciation model. So...so, you can stop sharing screens, and I want to recognize...oh, I'm sorry, there's one more screen. There's a final slide, I beg your pardon. All right. So, this is in your Granicus. And using a conservative estimate of 2 percent appreciation of a home, the market rate appreciation of the units put out "affordability" in a short amount of time. The 25 percent managed appreciation formula allows the property to remain affordable for the 26 years that model covers, plus much longer. And then this next paragraph just says basically about

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

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the...the really volatile, the 8 percent. And it's basically just going over. But now, there's some more slides to this, and this next...if you go to the next one, this does...basically does the same model that has the...okay. Whoa. Let's see here. The 140 percent AMI. Staff, do you have the models for 140? If you don't have it, that's okay. Basically it does the same math. Instead of a 60 percent AMI house, it gives the example of the 140 percent AMI houses, the ones that are on the higher end. Even in that model, it shows it's a really good managed appreciation model. Okay. So, I want to recognize Chair Lee. Now that we stopped sharing screen I saw Chair Lee on the call, and I'm going to say ni hao to you, Chair Lee.

COUNCILMEMBER LEE: Ni hao right back to you, Chair Johnson. Glad...sorry I was...I'm late, but I had to attend another meeting, and looking forward to yours. I'm here alone in my workspace.

CHAIR JOHNSON: Thank you. So, I think we...having said the...the...the...having had all of that information that's up on Granicus, and it's...at your...you know, you can take a look at it, I want to turn it over to Councilmember Paltin, the introducer of the bill, okay, and...to hear some opening remarks, and then receive comments from the Department and any clarifying questions from the Members. After that, then I'll open up public testimony and then start a round robin. Okay. So, Junya, if you're on the call, just...if you heard that, that...that's the path moving forward. So, Councilmember Paltin, the floor is yours.

COUNCILMEMBER PALTIN: Thank you, Chair. And it's been a while since I proposed this bill, and a lot has happened, and I've learned stuff since then, and we passed other bills. So, it's good to come back to this bill with that lens. And so, the idea is, you know, if we're...if you're buying your own house with your own thing, you do what you want because who's going to stop you, but if we're assisting with affordable housing policy...affordable housing and affordable housing policy, that we need these affordable housings to last for our...our residents that live here. So, in the Section 2, 2.96.060, I added a number 1 to...to go in front of the current number 1, and it would be that the unit must be owner occupied in perpetuity, whether it continues to be sold as an affordable house or not, it's for the people that live and work here as it started out as an affordable house. The second part...like I said, this was proposed a while ago, and it just simply proposed...I...I had some other proposals in the past, and they didn't get through, so this one just simply proposed to double the affordability period...for below-moderate income 20 years, moderate income 16 years, and above-moderate income 10 years. In hearing Chair Johnson say, you know, he's open to other numbers, 20, 30, or 50 years, if everyone is open to 50 years, I'm open to 50 years. And what I learned at the HCPO Conference on Kaua'i, if you look at their Section 7A on deed restrictions on housing, if they're selling you an affordable house that's...that's income restricted, they deed restrict it for 50 years. So, it's...we wouldn't be going off on our own, we would be following their lead. And...and the

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

crazy thing is, if it's not an income-restricted house they still put a deed restriction of ten years on it, but I mean, I don't know if that's too much for you guys, I'd be open to it. So, you know, I'm open to 50 years. Then it also says for the deed...or for the respective periods identified in Section B2, these other things would apply. And one other issue that has been brought up to us, it's like why wouldn't we want these to apply during foreclosure? You know, it...it started out as an affordable home, let's keep an affordable home, even through foreclosure. So, just putting those things out there. And then, of course, there's...there's the ASF that Member Johnson proposed, which I agree with. Is...is that it? Good for a presentation on...on my proposal?

CHAIR JOHNSON: Sounds great. We're going to have clarifying questions for anybody after we hear from the Department next, okay. So, let's bring up the Department, and that will be Deputy Director Linda Munsell, if she would like any opening remarks for this, and then after that we're going to do public testimony. So, Deputy Director Munsell?

MS. MUNSELL: Thank you, Chair. Good afternoon, Committee Members. I'm Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. At our last meeting, I had talked about the deed restrictions periods and how those came about, you know, the fact that we had started with 25 years, and then through a process had changed that to the current deed restriction. So, just wanted to remind you of those. And then second, we also did talk about the managed appreciation model, which Chair Johnson just went through in a different manner. We do agree that...that this is...you know, just as my presentation said last time, his presentation confirms this time, our managed appreciation model does a very good job of actually managing appreciation, while also allowing our homebuyers to participate in some additional, you know, gain from that. I...the testifier did mention the idea of giving them an automatic increase, a percentage increase. I would caution...and I think she mentioned, you know, 2-1/2 or 3 percent. I would express some caution about that. We did have a deed restriction on the Waikapu Gardens properties with a guaranteed return on investment, and what that does is it guarantees a return on investment no matter what the market is doing. And so what we found in the those units...and under certain circumstances, we ended up with a large number of those units...a large number...a number of those units that actually, the buyback price on those was the market price, and so they ended up going to market. So, I would just use caution if you decide to entertain that kind of a deed restriction, or a shared appreciation model, that we should again run some models so that we make sure that we know what would happen to those units in varying markets. So, look forward to the meeting today and the discussion. And just, Chair, sorry to bring this up, but I'm also supposed to be at the Lāhainā budget...community budget meeting this afternoon, so I...yes, hi, hope to see you. So, I might to have leave a little bit early just to make sure that I don't get caught in traffic.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: I totally understand, Director Munsell. Thank you for joining us in your busy schedule. So, Members, we're going to do just clarifying questions now, okay, just clarifying questions, and then we're going to go on to public testimony, and after that we can do our...our discussion. So, just any clarifying questions at this time, Members? Councilmember King?

COUNCILMEMBER KING: Thank you, Chair. And thanks for sharing your model with us. So, I wanted to ask Ms. Munsell, before you have to leave...did she leave already? You're still here, Linda?

MS. MUNSELL: Oh, I'm still here.

CHAIR JOHNSON: Deputy Director Linda Munsell?

MS. MUNSELL: I'll be here until a little after 4:00 anyway.

COUNCILMEMBER KING: Oh, yeah, I didn't want to make you late. But so, you know, when you were cautioning us against that 2 to 3 percent, which is what I've heard in the past too, is this...this, you know, increase which was interesting when you pointed out that it wasn't based on the market. So, if you look at the model that we just were presented with, in a normal market, how would that 2 to 3 percent differ from what we saw in this model, you know, with this...

CHAIR JOHNSON: Deputy Director Linda Munsell?

MS. MUNSELL: So...you know, so, the model that they presented was...is the County's current model, right, the 25 percent. The difference is that the...they are guaranteed a 2 percent increase, no matter what the market does. And in the current model that we have...we have currently for the County, they share in any appreciation or depreciation in the market of that home. So, it's possible that they could go up, and it also is possible to go down, but it's all based on what the market is doing --

COUNCILMEMBER KING: Okay.

MS. MUNSELL: -- versus guaranteeing a return.

COUNCILMEMBER KING: Okay. So...so, just to be clear...so, when you say they, you're talking about the homeowner, they share in what...what...whatever the market does. And you said...you said they're guaranteed a 2 percent increase, or you were talking about the...what was spoken about earlier.

CHAIR JOHNSON: Deputy Director Linda Munsell?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MS. MUNSELL: Thank you. So *(audio interference)*

COUNCILMEMBER KING: Yeah. *(audio interference)* that was shown to us, that it's not...that it's based on the market, that's the model we're using right now.

MS. MUNSELL: So, the model that they were showing was...I...so, in the middle of last month when I presented, I actually pulled data from the market, right, actual historic numbers, and showed what would happen to a home in real time, in real life historic numbers. And that showed that...that no matter what the market was doing, for the most part, it did managed appreciation and kept those...those homes affordable. So, what you were shown today, if I understood what was being shown, was they assumed two different things could happen. One was an automatic 2 percent increase in the market, and then what would the 25 percent relate to versus something crazy like 8 percent increases in the market, which we've seen recently or more, and what would happen under the current model, the 25 percent shared equity model.

COUNCILMEMBER KING: Okay.

MS. MUNSELL: Yeah.

COUNCILMEMBER KING: Okay. So, I just wanted to just make sure, you know, what we're looking at was...I mean they were presupposing things, but they were presupposing it based on our current model, which is based on the market. Okay.

MS. MUNSELL: That's correct.

CHAIR JOHNSON: Yeah.

COUNCILMEMBER KING: Okay. That's what I was trying to get to. Thank you so much, Linda, I appreciate it. Thank you, Chair.

CHAIR JOHNSON: Okay. Thank you. Anyone else, Members, for clarifying questions, all right, and...okay. Otherwise, I don't see any for just clarifying questions. We're going to open it up to public testimony right now. So, I...I saw Junya Nakoa come on, if he's ready to do some public testimony. There he is. Okay. Mr. Nakoa?

MR. NAKOA: Brah, you can hear me?

CHAIR JOHNSON: Loud and clear.

MR. NAKOA: Hello? You can hear me? . . .*(expletive)*. . . thing. All right. Okay. I no can hear you guys. But bull...I like this thing, okay. The model you just went

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

show because a lot of people who, every time I talk about this affordable housing and all that stuff, like had the one up over here in Kā'anapali by the golf course, plenty of my local friends went get that, yeah, and they was like oh, yeah, brah, we can get, you know, appreciation and all that. And then the other projects I was saying that going be like 10, 20 years, I think was Makila Kai I was talking about. I tell them, we no like people get...raise the...raise the cost of the house because we giving them one...one cheap house, you know...not cheap, but, you know, lower cost house. So, for...since they took advantage of that, we like keep 'em in the affordable, so I understand everything you guys saying. I been saying this buggah for like 15 years. And at least now, you guys giving them little bit chance, yeah, for get little bit higher, the 25 percent, the one Linda Munsell went talk about. Yeah, you know, yeah, no be late because I going be there tonight too. Yes, sir. Nah, nah. But yeah, so I think this is awesome, brah. I like 'em be 50 years too, Tamara. Make 'em 50. Yeah. Make 'em long, long, long time. But I...this is awesome, we got to change 'em. I know the...the Pulelehua planning on doing this, so good example. This buggah is working hard to do something like that, and I going make 'em 100 years if I can. Keep 'em affordable forever, you know what I mean? I not joking, I making fun, but I not joking. We going serious about taking care of our people, and our people's kids, and the kid's kids, and the kid's kids. Okay. Good job. Got to go head out, and good job. Very good job, everybody. Tamara, good job. Hey, Gabe, all you buggahs, you guys all badass. Shoots.

CHAIR JOHNSON: All right. Thank you.

MR. NAKOA: I no can hear you guys, I going put on my TV.

CHAIR JOHNSON: All right. Members, do we have any questions for our interesting testifier Mr. Nakoa? Seeing no hands. Thank you, Junya, for coming out. I appreciate it. So, last call for public testimony. Last call. Staff, anybody here to testify?

MS. APO TAKAYAMA: Chair, I see Mark Deakos on the line, as well as Lawrence Carnicelli.

CHAIR JOHNSON: Mr. Deakos, are you here to testify today?

MR. DEAKOS: Yeah, good morning, Members. I wasn't planning to testify, I was just tuning in, but I listened to your presentation, Councilmember Johnson, and I totally support the decoupling of, you know, this equity, and appreciation, and the stuff that's really got our housing market out of reach for our local residents. I think you have to decouple. You know, affordable housing has to be about putting people in homes, and this whole equity appreciation thing has to be separate. Some places like Saipan and other, you know, you have to be local in order to own land. Obviously that doesn't happen out here. So, you have to have

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

another format, and I think this is one way to get us in that direction where you can, in perpetuity, have that affordable housing there, and it's passed on to...down the chain like...like you explained. So, fully in support. I was glad to hear it. And thank you for allowing me to testify.

CHAIR JOHNSON: Thank you, Mr. Deakos. Members, do we have any questions for our testifier? Seeing none. Once again, thank you for coming out and testifying. Okay. Staff, do we have any other testifiers wishing to testify at this moment?

MS. APO TAKAYAMA: Chair, there are no further individuals signed up to testify.

CHAIR JOHNSON: Okay. Last call for testifiers, last call. Oh, we got Mr. Carnicelli coming on the call. Hey. Aloha. Mr. Carnicelli, are you here to testify today?

MR. CARNICELLI: I think so. I...I...I think I'll just throw my...my two cents in. Thank you, Chair. I would just urge caution. A lot of these things sound really, really good, right. Like...you know, the public says...Junya gets up and oh, yeah, this buggah sound good, but it's a...it's a complicated multi varied equation that doesn't have simple answers or fixes. When you add owner occupied in perpetuity, that affects prices. You know, one of the reasons I've testified with you guys before, the reason why I'm passionate about workforce housing and doing 100 percent affordable is because, you know, I don't want poor people to stay poor. As I've testified with you before, homeownership is the way that working class families become middle class, and the way that middle class families can accumulate wealth. So, what I would ask is that we have a policy decision about what are we trying to accomplish. Is it that we want to just keep the prices of homes low, or is it...do we want to have families be able to have appreciation, and actually gain equity, and be able have a step up? Maybe be able to use the equity in their house to send their...their...their children to college. All the different things that, you know, home equity affords a family to do generationally. I understand...so...so there's this policy decision, to me, that needs to be made. It's like okay, do we keep houses "affordable," or do we allow families to have equity, or what's the blend of that. And if we're going to do the blend of that, then we have to see that there's a lot of levers being pulled. Also, Councilmember Paltin, the...the foreclosure thing is due to lending. Lenders won't lend on it unless that clause in there, the foreclosure clause, because they want to be able to be able to recoup their money, so that's what that is in...in 2.96. But...so, I guess I would just urge you guys to have a broader discussion about how each one of these things affects the buyers. Because one of the things we're running into with Hale Kaiola is people ask okay, it's a 20-year deed restriction, and some people are going like, you know what, I could do 10, but I'm not going to do 20. And they're...and so it's the buyers. It doesn't affect, you know, us as the builder, but the buyers are the ones looking at this and like, you know what, 20 years is a long time. So, anyway, I just say that there's a lot of things going on, and it doesn't...the answers aren't, you know, just that simple.



**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

So, thank you for bringing it up. And I...I look forward to a robust conversation with all sides being looked at. Thank you.

CHAIR JOHNSON: Okay. We...don't go anywhere, Mr. Carnicelli, we got a question for you from Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Carnicelli, for your testimony. You know, since you brought up Hale Kaiola, I just wanted to clarify what you said, that it's the deed restriction, is that what you said, that's keeping buyers? Because I've been getting emails that the prices that we quote...we were quoted when we approved the project have changed drastically, and nobody in those income brackets can now afford the loan. I...I got multiple emails from people that won the lottery that won't be able to afford it. They didn't mention deed restrictions as the problem, they mentioned at the sales price guideline, that it turned out to be after the thing was constructed, they can no longer qualify for the loan, and they were calling me because Bill 107 doesn't apply to Hale Kaiola.

MR. CARNICELLI: Okay. Is, I guess, a different conversation. In regards to Hale Kaiola, the prices have never changed, what changed was interest rates. Back in May, we urged everyone...we saw what was coming, we urged all 40 families to lock in their interest rates. We...we even had a little forum where we came up with multiple lenders that had six-month locks. Some families did it, some families did not. Some of the families that did not lock in their interest rates, they...you know, they were originally quoted at, say, 2, 3, 4 percent interest rate, whatever it was, and now interest rates are much higher, so that's why they can't afford them. See, the prices didn't change, is their interest rate changed because they didn't lock in their interest rate when they got prequalified...or preapproved, I guess I should say.

COUNCILMEMBER PALTIN: I thought when the interest rate goes up that the price goes down?

MR. CARNICELLI: Oh, no, the prices are the price, it's the monthly payment goes up. The price didn't change. Let's just say if it's a \$400,000 home at 4 percent interest, or a \$400,000 home at 7 percent interest, that monthly payment...they're two totally different payments. So, that's what's happening to people at Hale Kaiola. The change...the price didn't change, the prices were fixed, and the prices didn't change. It was the interest rate that changed, and that's what affects your monthly payment, not the...the...the payment of. And see, that's...you know, again, that's a broader conversation about what's workforce, or affordable, or whatever it is...because, you know, interest rates change everything. You know, we're...we're...we're in the same place we were in 2008, right, 2008 we were right on the precipice --

COUNCILMEMBER PALTIN: Still --

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MR. CARNICELLI: -- of, you know, the market going down and...

COUNCILMEMBER PALTIN: -- it's not the...the deed restriction that's the issue, it's that they can't afford the affordable house that's the issue.

MR. CARNICELLI: No, there's multiple issues going on. Because as some folks have said, listen I...you know, I didn't lock my rate, I need to back out. So, we then go to new people on the list, and some people...you know, when new people come along. Even when we had our original lottery, some...it's one of the first questions people ask when they...when they know that it's, you know, a deed restricted house, is they say, tell me about the deed restriction. You know, is it 5, is it 8, it is 10, is it 20...and, you know, they're all different all over the County. That's the other part of it. It's like...you know, like not every single neighborhood's the same, so that's another thing that becomes confusing because it's not apples to apples anymore. You know. the deed restriction in Kā'anapali is different than Hāliimaile, different than Kihei, different than Wailuku. So...so that's why people ask what they are.

COUNCILMEMBER PALTIN: To just clarify...

MR. CARNICELLI: So, the new people are saying...

CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: The...the duplex one bedroom, one bathroom...or two...two bedroom, one-and-a-half bathroom is still 295,000 to 325,000?

MR. CARNICELLI: Correct.

CHAIR JOHNSON: Okay. All right. I thought I saw another question from Councilmember King. Okay.

COUNCILMEMBER KING: Thank you, Chair. So, thanks for being here, Lawrence, always nice to hear from you. I just wanted to...to address, you know, the...the issue of caution because what we were looking at is actually what we are using now, the model that we're using now as far as, you know, managed appreciation. So...so, you're good with that model, with...is that what...you know when you...when you...I wasn't sure if you were saying, you know, be cautious before we move away from that model?

MR. CARNICELLI: Well, I think that there's...there's as many models as there are opinions. You know, I think that the other part of this is if we're going to use the...I see what you guys are doing is going away from tying it to appreciation, and just going to a guaranteed number. You know, if the market goes down,

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

these people still get to go up. You know, that may make them unmarketable and unsellable, you know, as things cycle. So, it's...again, I'm just saying it's a lot...there's a lot going on that it's not as simple as just hey, listen, let's just let them have 2 percent...because the market's about ready to move down, right, it is already on the...you know, all across the United States, you know, it's...it's coming here too. So, how does that affect these people that are trying to do resales and things of that as...as well? And even if we talk about appreciation, there's two parts of appreciation. There's the original discount, and then there's market appreciation. Those are two things, in my opinion, also need to be bifurcated if you're going to stay with the appreciation model. So, again, just multi variable.

COUNCILMEMBER KING: Okay. I think you answered my question. Thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. Members, any other questions for Mr. Carnicelli? Seeing none. Thank you once again. I...I might have a question for you --

MR. CARNICELLI: Sure.

CHAIR JOHNSON: -- Mr. Carnicelli. So, I'm sure you followed along Bill 107, right, that has changed the prices of our affordable housing units. So, my question to you is, now that you say that people would be concerned about deed restrictions being too long or whatever, having that new price guidelines, would that not change that concern?

MR. CARNICELLI: Oh, is...again, it's a multi varied equation, right, so as we pull one lever, it affects something over here and over there. The answer to that question is yes, it affects it, but people have...you know, again, multiple concerns. One of them is just can I afford it, period, full stop.

CHAIR JOHNSON: I understand. All right.

MR. CARNICELLI: Then how long do I get to have my appreciation, or what's my appreciation or not if I am an owner. So, you know, it's multiple concerns with people that are trying to...

CHAIR JOHNSON: That...thank you. Because the point I was trying to make with the presentation is look...the prices are low enough now that you'll look at that ten...that deed...deed restriction is not like if I'm a 140 percent AMI and say well, why do I want a ten-year deed restriction when I'm saving a little bit of money from a market rate. Now the prices are so far below market that I...I would argue that it...it's...it's definitely a bigger factor. So, I hear what you said, that it's one of many factors, and I appreciate you saying that.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MR. CARNICELLI: No, and I get that that's how you would...you would frame it, and I think that I would frame it a different way is all, so...that's all.

CHAIR JOHNSON: Okay. Valid point.

MR. CARNICELLI: Yeah.

CHAIR JOHNSON: Thank you. Thank you, Mr. Carnicelli. All right. So, thanks for testifying, and we'll move on to the next testifiers if there are any. Staff, do we have any more testifiers?

MS. APO TAKAYAMA: Chair, I believe Jason Economou joined the call.

CHAIR JOHNSON: Mr. Economou. Hey, welcome.

MR. ECONOMOU: Good afternoon, Chair Johnson. Thank you again for the opportunity to testify. I'm once again, Jason Economou, I'm testifying on behalf of the REALTORS Association of Maui. And this is regarding the Bill 103 concerning the deed restrictions. One of the...the...the pieces of feedback that we recently received is concerning the...the requirement that units must be owner occupied in perpetuity. This makes sense for the purposes of these workforce housing deed restrictions. However, the...the concern was, you know, there were instances, especially recently with COVID, where folks needed to relocate for a year or two, either to take care of loved ones, or for economic opportunities. The...the legislation currently has a provision in there that allows for the Director, under special circumstances, to allow an owner of a residential workforce housing unit to appeal the owner occupancy deed restriction, and...and get out of that. You know, one of those circumstances that's...that's listed in here would be military duty, or a short-term contract for off-island employment. The thing is, when it's discretionary like that, it means that...that if...you know, for instance, we have a situation like COVID, where our economy completely dries up for a year, and somebody has a workforce housing unit, and they...they have an economic opportunity on the mainland that might get their family through that year. If the Director chooses not to allow that person to...to get out of their deed restriction, really, their...their choices are that they would need to sell their home from Maui, and potentially never have the opportunity to come back, or stick it out in economic dire straits. With these deed restrictions, you have the opportunity to allow for long-term rentals at affordable rates. You could even, you know, link the rental rate to...to the median rental price at the time. So...so, what our suggestion would be, would be to tweak it to allow for circumstances where an owner of a workforce housing unit either has to be owner occupant, or is allowed a period of one, two, maybe three years where they can rent it at certain rates. This way, you know, these families that...that qualified for these workforce units don't have to give up on their...their dream of maintaining a home on Maui. And then that also takes care of that issue of managed appreciation because then

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

you won't have to figure out all that math. They can just rent it for a couple of years. And...and ultimately, what that does is, it doesn't change the...the inventory of housing units that are intended for residents. You can keep it affordable, and...and yeah, that's...that's just the feedback that...that we're here to provide today.

CHAIR JOHNSON: Okay. Thank you, Mr. Economou. Members, do we have any questions for our testifier? We do have one from Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Economou. So, it would read something like, for example, the unit must be owner occupied in perpetuity, or it could be long-term rented for a period of up to two years, provided that the rental price is in alignment with the HUD income that it was purchased at, or something like that? HUD income (*audio interference*)

MR. ECONOMOU: That seems...that seems like it would be a really good compromise that would...

COUNCILMEMBER PALTIN: Lawyers can pretty it up.

MR. ECONOMOU: Yeah. Yeah, that's a great idea.

COUNCILMEMBER PALTIN: So, maybe two years.

MR. ECONOMOU: And two years is a pretty fair...fair stint, you know, for people to figure out if they'll be able to return back to Maui or...or if economic opportunities remain elsewhere. So...so, I think two years is very reasonable.

COUNCILMEMBER PALTIN: And for me, I would like two years max. You're not saying two years here, come back for a year, two years, come back for a year or nothing like that, right?

MR. ECONOMOU: That's not my suggestion, no.

COUNCILMEMBER PALTIN: Okay. Just clarifying. Thank you.

CHAIR JOHNSON: Okay. Okay. Members, any other questions for our testifier? Seeing none. Thank you for coming out, Jason, really appreciate it.

MR. ECONOMOU: Thank you so much.

CHAIR JOHNSON: Okay. Staff, do we have any other testifiers please?

MS. APO TAKAYAMA: Chair, there are no further testifiers at this moment.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: Okay. Last call...last call for testimony on AH-31. Okay. Seeing none. Without any objection, Members, I would like to close public testimony to AH-31 and include any written testimony into the record.

**COUNCILMEMBERS VOICED NO OBJECTIONS.**

CHAIR JOHNSON: Okay, Members. All right. Let's move on to our discussions here. I now propose a round of three minutes for further discussion and questions, and we can do additional rounds if we need to. So, you folks know how I do it, usually I'll just give you the list. It's...it'll be Committee Vice-Chair Mike...Mike Molina, followed by Councilmember Tasha Kama. I also want to remind you folks that we have Gina Chamberlain from Rural Community Assistance Corporation as a resource if you folks have to ask her any questions, and the Staff...or I mean the Department. So, we'll start with Committee Vice-Chair Molina, followed by Councilmember Kama.

VICE-CHAIR MOLINA: Hey, thank you very much, Mr. Chairman. My first question for Corp. Counsel, so Council can restrict market-rate units to be at least owner occupied if the income groups don't purchase the unit?

CHAIR JOHNSON: Ms. DesJardins?

MS. DESJARDINS: These...the in...in owner occupied in perpetuity applies only to the workforce housing units, not the market-rate units.

VICE-CHAIR MOLINA: Okay. So, just...just the workforce housing, and not market, okay. All right. Okay. Thank you for that. And Mr. Chair, can I ask Ms. Munsell a question? Director Munsell, can the Department conduct a survey of any potential workforce housing buyers to see if the doubled, I guess, restriction periods could potentially dissuade them, or disincentivize them from purchasing a unit?

MS. MUNSELL: So, Councilmember, that's such an excellent question. One of the things that is in the upcoming Hawai'i Housing Planning Study is one...is a very similar question. I think Kaua'i County actually asked that because they're increasing their deed-restricted period to 50 years, so that is one of the questions, so we would get some feedback on that. Otherwise, I mean we could reach out through like a Monkey survey [sic] or...or, you know, something like that if...if requested.

VICE-CHAIR MOLINA: Yeah. Okay. Yeah, that might be something to consider. And I'm guessing, now, the worst-case scenario, I guess, would be for the units to go unsold, and then be sold at the market rate. Am I correct with that kind of assumption?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MS. MUNSELL: So, if it's a 2.96 project, then it's possible that they could be...that they could go to market with the County with the first right of refusal. If it's a 201H or 2.97 project...I think a 2.97 project has to be sold as a workforce unit. I'll have to look at the 201H. I don't think...I'm not sure if Buddy Almeida is on, and if he can answer that question for us. He might have had to step away this afternoon.

CHAIR JOHNSON: Mr. Almeida, are you on the call? I don't see him.

MS. MUNSELL: So, we could respond...if you sent a question, we could...we could answer that for you.

VICE-CHAIR MOLINA: Yeah. Yeah, that's fine at a later point, Madam Director. Thank you. Okay. I'm...I'm good for...for this round, Chair. Thank you.

CHAIR JOHNSON: Okay. Thank you, Committee Vice-Chair Molina. Let's move on to Council...Councilmember Tasha Kama, followed by Chair Lee.

COUNCILMEMBER KAMA: Thank you, Chair. I think my question is for our Housing Director. Are...what is the...what is the history of potential homeowners in terms of deed restrictions? Are they okay with it, have we heard anything that people are saying they don't like it, that it keeps them at a poverty level, or what are we hearing...or are we hearing anything from homeowners when they're learning that there are deed restrictions attached to this particular housing?

CHAIR JOHNSON: Deputy Director Munsell?

MS. MUNSELL: Thank you. I mean obviously, we hear folks having some concerns. We saw it in some of our multifamily projects where the price was very similar to market, or too close to market, and they decided they would rather not buy a deed-restricted property, right? That's all about price. And now, Kaua'i has gone this pretty big step. You know, I think they had a deed-restricted period of 20 years originally, now they've gone to 50, and we will see, you know, kind of what that model will end up being. And again, I think it's all about the price, and making sure that we're talking to folks, and letting them understand that just because you've got a deed-restricted period doesn't mean that you have to live in the house forever, it's simply a shared equity, or shared appreciation model, and that they can, at some point, sell and receive a return on their investment, depending on the appreciation of the particular unit. So, I think a part of that is education as well.

COUNCILMEMBER KAMA: So, how much of that education is done at the time when people are...are...or they are potential homeowners, that it's clear to them what a deed restriction means in terms of the cost, and the price, and what it means in terms of their wanting to increase their own access to capital, and increase their own equity for their own future?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: Deputy Director Linda Munsell?

MS. MUNSELL: Yeah. Thank...thank...thank you for that question. I mean this...having workforce housing really is all about providing stable housing. A lot of people get bound up in the idea that it needs to also be a wealth building item. And...and certainly, there's that element of it. Under our current model, folks are not going to be able to take equity out of their home for things like sending their kids to college; however, if they've got a stable cost of living, or stable cost of housing, right, they should be able to put some of that money away because the housing itself is affordable. It's not a perfect response. You know, with regular market, everybody can afford a house, everybody could participate in...in that wealth building to that extent, it's not the case. We're trying to provide our workforce with stable housing costs, and a good place to live, that allows them to stay here. And then hopefully, they're going to be putting money aside for those other things.

COUNCILMEMBER KAMA: And I think...I think that that in the legislation, we should say that because I think there is an assumption that homeownership creates equity . . .*(timer sounds)*. . . and then that equity helps to build, you know, the...the financial wealth of *(audio interference)*.

MS. MUNSELL: Sorry...sorry, Chair.

CHAIR JOHNSON: We hear the bell...we hear the bell.

MS. MUNSELL: Sorry, Chair, could I just add? I apologize --

CHAIR JOHNSON: Certainly.

MS. MUNSELL: -- I...I missed part of her...her response. You know, one of...and I mentioned that education is part of this whole process. And one of the things in Bill 111 and, you know, part of those...that information, that demonstration that we gave to you earlier, is all about education, the education part. We leave that currently to the developers, and we're wrapping that into, you know, again, this...this model where we're providing a one-stop shop where people can actually go in and see what happens under a deed restriction, and hopefully clear that up so that they're not feeling quite as concerned about having a deed-restricted property. Thank you, Chair.

CHAIR JOHNSON: Okay. Thank you. I...I'm sure Bill 107, and the way we changed the affordable sales price, that is going to have a...a...a different...it's a difference maker on what people view on what they can...you know, what they're willing to do as far as deed restrictions because the price is so much different now. Okay. Let's move on to...okay. Councilmember King is excused, so we're going to move



**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

on to Chair Lee, followed by Councilmember Paltin.

COUNCILMEMBER LEE: Chair...Deputy Director Munsell, are you still there? I wanted to ask you about--are you...oh, hi, okay--about managed appreciation. Does your formula to determine appreciation change when a unit is heavily subsidized...100,000, 200,000, \$300,000?

CHAIR JOHNSON: Deputy Director Linda Munsell?

MS. MUNSELL: Yeah. Thank...thank you, Chair.

COUNCILMEMBER LEE: Is there still...is there still appreciation due to the owner?

MS. MUNSELL: There is, and it's all about...you know, we're taking into consideration the fact that lower AMI buyers are buying at a lower price than upper AMI buyers, and that's all included in that managed appreciation. So, they do get a share of equity, and again, it's just based on their...their purchase price originally and the...the market value of the house when they decide to sell.

COUNCILMEMBER LEE: Okay. That's all I needed to know. So, regardless of how much they were subsidized, up to \$300,000, they'll still be entitled to some kind of equity. And so, what about those people who are, let's say, 140 percent of median income, they help to subsidize the lower end often, yeah? The higher priced homes subsidize the lower priced homes. Does...does their formula change, or is their formula for shared equity the same as those at the...at the very lowest end?

MS. MUNSELL: It is --

CHAIR JOHNSON: Deputy Director *(audio interference)*

MS. MUNSELL: -- the same formula.

COUNCILMEMBER LEE: It is the same formula. Okay. You find that is...that's fair?

MS. MUNSELL: If you go back to the presentation that I made in the middle of October, you'll see that I actually did the same kind of calculations for the lower AMI people and the higher...higher AMI folks. They're all getting subsidized units, right, and it's not...it's not the 140 percent folks that are subsidizing the lower folks, it's those market units in these projects that are subsidizing. They're all getting a...an affordable unit that they can afford.

COUNCILMEMBER LEE: All right. Thank you. Thank you for that clarification.

CHAIR JOHNSON: Okay. Thank you, Chair Lee. Let's move on to Councilmember

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

Paltin, followed by Councilmember Rawlins-Fernandez.

COUNCILMEMBER PALTIN: Thank you, Chair. I just wanted to clarify an earlier statement. If somebody buys an affordable home, I think Chair Lee went over, they can still get equity. If they want to send their kid to college, they can still take a loan on their affordable home up to the price of the house that they purchased, so it's not like they can't take out a loan to send their kid to college; is that true, Director Munsell?

CHAIR JOHNSON: Deputy Director Linda Munsell?

MS. MUNSELL: Thank you, Chair. That is not true. They are allowed to refinance for rate and term only, they're not allowed to remove equity from the home typically. They can do some improvements on the home. There are very specific rules about what they can take money out of the home for.

COUNCILMEMBER PALTIN: So, however much they paid for the home, they can't take a loan out for that amount?

MS. MUNSELL: You mean as they buy down the price of the home, as they pay their mortgage? I think I would have to defer that to the Housing Division. Because there's very specific things you're allowed to take money out for, and I believe it's only rate and term.

COUNCILMEMBER PALTIN: And is that a County rule? Because the lender, I believe, allows it. Is...can we ask the RCAC lady? Ms. Chamberlain?

CHAIR JOHNSON: Yes, Ms. Chamberlain. If...if Ms. Chamberlain's on the call.

MS. CHAMBERLAIN: If I'm understanding the question correctly, I think it is...I don't know the ins and outs of your restrictions. But if I...if I bought the home for 300,000, and I've paid down to 150, I have 150 of equity before you do the...the calculations that we're talking about today. So, that is...unless there is some restriction that says I can't get a second mortgage that a lender would approve up to that 300,000...really, probably the 300,000 plus this...this equity calculation, unless there's some restriction that you all have, a normal lender...you know, then you're going to have lenders who are going to say, who's going to be in first position, who's going to be in second. They're going to want to know what their value is. But typically, you could do that.

COUNCILMEMBER PALTIN: Okay. So, I guess my question is if it's the County's rule, then let's amend it, right?

CHAIR JOHNSON: Okay. Deputy Director Linda Munsell, would you respond?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MS. MUNSELL: Yeah. Thank you. I actually confirmed with the Housing Division that we only allow them to refinance for rate and term, or possibly remove some...some equity from the home to do capital improvements. The reason that we do this is we watch the properties go up and down in value, right, so they are able to participate in either increases in the market or decreases in the market at the time that they plan to resell. If the market has gone down significantly, I think that we would be putting the...the County in a more vulnerable position. Certainly, we can look at it, if that's what this body wants to do, but I'd be cautious.

COUNCILMEMBER PALTIN: I have limited time. So, to clarify, this is in the Code, or is it in administrative rules?

MS. MUNSELL: This is the administrative rules.

COUNCILMEMBER PALTIN: Oh, got it.

CHAIR JOHNSON: Okay. Then the plot thickens. Okay. Let's move on to Councilmember Rawlins-Fernandez, followed by Councilmember Sinenci.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, I am...I think, you know, like we're...we're in the crisis for shelter, and not for like so much wealth building. Like shelter is like first and foremost and is what, you know, people need before...before they can even think about wealth building. Lazlo's [sic] pyramid, and wealth building is secondary if they don't even have shelter. So, I think, you know, in order to build wealth you have to have shelter first. I am supportive of including long-term rental for up to two years stipulation in it that was suggested by (*audio interference*). I'm open to 50 years. And I don't really have any questions, I'm ready to vote. Mahalo, Chair.

CHAIR JOHNSON: Okay. And thank you for that succinct lines of questioning, and the statements. Let's move on to Councilmember Shane Sinenci, followed by Councilmember Sugimura.

COUNCILMEMBER SINENCI: Mahalo, Chair. I just had one clarifying question. So, under B, deed restrictions...sorry, there's cars going off. So, if we...if we go ahead and accept...Councilmember Paltin is proposing the...the owner occupied in perpetuity, does that change the current number 1...or I mean the number 2, that all other deed restrictions...is the proposal also asking to double the below-moderate income from 10 to 20, moderate income from 8 to 16, and above-moderate income from 5 to 10 years as well, or does that go away?

COUNCILMEMBER PALTIN: Are you asking me?

CHAIR JOHNSON: Councilmember Sinenci, was that for Councilmember Paltin?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER SINENCI: Yeah.

COUNCILMEMBER PALTIN: Oh, no, that is included as well. Owner occupied in perpetuity, as well as the deed restrictions...I'm open to longer deed restrictions. That's before I knew what Kaua'i was doing. But whatever it is, if it's 20, 30, 40, 50 years, after that 50 years, the person who has held it that long could sell it for whatever it is they want, but whomever they sell it to needs to live there. So, you know, we have people that don't meet the AMI categories, but they live here, doctors or whatever, so they could buy this house as long as they plan to live there. You know what I'm saying?

COUNCILMEMBER SINENCI: And they could sell it...and they could sell it at market rates?

COUNCILMEMBER PALTIN: Once the...the...whatever the deed restriction period is over, then they can sell it for whatever they want to market rates. And then once it's out of affordability, it can continue to sell at whatever it is, but it needs to be sold to somebody that lives there. Because I mean regardless of income, those folks need houses too.

COUNCILMEMBER SINENCI: Oh, okay.

COUNCILMEMBER PALTIN: Right?

COUNCILMEMBER SINENCI: But within...but within the...the...the set period that we...that we set, it will still be --

COUNCILMEMBER PALTIN: Whatever the number is agreed on.

COUNCILMEMBER SINENCI: -- it would be still open to the 25 percent if they sell it prior to...to that deed. And this is just for the affordable units, not the market units of a project? Okay. All right. Thank you. Thank you, Chair.

COUNCILMEMBER PALTIN: Sure. Glad I could explain that.

CHAIR JOHNSON: Yeah, excellent explanation. Okay. Councilmember Sugimura?

COUNCILMEMBER SUGIMURA: Chair, thank you. So, I like the idea about providing long-term rental for in case an owner has to be away for military duty, or whatever that is. And I like that concept because it's...it's real life, it does happen. Or take care of your parents who live on the mainland, and come back. And how do we ensure that when they come back, they...you know, or what are the requirements for when they come back after that period? Is that a, I don't know, enforcement, are we asking the Department to take on more responsibility? How does that

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

actually...mechanics of that happen? Linda Munsell, if I could, Chair.

CHAIR JOHNSON: Sure. Deputy Director Munsell, do you...did you hear the question?

MS. MUNSELL: I...I think so. So, under the current deed-restricted period, there are...there is discretion for the Director to provide for someone to rent their home temporarily. In those cases, we toll the deed-restricted period and, you know, so if they're gone for two years then we would add two years onto their deed-restricted period, and we do monitor that. Now, if you're doing home...everybody forever, I'm not sure how we're going to monitor that. I know that Real Property Tax does take a look at who's getting the homeowner exemption. I'm suspecting that we would have to set something up, you know, similar to that, and I don't know if that would be the Housing Division, or if that would be Real Property Tax and Finance that would monitor that.

COUNCILMEMBER SUGIMURA: So, you're saying it's possible with thought. It sounds like a lot more detail --

MS. MUNSELL: Yeah.

COUNCILMEMBER SUGIMURA: -- needs to happen. Okay.

MS. MUNSELL: There's going to have to be thought put into how to do that.

COUNCILMEMBER SUGIMURA: Okay. And so, do you have a comment about 50...oh, Linda, do you have a comment about 50 years?

MS. MUNSELL: Well, I'm assuming...you know, this didn't come from the Administration, so I'm assuming that the Committee has done research to see whether it makes sense to increase the deed restriction. I know that Kaua'i has done that. They have typically done all of their own development. You know, they're not having partners with independent developers, and I don't know if that changes the dynamic or not. This is the first year, I think, that they've actually had private developers partner with the County, and that's because they had made some other changes to their...their zoning rules. So, whether the deed restriction will be a barrier here or not, I'm...I'm assuming again that there was some research done into whether that would be acceptable or not. But as I mentioned, we're going to work on...we'll hear something back from the Hawai'i Housing Planning Study, and maybe we can do a Survey Monkey survey.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR JOHNSON: Okay. We did a round robin, Members. We had...we asked a lot of questions. Does anybody need to have a second round? And then I think it's...we're getting close to our break, so any...any Members for second rounds?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

We have Councilmember Paltin. Go ahead. You're muted, Councilmember.

COUNCILMEMBER PALTIN: Thank you. I'm not sure who would be available to answer my question with the knowledge. Maybe Member Kama. I just was wondering, you know, like as we're setting the deed restriction for 50 years, and we're...we're concerned that perhaps folks wouldn't want to buy a house that's deed restricted for 50 years because that's such a long commitment. I just was wondering if Member Kama knew because of her expertise in Hawaiian Home Lands things, is it similar to the 99-year lease, where if you get a Hawaiian Home Lands, it's leased for 99 years? But still, the waitlist is so long, and people want that opportunity. It's that 99 years doesn't deter them, and they don't even own the property, right? Is...is...and so, their wealth building capacity is somewhat curtailed on that. And I just was wondering the comparison, do Hawaiians...Native Hawaiians on the waitlist see that as an obstacle, or...or have you known people to turn down a homestead because of that 99-year commitment, that they can't turn around and sell the house for market value? Because the thing that I'm hearing is that...excuse my community, but I'm just kind of parroting what they're telling me, is that all this affordable housing we're building is for transplant people. And so, it seems like people that have their roots here would embrace a 50-year term, or a 99-year term. So, I just was wondering, have you heard of folks turning down their homestead because the 99-year lease is --

COUNCILMEMBER KAMA: No.

COUNCILMEMBER PALTIN: -- too much?

COUNCILMEMBER KAMA: No.

CHAIR JOHNSON: Councilmember Kama?

COUNCILMEMBER KAMA: If anything...if anything, there was a movement, maybe about 20 years ago, to add another 100 years to that 99-year lease so that...so that as the...as the...the beneficiary, or the lessee, with the 50 percent, as their children, right, decrease in terms of blood quantum into 25, and then into 12, and so on and so forth, that that blood quantum would continue on with the 99 and 199-year lease.

COUNCILMEMBER PALTIN: And...

COUNCILMEMBER KAMA: Homesteaders are...are okay, you know, with the 99-year leases, and it doesn't deter them from accepting a leasehold.

COUNCILMEMBER PALTIN: And you've never heard of homesteaders wanting to be able to sell for more money, or I mean...

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER KAMA: Homesteaders have...lessees have sold their lease. It's the lease that you sell, just happens that the house is part of that lease. But...and that has happened that...but they would have to have sold it to another 50 percenter because --

COUNCILMEMBER PALTIN: New owner occupier.

COUNCILMEMBER KAMA: -- in order to receive...yeah.

COUNCILMEMBER PALTIN: Another 50 percenter owner occupier.

COUNCILMEMBER KAMA: Yes.

COUNCILMEMBER PALTIN: And if...if you're familiar with that process, has there been . . .*(timer sounds)*. . . trouble with that?

COUNCILMEMBER KAMA: There has...there was a time when the community had been riled up because lessees on the accelerated awards who got a lease for an award, and they were selling those leases to someone who wasn't even on the Hawaiian Home Lands list. And so, there was a movement at...during Micah Kane's time, and then they started...the commission started to implement some new administrative rules regarding that.

COUNCILMEMBER PALTIN: Okay. Thank you. Thank you for that --

CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: -- mana'o.

CHAIR JOHNSON: Yeah.

COUNCILMEMBER KAMA: You're welcome.

CHAIR JOHNSON: Very interesting. All right. Members, we're getting close to our break time, so what I was thinking right now, it looks like we have some amendments for this bill. So, I would think right now would be a good time to entertain a main motion, we'll take a break, and come back with some amendments. Okay. So, the Chair will entertain a main motion...or entertain a main motion to pass Bill 103. Do we have any...any takers?

COUNCILMEMBER PALTIN: So moved.

CHAIR JOHNSON: Moved by Councilmember --

COUNCILMEMBER RAWLINS-FERNANDEZ: *(raised hand)*.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: -- Paltin, seconded by Councilmember Rawlins-Fernandez. And we will...now, having said the main motion's on the floor, we're going to take a ten-minute break, look over some amendments, get refreshed, come back and hammer out a bill. All right. So, the time is now 2:52. We...we're in recess until 3:02 p.m. Affordable Housing Committee is in recess. . . .*(gavel)*. . .

**RECESS:** 2:53 p.m.

**RECONVENE:** 3:04 p.m.

CHAIR JOHNSON: . . .*(gavel)*. . . Will the Affordable Housing Committee of 11/3/2022, come back from our short recess. Members, thank you for...you know, for...thank you for coming back on time, and we're ready to rock and roll with a main motion on the floor. Or if there's any amendments, the Chair will allow the...the amendments to be heard right now if you folks are ready. We have a hand up from Councilmember Paltin.

COUNCILMEMBER PALTIN: Okay. I move to amend Section 2, (B)(1) for legislative intent so the lawyers can pretty it up. The unit must be owner-occupied in perpetuity unless circumstances arise where they rent...they need to rent it out long term for a period of up to two years. They can rent it to Section 8 qualified housing vouchers, or to the HUD AMI rental rate that they purchased at.

CHAIR JOHNSON: Okay. We have an amendment --

COUNCILMEMBER SINENCI: *(raised hand)*.

CHAIR JOHNSON: -- by Councilmember Paltin, we have a second by Councilmember Sinenci. Discussion in regards to that. Councilmember Paltin, I know you had some discussion, but you want to add any more to that, or...

COUNCILMEMBER PALTIN: So, this is made in coordination with Mr. Economou suggestion, and some other suggestions that I got texted along the way. And I'm no lawyer, so I'll leave it to the lawyers to get my legislative intent in their pretty lawyer language. But the main thing is, you know, circumstances could arise, so give folks up to two years where if they need to go away and they can't be an owner occupant in their home that they can still pay it forward to somebody who would need a long-term rental, and that they're...they're providing it not for speculation purposes, but at, you know, rates that are affordable for the renters or the Section 8 voucher holders.

CHAIR JOHNSON: Okay. Ms. DesJardins...

COUNCILMEMBER PALTIN: *(audio interference)* with...



**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: Ms. DesJardins, are you on the call? Did you --

MS. DESJARDINS: I am.

CHAIR JOHNSON: -- did you understand that intent, that legislative intent?

MS. DESJARDINS: I did, but I have a quick suggestion, if you don't mind. If you look further down in Section B there is...that would be the new Section D like David, under special circumstances an owner of a residential unit may appeal to the Department for a waiver. I'm wondering if that language should be more under the special circumstances provisions. And then I also want to...because this wasn't part of the original amendments, I just want to also just let you know that the admin rules for 201H have about five rules that very...very much detail when you're going to allow somebody to do this. And...and way more detail than we have in our Code. But it might be worth looking at that as well, and making this an entirely different discussion for amendment because it's a little bit complicated. If you put in there the language you want to put, I'm not sure how that's going to affect some of the other things that are already in there about the active military duty, short-term contract. So, I would just encourage to put a little more thought into it because it's big, allowing for that exemption. And the third thing I wanted to say if this occurred is that we often get folks who have...request this exemption, and they're looked at carefully on a case-by-case basis. For example, somebody might have had some kind of surgery that doesn't allow them to get to the second floor of their unit, hence they want to rent it out temporarily. And so, there's a whole procedure that DHHC goes through. We also have to comply with the Fair Housing Act, and then the ADA Accommodations Act. So, when you make an amendment like this, I'm just wondering if this might be an entirely separate topic that might be good to review and reexamine. That's just my thought.

COUNCILMEMBER PALTIN: I...I love the idea of putting it under 3(D). That looks like an excellent place to put it. And I...I'm okay with the under special circumstances, an owner of a residential...or...I don't know. I'm open to passing it today unless the rest of the Members want to make it into a separate topic. I...I think it was pretty...I thought it was okay because we're...we're keeping affordable housing for affordable housing, and not speculating it.

MS. DESJARDINS: Well, here's another suggestion. You could just put financial hardship. So, some of the examples, these circumstances would include assignment to active military duty, short-term contracts for off-island employment, which actually might cover the example Mr. Economou had, right, if somebody had to go, or financial hardship. And then that would open up a category the...that DHHC would be required to look at. I'm just trying to think of ways to streamline it without making it two layers, or making it more

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

complicated.

COUNCILMEMBER PALTIN: Can we do financial hardship or medical circumstances like you said?

MS. DESJARDINS: But we do look at medical circumstances anyway. And they don't have to all be included in here, and that's why it used to say, but are not limited to. I...I know --

COUNCILMEMBER PALTIN: Oh.

MS. DESJARDINS: -- that that's...OCS requested taking that out. But we look at a variety...or DHHC looks at a variety of reasons why people ask to have leave from this. But just putting in financial hardship might help drive your point home and highlight it, but just a thought, otherwise you could do it the way you want to do it.

COUNCILMEMBER PALTIN: I'm...I'm open to financial hardship in Section B(3)(d)...B(3)(d) and...and let's run with it. We would say Section 8 vouchers and affordable housing rental rates in the correlating HUD.

MS. DESJARDINS: So, right now, that requirement...for example, if you're on active military duty, you're not required to rent to a HUD subsidized unit or have a rent...sort of a rent control as you're indicating. Would you intend for that...those like a military hardship to have to follow that, or just the financial hardship folks?

COUNCILMEMBER PALTIN: Well, so, if they don't want to rent it out, if they just are intending to leave it empty because they're on military or whatever, I'm...I'm not proposing to force them to rent it. But if they...

MS. DESJARDINS: Yeah, but most folks are looking to rent. They come --

COUNCILMEMBER PALTIN: Yeah.

MS. DESJARDINS: -- to DHHC asking to rent. So, if the --

COUNCILMEMBER PALTIN: Yeah.

MS. DESJARDINS: -- HUD...if the language you're proposing then would apply to all special circumstances, I guess, is what I'm asking, or just to some --

COUNCILMEMBER PALTIN: Yeah.

MS. DESJARDINS: -- limited special circumstances.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER PALTIN: Yeah, if they want to rent it out, I would like them to rent it out affordably, or Section 8, you know, just to...because it's...it's meant to be affordable housing, it's not meant to be speculate housing.

MS. DESJARDINS: Okay. Thanks for the clarity on that.

COUNCILMEMBER PALTIN: Sure.

CHAIR JOHNSON: Okay. So, Ms. DesJardins, are you able to make that language in your --

MS. DESJARDINS: Well, I'm sure between OCS --

CHAIR JOHNSON: -- *(audio interference)*

MS. DESJARDINS: -- and I, we'll figure it out.

CHAIR JOHNSON: Okay.

MS. DESJARDINS: Yeah. Chair, I do have one suggestion, but I don't know if it's the time to bring it up or not, but I did have a slight amendment to what I was proposing to include in here --

CHAIR JOHNSON: Okay.

MS. DESJARDINS: -- about 201H.

CHAIR JOHNSON: Well, let's...let's hold off on that.

MS. DESJARDINS: So, just let me know when you're ready.

CHAIR JOHNSON: Yeah. We'll get to that when we're there. But Members, do we have any more discussion on this proposed amendment on the floor? We do have one from Councilmember Rawlins-Fernandez. Go ahead.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. One of the things that I didn't hear included in the discussion is that it would be a...a one-time thing. So, however, I'm...I'm supportive of that, but with...with military, you know, if they're...if they are put on active duty multiple times, it...that...that's a possibility is that those on, what is it called, reserve guard, and then if they are put into active status, that could happen multiple times in perpetuity. So...so, I don't know if, you know, for...for that situation.

CHAIR JOHNSON: Yeah.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER RAWLINS-FERNANDEZ: For the other situations, I...you know, I would support like a one-time thing. But yeah, just I'm...for discussion.

CHAIR JOHNSON: Can we --

COUNCILMEMBER PALTIN: Even for medical?

CHAIR JOHNSON: -- have *(audio interference)*...oh, go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: I just...I'm...I'm open to more for military as required for military. I just was wondering, you know, sometimes medical also is...like necessary medical, not like Botox or something...I mean unless the Botox is necessary.

CHAIR JOHNSON: Okay. Ms. DesJardins, I think, has some language...I hope so.

MS. DESJARDINS: Well, I'm...I'm just thinking right now, and you can check in with DHHC...for example, if I have a medical condition, and I can't stay in my unit, and this ADA accommodation would not allow the...the County to say oh, sorry, you have to sell your unit or the Fair Housing Act. Five years, ten years, if you're talking in perpetuity, I could have cancer, and it could go into remission, and come back. So, if you say just a one-time, you know, deal, you are affecting some people...maybe just for the...maybe saying something like if it's for financial hardship, that would be only once, apply once for a period of no more than two years. If that's your intent is to really qualify those folks. Everybody else, kind of leave it on a case by case because it's really hard to manage it otherwise, or you might really gyp somebody out of something, or we could violate Federal law by not...by not having Code that accommodates, you know, handicaps and doctors issues.

CHAIR JOHNSON: Okay. Well, the...the way I'm reading it is just...it allows under special circumstances they can waiver...who do they go to? It says the Department...yeah, to the Department. And then it says, and it would include, you know, military duty, and we could say it would include financial hardship. That...we don't have to write all of the inclusions, do we? I mean I think that's kind of where...

MS. DESJARDINS: No.

CHAIR JOHNSON: And we just...

MS. DESJARDINS: And that's why it originally said included, but are not limited to, to make it very clear that there could be a number of reasons. Now --

CHAIR JOHNSON: Right.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MS. DESJARDINS: -- taking out but are not limited to does not...does not isolate it to only these examples, of course. They...there could be a myriad of examples. They don't have to all be...

CHAIR JOHNSON: So, when it is a financial hardship, it would be two years, right? It would be a one...you get a one-time only financial hardship (*audio interference*). Is that...is that what you're saying? Is that what we're...how's that sound?

COUNCILMEMBER PALTIN: One time only up to two years.

CHAIR JOHNSON: For financial hardships. And then everything else we leave up to the Department on a case-by-case basis, special circumstance. Is that...is that your intent, Councilmember Paltin?

COUNCILMEMBER PALTIN: Yes, please.

CHAIR JOHNSON: And so, Ms. DesJardins, does that sound legal and clear on...

MS. DESJARDINS: Sure. You put a whole separate sentence that says in the event of a financial hardship, that specific category would be exempted only once and for a period not to exceed two years. So, that can be included, and then that would isolate it from the rest of the intent of it being more of within the discretion of DHHC.

CHAIR JOHNSON: And you would probably put that in another section. So, I don't know, it goes up to G...or it would just stay in that section.

MS. DESJARDINS: I think it could stay in that section --

CHAIR JOHNSON: Okay.

MS. DESJARDINS: -- and just be an additional --

CHAIR JOHNSON: Okay.

MS. DESJARDINS: -- sentence at the end if you folks --

CHAIR JOHNSON: Okay.

MS. DESJARDINS: -- wanted to do it that way. I believe that would make more sense.

CHAIR JOHNSON: Yeah.

MS. DESJARDINS: And then include the information about HUD and, you know,

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

limiting the types of rentals that you can do regardless of the special circumstance. That would be a global restriction to all of Section D, as I understand, right?

CHAIR JOHNSON: Okay. I see Councilmember Paltin nodding her head, so unless anybody else has any questions, I think we can...okay. Go ahead, Councilmember Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Okay. So, in D, it says that the owner of the residential workforce housing may appeal to waive the owner-occupied deed. So, what we're talking about is an up to two-year allowance for a long-term rental. But in that section, they're talking about waiving the deed restriction. In that context, waiving, does that mean...I don't know, Ms. DesJardins, what is that...what does a waiver mean? It means that it...

MS. DESJARDINS: You might...yeah, you might check with DHHC, but what I've been asked to review have been circumstances where that waiver was limited. Like you're...you have a medical condition, it's not that forever and ever, the deed restriction is waived, but you're going to be gone for 365 days. I mean they...they lay out how long that waiver shall apply. But you could make that clearer because that's a really good point. Maybe we need to beef it up to say if we're going . . . *(inaudible)*. . . you know, these waivers shall be for a limited period of time, they can never be *(audio interference)*.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Ms. DesJardins. So, then it could say waiver for up to two years. Okay. That addresses my concern.

CHAIR JOHNSON: Okay. Any other questions, comments, concerns? Otherwise we can call for the question for this amendment. Okay. Seeing no hands. Calling for the question on this amendment. Shall we do all those in favor raise your hand and say aye? Do I see anyone...seeing any disagreements? Okay. Chair Lee, go ahead. Are you voting?

COUNCILMEMBER LEE: I'm --

CHAIR JOHNSON: Okay.

COUNCILMEMBER LEE: -- asking for a roll call.

CHAIR JOHNSON: Okay. Roll call vote. Staff, will you call roll call? This is on the amendment now, folks.

MS. STEWART: Chair, one moment please. How's the audio, is it okay?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER LEE: What?

CHAIR JOHNSON: I think Staff is preparing for the roll call. Staff...Alison, I couldn't really hear you. Can you speak up again?

MS. STEWART: Can you hear me now?

CHAIR JOHNSON: Yes, we can hear you.

MS. STEWART: Okay. Committee Member Yuki Lei Sugimura.

CHAIR JOHNSON: Excused.

MS. STEWART: Committee Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aye.

MS. STEWART: Committee Member Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aye.

MS. STEWART: Committee Member Paltin.

COUNCILMEMBER PALTIN: Aye.

MS. STEWART: Committee Member Lee.

COUNCILMEMBER LEE: No.

MS. STEWART: Committee Member King.

CHAIR JOHNSON: Excused.

MS. STEWART: Committee Member Kama.

COUNCILMEMBER KAMA: No.

MS. STEWART: Committee Vice-Chair Molina.

VICE-CHAIR MOLINA: Aye with reservations.

MS. STEWART: Committee Chair Johnson.

CHAIR JOHNSON: Aye.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MS. STEWART: Chair, you have five “ayes,” two “noes,” two excused.

CHAIR JOHNSON: Okay. Amendment passes.

**VOTE:       AYES:   Chair Johnson, Vice-Chair Molina, and Councilmembers Paltin, Rawlins-Fernandez and Sinenci.**

**NOES:       Councilmembers Kama and Lee.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       Councilmembers King and Sugimura.**

**MOTION CARRIED.**

**ACTION:     APPROVED Amendment.**

CHAIR JOHNSON: All right. Members, back to the main...main motion, but we do have some more amendments. Anybody have any amendments? We have one from Councilmember Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. At this time I can make the motion for your amendment on your behalf if you would like.

CHAIR JOHNSON: Certainly. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I move to amend Section 2.96.030E to insert the following clause at the end of the second sentence following the word “control.” If the terms of this chapter and Chapter 201H are in conflict, the terms contained in Chapter 201H control, except Chapter 201H projects must comply with Section 2.96.060B(4), and further to insert a new Section 2.96.060B(4) to read as follows: 4, projects developed under Chapter 201H, Hawai‘i Revised Statutes, must comply with Section 2.96.060B(2).

CHAIR JOHNSON: Okay. We have a motion...an amendment --

COUNCILMEMBER SINENCI: (raised hand).

CHAIR JOHNSON: -- on the floor by Councilmember Rawlins-Fernandez, seconded by Councilmember Sinenci. Discussion. I think we should bring out Mimi



**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

DesJardins to speak on this. Ms. DesJardins, are you here?

MS. DESJARDINS: Yes, thank you. So, in looking at 201H-49, which talks about deed restrictions on 201H projects, it states that the units must be occupied by the purchaser for a period of ten years. So, 201H projects generally have a ten-year deed restriction. Section E of 2.9...of the section of 2.96 that we're amending states that if there's a conflict between 201H and 2.96, although 201H projects are supposed to follow 2.96, 201H projects...the terms of 201H shall control. And what you folks are doing is inserting language to say, except for the deed restrictions which are stricter than ten years. That would create a conflict under the new provisions, and therefore, you're clearly stating that in those circumstances 201H would not control, it would be 2.96. And Chair, in an abundance of caution, having spoken to Ms. Munsell about her reading of this, I would encourage you to include not only in that Section 4 that projects developed under 201H must comply with 2.96 B(2), but should say B(1) and (2), so there is no question about this owner occupancy in perpetuity because somebody could read 201H and say well, it says owner occupied for ten years. So, I would encourage you to just include (1) and (2).

CHAIR JOHNSON: So, that's like a friendly amendment, like a...just to include B(1) and B(2)? Thumbs-up from Councilmember...

MS. DESJARDINS: Oh, someone else (*audio interference*)

CHAIR JOHNSON: Yeah. Councilmember Rawlins-Fernandez, that would be a friendly amendment?

COUNCILMEMBER RAWLINS-FERNANDEZ: So moved.

CHAIR JOHNSON: Okay. So moved. And so, this is basically from last time...remember the last meeting we had, we talked about making sure 201H, we're not stepping on any...any other toes. Like we can go stricter than 201Hs, right, we just can't go less. So, we're just trying to add that language in so it doesn't conflict with other codes. I don't think it's that (*audio interference*) bill is following other law already in the books. Okay. So, that's...that's the thing that's on the table. Does anybody else got to add to that? Otherwise...okay. Councilmember Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. So, for Ms. DesJardins, so the...the conflict is...did you mention in the ten years deed restriction for 201H versus 2.96, is that specifically what we're speaking to?

MS. DESJARDINS: That's correct.

CHAIR JOHNSON: Ms. DesJardins?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER SINENCI: Okay. All right. So...so, Chair, we couldn't extend the...the...oh, we did...I mean propose to extend it from five to ten years.

CHAIR JOHNSON: Right. We can go longer, just not shorter.

COUNCILMEMBER SINENCI: Okay. All right. Thank you for that clarification.

CHAIR JOHNSON: Okay. Any other clarifying questions, comments, concerns? Otherwise the Chair will call for the question for the amendment. Do we need to do a roll call vote for this one, Members? We do? Okay. Staff, will you call the roll call vote.

MS. STEWART: Yes, Chair. Is the audio okay? No?

CHAIR JOHNSON: Little bit fuzz...little bit fuzzy in the back. I just feel like it's raining outside (*audio interference*).

MS. STEWART: Oh, okay. I believe Kasie can do roll call for me. Thank you.

CHAIR JOHNSON: Okay.

MS. APO TAKAYAMA: Councilmember Tasha Kama.

COUNCILMEMBER KAMA: No.

MS. APO TAKAYAMA: Councilmember Kelly Takaya King.

CHAIR JOHNSON: Excused.

MS. APO TAKAYAMA: Council Chair Alice Lee.

COUNCILMEMBER LEE: . . .(*inaudible*). . .

CHAIR JOHNSON: Chair, can you repeat yourself? I'm sorry.

COUNCILMEMBER LEE: No.

MS. APO TAKAYAMA: Councilmember Tamara Paltin.

COUNCILMEMBER PALTIN: Aye.

MS. APO TAKAYAMA: Council Vice-Chair Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aye.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MS. APO TAKAYAMA: Councilmember Shane Sinenci.

COUNCILMEMBER SINENCI: . . .*(inaudible)*. . .

CHAIR JOHNSON: Councilmember, we couldn't hear you. Can you repeat yourself, Councilmember Sinenci?

COUNCILMEMBER SINENCI: Aye.

MS. APO TAKAYAMA: Councilmember Yuki Lei Sugimura.

CHAIR JOHNSON: Excused.

MS. APO TAKAYAMA: Committee Vice-Chair Michael J. Molina.

VICE-CHAIR MOLINA: No.

MS. APO TAKAYAMA: And Committee Chair Gabe Johnson.

CHAIR JOHNSON: Aye.

MS. APO TAKAYAMA: You have four "ayes," three "noes," two excused. The motion  
*(audio interference)*

CHAIR JOHNSON: Okay. So, that amendment did not pass.

**VOTE:       AYES:   Chair Johnson and Councilmembers Paltin,  
                              Rawlins-Fernandez and Sinenci.**

**NOES:   Vice-Chair Molina and Councilmembers Kama  
                              and Lee.**

**ABSTAIN:   None.**

**ABSENT:   None.**

**EXC.:   Councilmembers King and Sugimura.**

**MOTION FAILS.**

CHAIR JOHNSON: Members, do we have any other amendments? I thought I saw Councilmember Paltin's hand up. Do you...do you have any more amendments, Councilmember Paltin?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER PALTIN: Yeah. I was going to amend what's written as the years. Right now, it's written at 10, 16, and 20, and that wouldn't be for 201H projects because 201H would just be for 10 years. So, I would, I guess, try for 20 years. I'd like to try 50, but I...I don't think that'll work. So, I move to amend the ownership affordability period because, you know, we're offering such a deep discount since Bill 107, to set it at 20 years across the board.

CHAIR JOHNSON: Okay.

COUNCILMEMBER SINENCI: (raised hand).

CHAIR JOHNSON: 20 years across the board is the amendment. Moved by Councilmember Paltin, seconded by Councilmember Sinenci. Discussion. Councilmember Paltin?

COUNCILMEMBER PALTIN: So, you know, things have changed, as I mentioned earlier, and now affordable housing are truly affordable. I'd love to keep it for 50 years, I don't think we'd get that, so I'm...I'm shooting for 20 for B(2)(a), (b), and (c).

CHAIR JOHNSON: Okay. We have some hands up. We got Councilmember Sinenci, followed by Chair Lee.

COUNCILMEMBER SINENCI: Thank you, Chair. Yeah, I would like to support the proposed amendment on the floor. I mean I think we've seen what we're going over ten years of being in a housing crisis, and we've definitely seen the commodification of homes. And with these, especially bringing down the cost of homes by 3,000, \$4,000 for our residents, I mean these subsidies are...I mean is huge. I...I think we're going to get...everybody is looking to...to get into this, and...and...and buy a home for half...half of what it is, if not more. I consider wealth building...I mean to me, that's wealth building if you're buying a home that is \$400,000 before the market...below the market rate. So, happy to support. I think putting in the extra years will build more equity for families that...that look to...to stay in these homes, and not to commodify, and...and after ten years sell it on the market. So, in support, Chair.

CHAIR JOHNSON: Okay. Councilmember Sinenci, thank you for that. Chair Lee?

COUNCILMEMBER LEE: Thank you, Chair. I agree with Mr. Carnicelli, who said this is a complex issue. This whole affordable housing problem is a very complex issue. And a couple things. First of all, when I was the Housing Director 17 years ago, we had this big project called the Waiehu Gardens, and that was over 400 homes, all workforce housing. And at that time, people had a chance to buy the very low end, the very low priced homes, but they decided not to because they didn't want the deed restriction. And we're not talking millionaires, we're talking

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

nurses, police officers, teachers, they're solid middle...middle class. Wanted some deed restriction, but not ten years or, you know, eight years or something. Something reasonable that will discourage speculation. And until today, of the vast majority of those homeowners are the original buyers. So, I know it works. And...and...and as I said earlier, you know, I...I think we need to revise a lot of our housing policies, but it would be great to do it at one time. And also, the results of the comprehensive affordable housing study said one of the big results, one of the biggest concerns of that study was that...that the Council tends to overregulate housing, over...over...overregulate a lot of things. So, I think we...we need to take heed of those warning signs, and try to be more positive in our policymaking. And hopefully, we can do that if we...we looked at these issues comprehensively. Thank you.

CHAIR JOHNSON: Okay. Let me just jump in right here real quick. I don't know if you folks got the written testimony from Jeff Gilbreath, and it's...it's in Granicus, right...or no, it's not in Granicus, I beg your pardon. But I'll just read this little section. It says Bill 103, the proposed changes in Bill 103 are consistent with the recommendations in the Maui County Comprehensive Affordable Housing Plan. I found that on the eComments, beg your pardon. But I...that's why...I mean they're...they're in support of it, so I just wanted to throw that out there. I saw Councilmember Paltin's hand up, but that's what I'm speaking to. Go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. I just wanted to speak to the fact that, you know, people are dying to get onto Hawaiian Home Lands with a 99-year lease period, there was talk about extending it. As well as, you know, I guess the fact that Mr. Carnicelli came in and straight lied to our face. Mr. Moran emailed me about the price changes that he said didn't happen, and it's on their KCA website. So, I mean we have the Comprehensive Affordable Housing Plan. I...I emailed Mr. Moran's email to the Committee so that you guys can check out the link for yourself that the reason why this lady couldn't afford the house is because the price went up, like I said. It's not the price was the same. So, I mean, you know, it's not stopping Native Hawaiians from wanting a house on Hawaiian Home Lands, and we're not talking 99 years, we're talking 20 years, one generation. You want a house so bad, if you're a kupa 'āina, if you want to live in Hawai'i for the rest of your life, what's 20 years? It's not that you're not going to get appreciation, you're going to get an appreciation model. And so, I mean if it terms out in ten years, we'll never have enough. And...and it really will be like winning the lottery because you can cash out in...in ten years, and make a million bucks, you know. And in that way, we'll never have enough affordable housing for all, there'll be people that will stay in generational poverty while 1 or 2 or 12 here and 12 there can cash out on a million bucks. I don't know what else to say.

COUNCILMEMBER LEE: Are you trying to convince me?

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER PALTIN: I was just doing my second and final discussion.

COUNCILMEMBER LEE: Oh, okay. Just checking. Thanks.

CHAIR JOHNSON: Councilmember Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I am in support of the motion. I think, you know, we've continued to kick the can down the road for long enough, we need to look back on, you know, what has happened, and then make decisions moving forward based on, you know, what has occurred. Maybe like some places there's some examples of people who got into houses and are still there, but there's also examples...and so, this wouldn't really affect them because they are still there. And then you have some of the houses that are now being speculated and used as investment properties. Like Member Sinenci said, it's been commodified. And, you know, I think I want to echo that...that comment that Member Sinenci said. Like when we're talking about wealth building, you have people who are paying so much in rent, and can't qualify for less than that for a mortgage per month, but they're figuring out how to pay for a monthly rent of, you know, property that they don't own. So, it's costing them more to rent than it would if they were paying down a mortgage of the property that they own. And so, that helps with wealth building. As I said earlier, it's hard to think about wealth building when you're focused on just having shelter, and...and that's the crisis that we're in, shelter...just need shelter. It's not about equity building at this point. So, I...I...I'm kind of confused by some of the votes. Member Lee explained herself, but I...I don't really understand other Councilmembers' position. I thought we were trying to build and maintain affordable housing inventory for our residents, and this is one of the ways (*audio interference*). So, that's why I'm in support of this motion. Mahalo, Chair.

CHAIR JOHNSON: Thank you. Anyone else? Okay. I...I want to speak a little bit here. Of course, I...I support this motion. I want...I want to kind of ask Deputy Director Linda Munsell if she's on the call to kind of explain about Hale Kaiola. What...what's going on over there? Is...is...you know, what's happening? Can you explain to us?

MS. MUNSELL: Thank you, Chair. No, actually I can't. We had understood that the change in the affordability had to do with the change in interest rates, but based on what Ms. Paltin had mentioned, obviously we'll have the Housing Division look into that further to make sure that we've got the...the correct information. We'll review that.

COUNCILMEMBER PALTIN: I'll...I'll send you Mike Moran's link.

MS. MUNSELL: Thank you.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: Okay. All right. Councilmember Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Just for my second and final. You know, I...I'm going back and...and just trying to figure out why we're at this point at this time. And...and like you had mentioned, Chair, we just weren't getting the amount of affordable housing from a lot of the...the projects that came through. And...and this Council has...has put, you know, \$58 million into the Affordable Housing Fund so that we can partner with some of our developers, and help to pay down some of their...their infrastructure costs so that they can present a lower house price to our residents. And so, I think...I don't think we're trying to provide more regulations for our developers, in fact, we're...at the Kuikahi, we subsidized over \$20 million worth of exemptions for that project, as well as putting it at the top of the list as far as permitting and those...and...and such. So, I don't see us creating more regulations, I see us trying to help our developers to...to put more housing on there. So, I...I...this is what we're doing for our residents. I've...I'm seeing more of an...an off-island, I guess, construction companies that want in...in...in our housing...you know, trying to get more housing. So, I don't know where that is, how...why...why are...is an off-island construction lobby trying to...to get into our housing market when we're trying to...to make it for us and...and not necessarily...we're not trying to build more houses on O'ahu, or send our residents to O'ahu. We're...we're trying to build for Maui residents first. Thank you, Chair.

CHAIR JOHNSON: Okay. Well said, Councilmember. Anyone else? All right. Oh, Councilmember Molina?

VICE-CHAIR MOLINA: Mr. Chair, I'll admit I have some hesitancy about it. There's...there's some moving to parts it that I agree with what Mr. Carnicelli stated earlier, and what Chair Lee. The issue of home...of equity, it's important because, you know, if we...if we cap profitability, if you will, you know, a home is an investment. You got to repair that home over time, and do you want let your investment, because of a lack of funds, become dilapidated? So, there's that factor. Also, upward mobility is important for our younger generations, that...that's where home equity comes in, to help pay for your kid's college education, or what have you. So, those are issues I'm wrestling with. If there was a way that, you know, subsidized homes, those who turn around and sell it eventually for a gargantuan profit could pay whatever the subsidy cost for that house when they got it at an affordable price, if they could pay that back into the system, I think that would be much more fair. It's like when we did the First-Time Homebuyers Fund years ago, if you decided to sell your home within, say, a ten-year period, or below the ten-year period, you had to pay that loan back to the County. So, I'm...I'm certainly in agreement that, you know, subsidized home is a gift, true, I agree with Member Paltin on that part. And if there's another way...people who decide to sell and make a big profit. I mean to me, it...it's

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

difficult to limit someone's ability to sell their home at a restricted price. I mean it's up to the market. If somebody wants to buy that home at, you know, a price way above what it may be worth, well, so be it. But if it's a subsidized home, to me, you pay back that subsidy to the County based on whatever amount of profit you make. Maybe that might be a better way to address this issue. But I'm going to support this with reservations, but I cannot...if this makes it to first reading, second reading, whatever, I don't know how I'm going to vote. So, anyway, I'll just...for the sake of just moving this forward. Because I'm going to have some questions I got to ask and find out more because I'm really on the fence with this. But for the sake of just moving it out of...well, possibly moving it out of Committee today, I'll leave it at that. But I reserve a potential change in my vote come first reading or second reading, so...depending on what I...if my questions are answered. Thank you.

CHAIR JOHNSON: Well, Council...Council...Councilmember Molina, thank you for your honesty, I appreciate it. I'll speak to this. The market rates are what got us in this mess, right? People make money off of buying and selling homes, and that's part of the problem. Bill 107 changed that. We...we're trying to have a separate market for these...for these homes. I want to remind the Members that other counties, the minimum is ten years, right? We...we're the shortest. This...Maui County is the shortest on our deed restrictions in the...in the...in the State. And the Comprehensive Affordable Housing Plan does support this idea, I think, so that's where this comes from. This...I have been...I don't...I was hesitant to bring up the rubric that we've been using, the matrix we've been using to talk about the Comprehensive Affordable Housing Plan, these are...this has been a step-by-step legislative process in this Committee that you all have been a part of, and you...you have had your say on many of these bills to get us to where we're at now. We had to do certain bills before we got to this, now we're at this point, so we are protecting our residents to get in these homes. We have made the prices low for these homes. And we did a priority to make it so that it's long-term residents first, right? A residential preference list. All of these ducks are lined up in a row, and a deed restriction is a part of that, is another duck in the row. And I think that the...the idea of making it to 20, I support because of the...the...the chart that I showed earlier. It's like a football that we pass down, we hand it off, we hand off a low-priced home for the next generation, and they pass it off to the next generation, and that's how we keep that in affordable...affordability. So, I support this. And now, I think it's time to call for the question. So, Staff, could you do a roll call please?

MS. APO TAKAYAMA: Councilmember Tasha Kama.

COUNCILMEMBER KAMA: No.

MS. APO TAKAYAMA: Councilmember Kelly Takaya King.



**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

COUNCILMEMBER LEE: Excused.

CHAIR JOHNSON: Excused.

MS. APO TAKAYAMA: Council Chair Alice L. Lee.

COUNCILMEMBER LEE: No.

MS. APO TAKAYAMA: Councilmember Tamara Paltin.

COUNCILMEMBER PALTIN: Aye.

MS. APO TAKAYAMA: Council Vice-Chair Keani N.W. Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aye.

MS. APO TAKAYAMA: Councilmember Shane Sinenci.

COUNCILMEMBER SINENCI: Aye.

MS. APO TAKAYAMA: Councilmember Yuki Lei K. Sugimura.

CHAIR JOHNSON: Excused.

MS. APO TAKAYAMA: Committee Vice-Chair Michael J. Molina.

VICE-CHAIR MOLINA: Aye with reservations.

MS. APO TAKAYAMA: Committee Chair Gabe Johnson.

CHAIR JOHNSON: Aye.

MS. APO TAKAYAMA: That's five "ayes," two "noes," two excused. The motion carries.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

**VOTE:       AYES:   Chair Johnson, Vice-Chair Molina, and Councilmembers Paltin, Rawlins-Fernandez and Sinenci.**

**NOES:       Councilmembers Kama and Lee.**

**ABSTAIN:   None.**

**ABSENT:     None.**

**EXC.:       Councilmembers King and Sugimura.**

**MOTION CARRIED.**

**ACTION:     APPROVED Amendment.**

CHAIR JOHNSON: Okay. All right. Members, is there any other amendments for this bill as it is...as it is right now? Seeing none. We'll go to the main motion as amended. The Chair will entertain a motion to recommend passage on first reading of Bill 103 as amended, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 2.96.060, MAUI COUNTY CODE, RELATING TO RESIDENTIAL WORKFORCE HOUSING DEED RESTRICTIONS AND RESALE," allowing Staff to make non-substantial revisions. Moved by --

COUNCILMEMBER SINENCI: (raised hand).

CHAIR JOHNSON: -- Councilmember Sinenci. Seconded by --

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

COUNCILMEMBER PALTIN: (raised hand).

CHAIR JOHNSON: -- Paltin. Yes, Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: You're...you're...you're asking for a motion on the...the main...

CHAIR JOHNSON: The main motion as amended.

COUNCILMEMBER RAWLINS-FERNANDEZ: I thought we already had a main motion.

CHAIR JOHNSON: We had a main motion...we did have a main motion, and this is the main motion as amended. Does that...that's what my notes did, is...want me to

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

switch them?

COUNCILMEMBER PALTIN: So, you just say now the vote on the main motion as amended.

COUNCILMEMBER RAWLINS-FERNANDEZ: You just call --

CHAIR JOHNSON: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- for the question.

CHAIR JOHNSON: Calling for the question. Main motion...or main motion as amended. I was trying to get the as amended in there, and I just...all right. So, now we're calling for the question. Staff, will you call roll call please.

MS. APO TAKAYAMA: Councilmember Tasha Kama.

COUNCILMEMBER KAMA: No.

MS. APO TAKAYAMA: Councilmember Kelly Takaya King.

CHAIR JOHNSON: Excused.

MS. APO TAKAYAMA: Council Chair Alice L. Lee.

COUNCILMEMBER LEE: No.

MS. APO TAKAYAMA: Councilmember Tamara Paltin.

COUNCILMEMBER PALTIN: Aye.

MS. APO TAKAYAMA: Council Vice-Chair Keani N.W. Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aye.

MS. APO TAKAYAMA: Councilmember Shane N. Sinenci.

COUNCILMEMBER SINENCI: Aye.

MS. APO TAKAYAMA: Councilmember Yuki Lei K. Sugimura.

CHAIR JOHNSON: Excused.

MS. APO TAKAYAMA: Committee Vice-Chair Michael J. Molina.

**November 3, 2022**

MS. APO TAKAYAMA: That's five "ayes," two "noes," two excused, the motion carries.

**EXC.: Councilmembers King and Sugimura.**

**ACTION: Recommending FIRST READING of Bill 103, CD1 (2022).**

**ITEM AH-14(7): COMPREHENSIVE AFFORDABLE HOUSING PLAN:**  
**AFFORDABLE SALES PRICE GUIDELINES:**  
**EXPANDING THE AFFORDABLE HOUSING FUND**

CHAIR JOHNSON: Item AH-14, the Comprehensive Affordable Housing Plan: Expanding the Affordable Housing Fund. Okay. Members, I'm not sure if you remember when this was...when we discussed this bill in Bill 61, and expanded the uses of the Affordable Housing Fund in Committee, that I had originally included putting a funding mechanism for 3.34, otherwise known as the Home Acquisition Fund through the 3.35, the Affordable Housing Fund. At that time, there did not seem to be much appetite for this, and there was fears that it could drain the fund. Now, with the passage of Bill 107, which requires us to help homebuyers if developers do not accept direct subsidies, and now that everyone...and I hope has a better understanding on how we can use bonds to

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

our advantage to increase the Affordable Housing Fund, I would like to reexamine this tool in the proverbial toolbox. During discussion, I also want to reflect back during this year's budget session, when I proposed a \$2 million grant for Hawai'i Community Foundation to fund deferred mortgage payments for homebuyers. Many of you questioned why this money was not coming out of the Affordable Housing Fund, and I explained then that I had tried to...in previously Committee, as I knew what was potentially coming down the pike, and that I would like to bring this back in front of the Committee to try again. So, with that said, we have to open up public testimony. And I would like to open up public testimony for AH-14(7). Staff, do we have any...any testifiers? Staff, do we have any testifiers?

MS. APO TAKAYAMA: Chair, there are no individuals who have indicated they'd like to testify at this time.

CHAIR JOHNSON: Okay. Well, if there's anyone wishing to testify at this time, please unmute yourself, and request to speak. All right. Seeing...seeing none. Without objection, I will now close public and have written set into the record. Any objections, Members, for AH-14(7)?

**COUNCILMEMBERS VOICED NO OBJECTIONS.**

**. . . END PUBLIC TESTIMONY FOR ITEM AH-14(7) . . .**

CHAIR JOHNSON: Okay. All right. Let's start with our discussion by hearing comments from the Budget Director on how this proposal will work in practice, and then hear comments from Deputy Director Linda Munsell. So, at this time, like...on the call is Budget Director Yoshimura. Welcome, welcome.

MS. YOSHIMURA: Hi, Chair. I'm here for a resource. If you have any specific questions regarding the fund, I can address them, but I have no opening comments. Thank you.

CHAIR JOHNSON: Okay. Thank you for joining us, Director. Let's call up Deputy Director Linda Munsell, and have her speak on this. Okay. There she is. Deputy Director Linda Munsell, how are you doing? The floor is yours.

MS. MUNSELL: Yeah, thank you, Chair. As we had shared previously in earlier comments to this Committee on this subject, I mean we are concerned about the use of the funds being diluted. I'm not a bond expert, so, I would defer that to Budget or Finance. But again, I would encourage you, you're going to be allocating funds to these kinds of programs from one source or another, you know, how you fund that, I guess, would be a...a question. Again, historically we've used these funds for acquisition or construction. We would like to continue to do that practice, but again, that'll be a decision made by this body. Thank you.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: Okay. Thank you, Director. So, just like before, we'll do a round robin of three minutes. It's up on Granicus. It's one...it's one line in the bill, Members, so, I'm...I'm pretty sure we can follow it along here. So, we'll just go with Committee Vice-Chair Mike...oh, let's go backwards because we went that way last time. So, we'll go backwards, and we'll start with Councilmember Shane Sinenci followed by Councilmember Rawlins-Fernandez. Questions, comments, concerns on the...on the proposed bill?

COUNCILMEMBER SINENCI: Thank you, Chair. None at this time. Thank you.

CHAIR JOHNSON: Okay. Thank you. Okay. Let's go on to Councilmember Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: None at this time, Chair.

CHAIR JOHNSON: Okay. Thank you. And then we'll move on to Councilmember Tamara Paltin, followed by Chair Lee.

COUNCILMEMBER PALTIN: No, no questions.

CHAIR JOHNSON: Okay. Chair Lee, you have any questions, comments, concerns?

COUNCILMEMBER LEE: Yes, Chair. Does this allow the Council to float bonds? Is that what you're proposing? No?

CHAIR JOHNSON: No. *(audio interference)*

COUNCILMEMBER LEE: What exactly are you proposing?

CHAIR JOHNSON: Okay. So, we have two pots of money, right, there's the...the Affordable Housing Fund has got \$58 million, the big pot, then we have the Home Acquisition Fund, the smaller pot. We want to take the Home Acquisition Fund and put it into the...the Affordable Housing Fund because we want to be able to use that money for home acquisition. Because as you...as you recall, the bill that affected the affordable sales price guidelines, it said in there, Section C, that if you're not going to not take...if a developer is not going to take County monies, then the County will help subsidize the buyer a little more. And we're...the...my concern I have is that Home Acquisition Fund is a small pot of money that would need more funds to be put in there, so we'll put into the Affordable Housing Fund.

COUNCILMEMBER LEE: How much is in the smaller fund?

CHAIR JOHNSON: That is a good question. Let's ask Director Yoshimura.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

MS. YOSHIMURA: I believe there is...hang on. There's about \$2-1/2 million. Maybe I can add some clarification to that Home Acquisition Fund. So, that fund was initially set up...we had appropriations from the General Fund under the Department of Housing and Human Concerns for the First-Time Homebuyers Fund. And because the monies would lapse June 30 with the fiscal year, if you didn't secure...if you were awarded a first-time homebuyer grant, and you weren't able to secure your house, come June 30. if your money is not encumbered, the money is gone, right, and we'd have to wait for a reappropriation. So, this fund was set up so that the monies could continue, and people could continue looking for their homes. So, that's why the...this pot of money...money is generally smaller because it's basically just the monies that you're setting aside for the First-Time Homebuyers Program. And the First-Time Homebuyers Program money never came out of the Affordable Housing Fund, it was always a General Fund appropriation.

COUNCILMEMBER LEE: Okay. So, it's replenished by the General Fund, and not people paying back the fund.

MS. YOSHIMURA: It could be from people paying back the fund, or it's by appropriation from the General Fund. And this is --

COUNCILMEMBER LEE: And who --

MS. YOSHIMURA: -- just so that you can extend...

COUNCILMEMBER LEE: -- who...who decides that, is that the Mayor, the Mayor decides that, the appropriation?

MS. YOSHIMURA: So, the...the Mayor will propose an appropriation for the First-Time Homebuyers Program. That monies is put into this fund so that the time of the use of the money doesn't run out on anybody.

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

CHAIR JOHNSON: Okay. Thank you for that. Okay. Now, we'll move on to Councilmember Kama, followed by Committee Vice-Chair Molina.

COUNCILMEMBER KAMA: Thank you, Chair. So, if the intent of this bill is to be able to...to join the two...well, not join, but to take the Home Acquisition Fund and add it to the affordable housing. So, would you eliminate the Home Acquisition Fund...Fund itself, or would you defund it? I mean what are we doing? Because if the intent was to be able to support the first-time homebuyers, and then if they weren't able to use the funds in the time that it was appropriated, did we...did we want those monies to go back, or do we want it to at least sit in this place that in the event that a homeowner who had gotten a...a scholarship, or who had gotten

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

support from this particular fund, and should they have decided that they want to sell their home and they got a little bit money for it, they want to pay back, you know, what they've gotten from the County, this is where it would be, this is where that money would go. So, are we saying that we don't...no longer want that? Is that what you're saying, Chair?

CHAIR JOHNSON: What I'm trying...well, what I'm...let me answer that by just saying that here's the purposes of the Home Acquisition Fund, right. I'm just going to read you off the purposes, it's real short. The Home Acquisition Ownership Program's Revolving Fund will enable the Department of Housing and Human Concerns to continue to maintain and expand existing programs, and create new programs to meet the needs of the County residents qualified to participate in the First-Time Homebuyers Down Payment Assistance Program, the Individual Development Account Program, and similar future programs to be named in this paragraph. So, it's just adding this can be done with the Affordable Housing Fund money, right? So, if it needs, we can...we can use money in affordable housing to help these programs. Because the concern is that maybe these programs are going to be a little more costly, and let's use the Affordable Housing Fund because it's a bigger pot of money. The last thing I want to do is tell a new homebuyer ah, we don't have any money, you know, in the fund for you anymore. Right now, with this...with this enabling...or this bill, it would say you...look, we can use some of that 58 million from the Affordable Housing Fund. It doesn't change anything except for just expanding the use for this smaller pot of money.

COUNCILMEMBER KAMA: I hear that, Chair, but I'm going to let it settle into my na'au. Thank you.

CHAIR JOHNSON: The alternative we could do is we could take General Fund money and put \$20 million into this Home Acquisition Fund, right...two ways to do it, right? And I see Mimi DesJardins on the call, so we can bring her up. Go ahead, Ms. DesJardins.

MS. DESJARDINS: Thank you. The Chapter 3.34, which covers the Home Acquisition Program, 3.34.030 talks about the administration, and it clearly says that there shall be a separate account for those funds. This bill would allot more of those...those pots. In order to do that, you would have to repeal 3.34. That's not what's happening here. It'll still remain two separate pots, but the smaller 3.34 pot, as Chair Johnson just said, will allow for some use of affordable housing funding. Right now, we cannot use affordable housing funding for the purposes under Chapter 3.34, but the pot should remain intact, separate, without some other legislation . . .*(inaudible)*. . .

CHAIR JOHNSON: Yeah. Thank you for clarifying. I didn't mean to say they were melding the pots, I meant to say you can dip into that pot, right? So...so thank you for clarifying that. Okay. Now, let's move on to...oh, is...you have anything



**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

else, Councilmember Kama?

COUNCILMEMBER KAMA: No. Thank you, Chair.

CHAIR JOHNSON: Okay. Let's move on to Committee Vice-Chair Molina.

VICE-CHAIR MOLINA: Yeah, thank you, Chair. And appreciate the clarifications on this issue because I can understand where Chair Lee was coming from because when you throw the word bonds into this whole thing. And as I read the agenda, the purpose of the proposed bill is to expand the allowable uses of the Affordable Housing Fund, so I'm thinking to myself okay, are we going to bond some of the...for example, if a project needs funding, so are we going borrow money or...or go via the bond route instead of using, you know, the cash that's in the Affordable Housing Fund? So, okay, that, and then so now, the, I guess, Home Acquisition Fund, I guess things...changes of funds, morphed change over the years. Because I'm thinking way back in 2006 when we did the First-Time Homebuyers Fund, which is basically the same. So, if I can ask Director Munsell or...or Director Yoshimura, what is the current appropriation per eligible family for first-time homebuyers funds? Back in the day I think it was like 10, maybe 15,000, but I think that's much larger now. Director, could you update me on that?

CHAIR JOHNSON: Is it 30,000, Deputy Director?

MS. MUNSELL: Yes, thank you for...thank you for the question. It is 30,000.

VICE-CHAIR MOLINA: Okay. 30,000. And that would be up to how many families would be eligible with the current amount? I guess...well, 2-1/2 million, yeah, is currently in there right now?

MS. MUNSELL: Yeah, so I'll do the math, you know, it'll be 2-1/2 million divided by 30,000 would be the number of families that we could server.

VICE-CHAIR MOLINA: Yeah. And I guess we're limited, yeah, based on how many people we can serve, and of course, it's all done by lottery yeah, so.

MS. MUNSELL: Right. And...and just to...just to add to that. I mean, you know, keep in mind, you know, right now, folks are...are having a difficult time finding homes. So, we're going through that pot of money rather slowly. The fact that it doesn't go away is very helpful. And then normally, we would come to the Council to request for additional funding in that...in that account, and currently that would be from the General Fund, but you're asking that we would be asking for that from the Affordable Housing Fund probably through our annual plan is what you're...I believe you're asking for.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

VICE-CHAIR MOLINA: Okay. Yeah, I think the hard part is the lack of inventory, yeah. We have the monies available to, I guess, dole out per eligible family, but there's just not enough inventory. So, okay. All right. Thank you, Chair.

CHAIR JOHNSON: Okay. We went round robin for everyone, and now I see that Councilmember Paltin's hand is up, so go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you. Just based on the discussion between Ms. Munsell and Mr. Molina, I just was wondering, would we be able to use that fund to buy down the prices of Hale Kaiola to what the price was supposed to be for the people that won the lottery at a certain price?

CHAIR JOHNSON: Deputy Director Linda Munsell?

COUNCILMEMBER PALTIN: So, that...I mean the inventory is there, they won the lottery, they expected one price, they got another price. I mean what good is that 2.5 million doing if it's not putting people in homes?

MS. MUNSELL: Yes, thank...thank you for the question. If you remember the guidelines for the...the First-Time Homebuyers Program was approved by the Council, so those guidelines were put into effect. And the activities in that fund were specific to down payment assistance. We did have a conversation the other day with the Housing Staff in preparation for the, you know, budget for next year and, you know, talking about whether we had the capacity to put another program in place, and this would be primarily because of Bill 107, in which case we would need some appropriation for funding to run that program. There's nothing in place right now to assist the Hale Kaiola folks unless Hawai'i Community Foundation was able to sand up (*phonetic*) up their grant. And at this point we don't yet have a...a grant proposal from them.

COUNCILMEMBER PALTIN: So, will the Hale Kaiola units turn into market rate with no restrictions, and people can just do whatever?

MS. MUNSELL: Thank you for that question. As I understand it, those...that was a 2.97 project, and those are required to be sold at affordable prices, and I believe that they're supposed to be sold with deed restrictions. But we should clarify that to make sure I'm not misleading you.

COUNCILMEMBER PALTIN: Yeah. Because the one person that's emailing me says that the restrictions are dropping, but I don't know if she knows the whole story.

MS. MUNSELL: Yeah. Thank...thank you. We'll have to...we'll have to clarify that and make sure.

COUNCILMEMBER PALTIN: All right. Thanks.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

CHAIR JOHNSON: Okay. Anyone else for their second round? Okay. Well, I'll...you know...hmm, I think, you know, this is...this bill is a way we can fund Bill 107. Like 107 bill, we...remember we dropped the prices and...by 20 percent across the board for affordable housing, and this is a way that we can start helping those folks. I...I...I understand the Department said there hasn't been much market for...for people buying homes because they...because of the prices, you know. This is a way we subsidize our homebuyers. We...we put in sections where we subsidize home builders, but this is the bill that does the subsidies for the homebuyers. 107 has the new price guidelines, so everything is changed, and that's why I think this is an important bill because otherwise we'll be, you know, asking for money out of the General Funds for our people. But that's...that's what I wanted to say. Let's see here. We're going to...I guess probably about \$20 million, I'm thinking, from the General Fund each year we would be...we would be asking to...in subsidies for this to really make a dent, or we could use the Affordable Housing Fund, which is guaranteed through our Charter. That's...that's kind of...you know, I...I know Councilmember Molina...Molina talked about bonds, this...you know, bond...remember, Bill 61 said that you can use bonds for affordable housing projects, and the Affordable Housing Fund can pay off those bonds. So, that's a...that's a big piece of the financial...financial ways forward that's actually making houses truly affordable. So, you could probably take that \$58 million out of the Affordable Housing Fund and leverage...you know, make it times ten because bond money equal big money, right? So, that's how we would...we would help really truly buy down them homes by 20 percent, all those new price guidelines. This is where...this bill is where you say we're going to subsidize those buyers now. So, I...I...I've made my point. I tried to, you know, speak on this, and I think right now, it's time...if...if anybody else has any...any questions, it's 4:09, and I'll entertain a main motion for this bill.

COUNCILMEMBER SINENCI: (raised hand).

CHAIR JOHNSON: Okay. It's moved by Councilmember Sinenci. Do we have a seconder? Okay. No...we don't have a seconder, so we might get out here early. All right. Well, this...this did not get a second, so what do you do, do you file this or do you defer it? How does this work, when you get [sic] a second, you just move on?

COUNCILMEMBER RAWLINS-FERNANDEZ: You...you can defer, Chair, if you want to.

CHAIR JOHNSON: Okay. Let's defer it then. If...without any objection, we will defer this...this bill. Right. Any objections, Members?

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (excused: KTK, YLS).

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

---

**ACTION: DEFER pending further discussion.**

CHAIR JOHNSON: All right. Let's move on to the next item here. So, this...that item is now deferred.

**ITEM AH-4(8): ESTABLISHING DESIGN STANDARDS FOR**  
**AFFORDABLE HOUSING PROJECTS LESS THAN 150**  
**UNITS SO PROJECTS CAN BE APPROVED AS OF**  
**RIGHT (RULE 7(B))**

CHAIR JOHNSON: We're now moving on to AH-4(item) or AH-4(8). And looking at the time, Members, I think it's just better off that we...we defer this item as well because we...or should I...have to do...oh, public testimony and then defer? Okay. Let's do that. All right. So, we have a hard stop at 4:30. So, we're going to open up public testimony, and then after that, the Chair's intent to defer. So, Staff, do we have any...any testifiers for AH-4(8)? Establishing Design Standards for Affordable Housing Projects Less Than 150 Units So Projects Can Be Approved As Of Right.

MS. APO TAKAYAMA: Chair, there are no individuals who have indicated they'd like to testify at this time.

CHAIR JOHNSON: Okay. This is the last call for this item on the agenda. Last call for public testimony on AH-4(8).

**. . . END PUBLIC TESTIMONY FOR ITEM AH-4(8) . . .**

CHAIR JOHNSON: Okay. Seeing that there's no one wishing to testify, the Chair will now close public testimony and have written into the record, without any objection.

**COUNCILMEMBERS VOICED NO OBJECTIONS.**

CHAIR JOHNSON: Okay. Members, if you'll allow, the Chair would like to take a five-minute recess. Okay. Five-minute recess, Members. The time is 4:12, and we're going to come back at 4:17. The Affordable Housing Committee of 11/3/2022 is in recess until 4:17 p.m. . . .(gavel). . .

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

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**RECESS:** 4:12 p.m.

**RECONVENE:** 4:18 p.m. (Excused: KTK, YLS)

CHAIR JOHNSON: . . .(*gavel*). . . Will the Affordable Housing Committee of 11/3/2022 come back into order. The time is now 4:18. Thank you for that quick recess, Members. I kind of want to clear the air on...on a point that was...that...okay. I have to defer this item first. So, we...we have closed testimony. So, without objection, I would like to close the last item on the agenda, which is AH-4(8). We...we'll...can we defer this, Members? Any objections on deferring? No objections?

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (excused: KTK, YLS).

**ACTION: DEFER pending further discussion.**

CHAIR JOHNSON: Okay. So, that leads us to the end of the agenda, but I want to bring up Deputy Director Linda Munsell, if the Members will allow. So, let's just clear the air over the project that we were talking about earlier. I want to...you know, I want to have...I want to have facts being said in this...in this meeting, and I want to make sure that the facts were told. So, Deputy Director Linda Munsell, can you speak on what we were talking about earlier in regards to that project?

MS. MUNSELL: Thank...thanks, Chair. In regards to the Hale Kaiola project, I can't...I don't have all of the specifics here, but here's...just to let you know how that process works, right. Often when they come to this body for their 201H or their 2.97 approvals, they talk about the prices that they expect to be charge...charging. When they finally are ready to do their marketing plan, that's when the prices are finally locked in, and that has to do with what the interest rates are at that time. So, for instance, if they've come to you and said...you know, in 2018 and said, you know, here's our marketing plan, here's our prices that we expect to charge, and then interest rates change, then those prices would either go up or down, depending on...could go up or down based on the interest rate that...the prevailing interest rate at the time. Now, in this case, I haven't had a chance to pull the marketing plan or the presentations that were made to this body, but we can do that, and we can send you that material so that you can evaluate it. And if you would like to put this on an agenda, obviously we can talk about this further.

CHAIR JOHNSON: All right. So...go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: I just was wondering...that didn't clear the air for me. I mean I asked the gentleman what the prices were, he said that's what the prices were, and that's not what the prices were. So, it didn't clear the air for me.

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

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MS. MUNSELL: I...I...I apologize. I mean just...just for clarity, the marketing...marketing plan that's approved, those are the prices that are set for the lottery, and those prices should not change from the time of the lottery to the time of closing. So, whatever was presented at the lottery should be the prices that are being provided now. That should be consistent, it could not...it should not change.

COUNCILMEMBER PALTIN: Yeah, and...and that wasn't my question.

CHAIR JOHNSON: Okay. All right. I see Councilmember Kama's hand up. Go ahead, Councilmember Kama.

COUNCILMEMBER KAMA: Thank you, Chair. So, the price quotes that was shared with us at the time that they came to do their...to do their presentation, is that the price quotes that we are talking about that was approved? Because we would have had to approve those price points, right, Linda? And therefore, is that the price points that we're talking about or not? I just want to know that.

CHAIR JOHNSON: Deputy Director Linda Munsell?

MS. MUNSELL: Yeah, thank you for the question. You know, I don't want to mislead this body, so, as I said, I would...I would much prefer to be allowed to do the appropriate research, and then provide the entire story to you...just to make sure that we're not providing additional misinformation that's going to add to the confusion.

CHAIR JOHNSON: Okay. I...I understand if...if you...if you're hesitant to speak until you get the facts. I appreciate that. Will you...oh, this mouse is driving me crazy, sorry. Deputy Director Munsell, will you write a letter to the Committee, and...and we can...I can share it with the Members?

MS. MUNSELL: Yes, we can...we can do that research to make sure that we understand what was presented to you, and then send it...send that to you through the...the normal channel...channels.

CHAIR JOHNSON: Okay. Thank you for that. All right. Members, I don't see any other hands up, I just wanted to give that last chance for...to speak on that issue. So, Members, we're at the end of the agenda, we're at the end of all...all of the things that we needed to do today. So, I want to thank you all, but if anybody has any announcements, we can...or adjourn seven minutes early. Otherwise, Members, with...Affordable Housing Committee of 11/3/2022 is now adjourned. Good job, everybody. . . .(gavel). . .

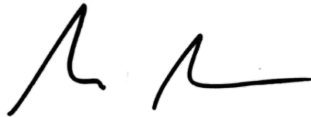
**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

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**ADJOURN:** 4:23 p.m.

APPROVED:



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GABE JOHNSON, Chair  
Affordable Housing Committee

ah:min:221103:slv:ds

Transcribed by: Daniel Schoenbeck

Type text

**AFFORDABLE HOUSING COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2022**

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 63 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 6th day of December 2022, in Kula, Hawai'i



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Daniel Schoenbeck