

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

December 1, 2016

Council Chamber, 8th Floor

CONVENE: 1:30 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Stacy Crivello, Chair
Councilmember Gladys C. Baisa, Vice-Chair
Councilmember Robert Carroll
Councilmember Don Couch
Councilmember Don S. Guzman (Out 2:07 p.m.)

NON-VOTING MEMBERS:

Councilmember Elle Cochran (In 1:31 p.m.)

EXCUSED: VOTING MEMBERS:

Councilmember Riki Hokama
Councilmember Michael P. Victorino

STAFF: Michele Yoshimura, Legislative Analyst
Tammy M. Frias, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Carol Reimann, Director, Department of Housing and Human Concerns (Item HHT-39)
Clyde "Buddy" Almeida, Housing Administrator, Department of Housing and Human Concerns (Item HHT-39)
Jennifer Oana, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Joseph DeLoache
Maria Pocaterra
Anna Barbeau
Marlene Astranomo
Carmie Spellman

Craig K. Hirai, Executive Director, Hawaii Housing Finance & Development Corporation
Daren Ueki, Finance Manager, Hawaii Housing Finance & Development Corporation
Additional attendees (5)

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PRESS: *Akaku–Maui County Community Television, Inc.*

CHAIR CRIVELLO: . . .*(gavel)*. . . Aloha, and good afternoon. The Housing and Human Services, and Transportation Committee meeting will now come to order. It is 1:30 p.m. on Thursday, December 1, 2016. Before we begin, may I please request that we all turn off or silence our cell phones, or other noisemaking devices? At this time, I'd like to introduce our Committee Voting Members, our Committee Vice-Chair, Gladys Baisa.

VICE-CHAIR BAISA: Good afternoon, Chair. Oh, sorry, I needed to put the mic on. Good afternoon, Chair.

CHAIR CRIVELLO: Good afternoon. Thank you for being here. Member, Bob Carroll.

COUNCILMEMBER CARROLL: Good afternoon, Chair.

CHAIR CRIVELLO: Aloha, thank you. Member, Don Couch.

COUNCILMEMBER COUCH: Aloha, and good afternoon, Chair.

CHAIR CRIVELLO: Aloha. And Member, Don Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair. Aloha.

CHAIR CRIVELLO: Good afternoon, and I am your Committee Chair, Stacy Helm Crivello. Members, we're excusing Mr. Riki Hokama and Member Mike Victorino. At this time, I'd like to introduce our Non-Voting Committee Member, who's present, Councilmember, Elle Cochran.

COUNCILMEMBER COCHRAN: Thank you very much, Chair.

CHAIR CRIVELLO: Also, from the Department of Housing and Human Concerns, with us is Director Carol Reimann.

MS. REIMANN: Aloha, Chair.

CHAIR CRIVELLO: And our Housing Administrator from the Department, Buddy Almeida.

MR. ALMEIDA: Good afternoon, Chair.

CHAIR CRIVELLO: From the Department of Corporation Counsel is Deputy Corporation Counsel, Jennifer Oana.

MS. OANA: Good afternoon, Chair.

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CHAIR CRIVELLO: Thank you. And helping us, and always there for us, is our Committee Staff. Committee Secretary, Tammy Frias, and Legislative Analyst, Michele Yoshimura.

ITEM HHT-39: LOW INCOME HOUSING TAX CREDIT PROJECT FOR SALE UNDER QUALIFIED CONTRACT REQUEST (FRONT STREET APARTMENTS, LAHAINA) (CC 16-133)

CHAIR CRIVELLO: Members, we have one item on the agenda today, but prior to having testimony, Members, without objections, I would like to receive comments by the HHFDC representative that we have here on island from Oahu. That is the Hawaii Housing Finance and Development Corporation. So, HF...HHFDC, is the State of Hawaii premier housing finance and development agency. It is the State's primary agency charged with overseeing affordable housing finance and development in Hawaii. Led, it's led by a nine-member board and its Executive Director. HHFDC works with the State's residents, housing developers, and financiers, to make housing, I guess, come true for us, affordable housing. So, with the agenda item, which I would read off for you, is HH-2, I'm sorry, HH-39 [sic], Low Income Housing Tax Credit Project for Sale Under Qualified Contract Request (Front Street Apartments, Lahaina). The Committee is in receipt of County Communication 16-133, from the Director of Housing and Human Concerns, transmitting a document entitled, Low Income Housing Tax Credit Project for Sale under a Qualified Contract Request in Accordance with Section 42(h)(6) of the Internal Revenue Code. The Committee may discuss the matter relating to the Front Street Apartments, Lahaina. The Committee may also recommend County Communication 16-133 be referred to the Council Chair for the term beginning January 2, 2017, pursuant to Rule 23 of the Rules of the Council, and other related action. So, Members, I thought it made sense for us to have the presentation from Mr. Craig Hirai, to provide the Committee a brief history of the Front Street Apartments, and what has led to today's agenda item. And then, after completion of Mr. Hirai's testimony, presentation, we'll continue with our public testimony. At...

COUNCILMEMBER COUCH: No objections.

CHAIR CRIVELLO: Are there any objections?

COUNCILMEMBERS: No objections.

CHAIR CRIVELLO: Thank you. Thank you, Members. I thought it'd be appropriate for us to have this because there's been lot of misinformation going out, and it's best for us to have this presentation, and then further discussion. Mr. Hirai, thank you for being here.

MR. HIRAI: Thank you, Chair. I'm Craig Hirai, the Executive Director of the HHFDC. I also have my Finance Branch Chief, Daren Ueki, here with me. We administer the Low Income Housing Tax Credit Program for the State of Hawaii. Upon receiving the

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request for a qualified contract from the owners of Front Street Apartments, on August 15, 2015, the HHFDC began to look at options available to us. Simply put, a qualified contract is a contract to acquire a low-income housing tax credit project at a price computed by formula under Section 42 of the Internal Revenue Code. This process allows the owner of the low-income housing tax credit project, after the 14th year of the affordability period, to request the State low-income housing tax credit agency to find a buyer who will operate the building as a low-income housing tax credit property. If the housing agency is unable to find a buyer within a year, the low-income housing tax credit restrictions terminate, and the owner can operate the building at market rate, but subject to a three-year period that caps rents for existing tenants, and prohibits eviction except for good cause. HHFDC explored acquiring the property to keep operating Front Street Apartments as an affordable low-income housing tax credit project, but the formula driven price of 15.4 million exceeded the appraised price by 8.7 million, preventing the State, by statute, from purchasing it. Front Street Apartments is also built on private land, and since the qualified contract was between the owner of the building and HHFDC, and not the building's owner and the landowner, HHFDC was unable to intervene and negotiate lease rents directly with the landowner. The only option left was to find a buyer to purchase the property at the formula driven price by August 5, 2016. We were unable to do so, and consequently, the low-income housing tax credit restrictions terminated as required under the Internal Revenue Code. Projects built on State land or within other State assisted financing, usually have longer affordability restrictions within the lease or financing program. In this case, Front Street was a low-income housing tax credit only project built on private land, and eligible to request a qualified contract under IRC, under the Internal Revenue Code. To help protect the affordability for future low-income housing tax credit projects, changes have been made to the State's qualified allocation plan. Since 2009, the QAP offers incentives for developers to waive their option on applications. All low-income housing tax credit awardees have since waived this option. Moving forward, we are proactively working with the Department of Hawaiian Homelands and the County of Maui to see what we can do with infrastructure development in order to accelerate the production of more low-income housing tax credit and affordable rentals at Leialii and anywhere else that's available on Maui, actually. Hopefully, an interagency effort can expedite the process to create more affordable rentals at Leialii and other, elsewhere, on Maui, and to help the residents of West Maui also. Thank you.

CHAIR CRIVELLO: So I want...I would ask the Members to hold up on your questions and your concerns so we can have further discussion in regards to this agenda. If there are no objections now, I will then call on for public testimony.

COUNCILMEMBERS: No objections.

CHAIR CRIVELLO: Thank you. Assisting us...I'm going to check with our interactive communications. Assisting us this afternoon from the Hana District Office, is Dawn Lono.

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MS. LONO: Good afternoon, Chair. This is Dawn Lono at the Hana Office, and there is no one waiting to testify.

CHAIR CRIVELLO: Thank you, Dawn. Assisting us from the Molokai District Office, Ella Alcon.

MS. ALCON: Good afternoon, Chair. This is Ella Alcon on Molokai.

CHAIR CRIVELLO: Thank you, Ella. And from the Lanai District Office, we have Denise Fernandez.

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez on Lanai, and there is no one waiting to testify.

CHAIR CRIVELLO: Thank you. So, I would ask our, District Offices, should you have any testifiers that do come in, can you e-mail our Staff people? For individuals who'll be testifying in the Chamber, please sign up at the desk located in the 8th floor lobby, just outside the Chamber door. If you will be testifying from the remote testimony locations specified on the meeting agenda, please sign up with Council Staff at that location. Testimony will be limited to the item listed on the agenda today. Pursuant to the Rules of the Council, each testifier will be allowed to testify for up to three minutes per item, with one minute to conclude, if requested. When testifying, please state your name, and the name of any organization you are representing.

. . .BEGIN PUBLIC TESTIMONY. . .

CHAIR CRIVELLO: At this time, I'd like to call on Mr. Joseph DeLoache; if I'm saying that right. And following Mr. DeLoache is Ms. Maria Pocaterra.

MR. DELOACHE: Hello, Ms. Crivello and Council. I'm Joseph DeLoache --

CHAIR CRIVELLO: DeLoache. Thank you.

MR. DELOACHE: --resident of the Front Street Apartments, been a tenant there for three years now. When I moved to Lahaina, it was very difficult to find a place to live. I was fortunate to get on this waiting list, and I was fortunate enough to find a unit. Now when I got in, the units were reserved for low-income and HUD people, and so I was on the low-income, I'm disabled, and I was eligible, but I feel so blessed that I found a place to live. I love my neighbors. I love my community. And about a month ago, a neighbor came up to me, and said, you know we are going to have to move in three years? They're going to turn it into condos. I'm like, what? And then, when I talked to the management, he says, yeah, we're not accepting HUD anymore. We're not accepting anything, you know, blah, blah, blah. I'm like, wow. And so, you know, I got a person to show up at my door yesterday and asked me to sign a petition, and said, look, you know, they're going to be changing the rents and possibly making us move, and, you know. Then I got another notice on the person at my door this

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morning asking me to come here today. So, I decided to come and say what I feel. I do stay up on some of the matters, such as the homeless and affordable housing, and a lot of the issues here in the Lahaina area, and from what I understand, you have 1,500 vouchers, and not one person is accepting them, or it's very difficult to find anyone that'll take a voucher at this point because the market is so overwhelmed with the need of housing, affordable housing. I'm just very concerned about this matter. A lot of people are very concerned and couldn't be here today. And I just, I find it a travesty with this need for housing in the West Side that this could go on and let this happen without a notice to possibly find funding to buy that property before that deadline expired. Now it's just like one day, come on in. I mean this is last second, last minute for me. We need to deal with this because this problem is going on and on, and this is a model of a community that, you know, the Front Street Apartments is beautiful, it's nice, it's well-maintained. The neighbors are friendly, and we want to make this an example. We don't want to let something like this slip away, if we can help it. Thank you very much.

CHAIR CRIVELLO: Thank you. Any questions or comments or further discussion for the testifier, Members? Thank you. Ms. Maria Pocaterra. Following Ms. Pocaterra, is Ana Barbeau.

MS. POCATERRA: Hello, good afternoon. My name is Maria Alejandra Pocaterra, and I did moved in five years ago, when my son was one month old. So, I'm going to read a little letter that I wrote. So many of us, Front Street Apartments' renters, are the hard working families with bottom incomes. I, myself, I am a single mother managing two jobs to have ends meet because of my child's father refuses to help raise his kid, so I'm taking all the responsibility. Between the government's help and my income, I have been able to support my child myself, for five years. The household of this complex are either families with young kids or senior adults who are not able to pay a higher rent. Many of us live here for 5, 10, 15 or more years. I appeal to the common sense of all decision makers to help us by respecting our seniority, maintaining our current rent as it is, as it is now. In my case, this is the maximum I can afford, there is. I understand business is business, but we are dealing here with people lives. For me, the sole thought of having to move out with my child, sets the fear that I may even be homeless if current plans come to fruition. I really don't know any place where I can go with my income, as a single mother. That's all for me. Good evening.

CHAIR CRIVELLO: Thank you. Members, any questions or rephrasing for the testifier? Thank you. Anna Barbeau --

MS. BARBEAU: Barbeau.

CHAIR CRIVELLO: --followed by Ms. Marlene Astranomo.

MS. BARBEAU: Good morning, my name is Anna Barbeau. I live at Front Street Apartments. I have lived there for seven years. I come here representing everybody who could not make it because they're working, because it's an affordable housing for working residents. And, Mr. Ueki and Mr. Hirai, I implore you to try and find funding.

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You know, just last night I watched something on public radio access, public television access, with Mayor Arakawa talking about the homeless situation. This will add to this problem. Why do you want to add to it? He was talking about the expense in keeping the homeless people, who are coming from the mainland, and mostly they're hobos, and derelicts, and just drug users, and alcohol abusers, and finding them shelter, putting a roof over their heads. And the social services are extremely tapped at how expensive it is to deal with all of these people, yet we're all taxpaying voting residents, long-term working, and we're going to be put out, through being forced out by rental increase. This should not be allowed to happen. Now Mr. Arakawa was saying, that there is a coffer that could have helped to purchase the land because it's far less expensive to do the land purchase than to take 143 units full of hard working residents, and put them on the streets, and then have them go into social services. It's ridiculous. You know, we've been here for a long time, working, paying taxes, voting, doing it the right way. I represent, I'm the Committee Lead of the Front Street Apartment Coalition, and we have petitions that we've sent in, over a hundred. I couldn't find the rest of the people because they're at work, we work. There are retirees, myself, I am a retiree after 20 years with the Department of Education, but I still tutor at night, and donate my blood every other month, and volunteer with community work, whatever there is to volunteer for. So, we love Maui, we love this land. I'm a resident since 1968, and I just think that there has to be something where you can at least grandfather in current residents to keep us in, within the umbrella of affordable housing, and let the newbies pay these huge increase of \$1,600 for one bedroom in an apartment building. Create a...what is it called, rent control. Something needs to be done to help us, please. We work. We love Maui. We need help. We need your assistance. I don't see how private investors should...the Weinberg Corporation wanted to help Maui residents. That's why they created affordable housing places. So, we need to honor their wishes. Keep us in our units, please. Mahalo.

CHAIR CRIVELLO: Thank you. Members, any questions or comments for the testifier? No. Thank you for being here. Thank you.

MS. BARBEAU: Thank you for listening.

COUNCILMEMBER COUCH: Madam Chair?

CHAIR CRIVELLO: Yes?

COUNCILMEMBER COUCH: Madam Chair?

CHAIR CRIVELLO: Oh, excuse me.

COUNCILMEMBER COUCH: Sorry, I'd like to ask Ms. Barbeau. You have to come back to the...when were you guys given notice about this?

MS. BARBEAU: We have not been given notice. We're finding out about it word of mouth, and today, I'm here because yesterday, at 11 o'clock, I heard rumblings about this

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meeting, and what was going to be transpire in three years' time. So, I rushed to the library, printed out the petition form, and went door to door collecting signatures. Then I had to go to work, came back from work, and continued to go door for door, catching people who were not either napping, preparing for work, or at work. We love Maui, we need to remain where we are.

COUNCILMEMBER COUCH: So the question I have is --

MS. BARBEAU: Oh, I'm sorry.

COUNCILMEMBER COUCH: --nobody, you haven't gotten any notice that this is going to happen --

MS. BARBEAU: No official notice.

COUNCILMEMBER COUCH: --this is just, you had heard about it, then you asked around, and then the manager said...

MS. BARBEAU: Yes. Yes, sir.

COUNCILMEMBER COUCH: Okay.

MS. BARBEAU: It was sprung upon us --

COUNCILMEMBER COUCH: Okay.

MS. BARBEAU: --and so luckily...that's why there's so few people here.

COUNCILMEMBER COUCH: Okay.

CHAIR CRIVELLO: Okay.

MS. BARBEAU: So I'm representing those.

COUNCILMEMBER COUCH: Thank you.

CHAIR CRIVELLO: Thank you. Thank you. Marlene Astranomo, and following Marlene is Carmie Spellman.

MS. ASTRANOMO: Aloha, everybody. Good afternoon. I've been at Front Street Apartments for...

CHAIR CRIVELLO: Excuse me, could you identify yourself.

MS. ASTRANOMO: Marlene Astranomo.

CHAIR CRIVELLO: Thank you.

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MS. ASTRANOMO: I've been living at Front Street Apartments for more than 12 years. I love it there. Before that, I was living at Lahaina Surf, but my mother got very ill so I had to move in with her, and take care of her until she passed away. I've been on Maui for 50 years. I've worked since I was 15 years old. I love where I live. I love this island. And Front Street Apartments has been wonderful to us, and now that I'm 70, I still am working full time, was really hoping that I could retire very soon, but with this, does not look like it at the time, at this time. My husband has been very ill, and we've been through a lot. So, Front Street Apartments has been a blessing, an absolute blessing for us. The thought of having to get out, and look for another apartment or something that we can afford, because now I'm going to be on Social Security, don't know that I can go back because I've had a couple of surgeries, and I'm not sure that I can go back to work. But now that this has come up, I'm thinking, I probably have to go back to work whether I want to or not, which is sad when your 70 years old, and still have to work. But with that being said, I'm thankful that I can still do it, and I love where I live. I love Lahaina. I love the people that are here. But to spring something like this on people that have lived there, lived here...I have been here for 50 years, and I can't afford anything else. And like Anna said, it would be disastrous, it would be horrifying, to think that I could be homeless. I've never missed a day's work in my life, and I still have to use affordable housing to survive. And without it, there's a chance I could be homeless. So, I implore you, these people that are thinking about it, think really hard what you're doing to the people of Lahaina, especially the people that have lived here almost all their entire life. It would be absolutely disastrous. So, I implore you, please think about what you are doing before you do something like this. There's enough homeless people in Lahaina. Thank you so much.

CHAIR CRIVELLO: Thank you. Just a moment. Members, any questions or clarifications for the testifier? If not, thank you. Thank you for being here. Carmie Spellman?

MS. SPELLMAN: Good morning, Madam Chair and Council. My name is Carmie Spellman. I am a resident of the Front Street Apartments. I just found out about this on Thanksgiving Day, when I was having dinner with one of the residents, and I was very saddened because I moved in to the Front Street Apartments in 2011, so I've been there for over five years now. And so, I found out about it on Thanksgiving Day, and then I was on my way to Oahu yesterday, to see a specialist because I became disabled when I moved here in 2005, at which time I had a job when I moved here. But I've been coming here since the '70s. I am Chinese Hawaiian. I am also eight other...I'm a poi puppy. It doesn't matter. The point being is, I can't work anymore because I have what's called traumatic brain injury, and I have anterograde amnesia, which is the short-term amnesia. There's no cure for it, and I get confused very easily. So, I can't work, even though I'm highly educated. I've worked for Congress. I've worked for the Alaska State Senate. I helped write the Alaska student loan program. I've worked for the House. I've worked for the Chamber of Commerce. I've done all, I've done all kinds of community work here, since I've lived here regardless of the fact that I am disabled. I mean, I do, I help as much as I can. But now, I need help. I need a place to live. It's like I would love to work, but I can't remember my phone number without looking it up. I get mad very easily, and I'm really pissed off right now that

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Mr. Arbaugh did not have the courage to tell the tenants that all of this was going on. On Thanksgiving, I had to wait till Monday, and I called my caseworker at HUD, and I asked her, I said, what's going on...oh, prior to that I said, my rent's going up on October the 1st, but I haven't gotten anything from you, but I got something from the Management from Front Street Apartments. It was a 30-plus percent increase, and this was in August, and my rent was going to go up in October, but I had not spoken with the HUD people. So, at that point, I spoke with my caseworker, who got things going, and she got my paperwork run through very rapidly. However, I wasn't told anything about the State sale. I wasn't told anything about the rent being increased or potentially going from affordable to non-affordable. That did not happen. Nobody told me anything, and I've been gone a lot. I'm sure Ann came by too, somebody put something on my door this morning. I'm sure it was her. But I, had, didn't know about it. So...may I have just 30 more seconds? So anyway, on the way to Oahu, I got a call from another tenant. She, who couldn't be here, and she's very distraught. She's...I'm 64 years old. She's 74 years old. I have always given service to Hawaii and the United States. I need somewhere to live. Where am I going to live, in a ditch? And so, for the next two years I get to listen to the bulldozers, and everything next door to me, where there isn't even any water, and all this energy is being put into the affordable over there, and my house is going to be rocketing and rolling for the next two years. So, I'm not going to have any quiet enjoyment while I'm there for the two years, and then I'm not going to have a place to live, not even a ditch. So, I implore you to please look at the options. Please do something to help us. I don't know, but I...I don't know what you can do, because I don't know what the law is. I didn't have time to check into it because I was at the, I had to go to the doctor's office this morning, and I had to cancel another appointment so I could come here, and at least give you a part of how I feel. And I know how badly I feel. And I can imagine if the other 100 or 140 plus don't even know about it. Merry Christmas to you all. Thank you for the time.

CHAIR CRIVELLO: Thank you. Members, any clarification or comments for the testifier?

MS. SPELLMAN: I'm sorry. Any questions? Thank you.

CHAIR CRIVELLO: Thank you. Thank you. Is there anyone in the gallery or the District Office who would like to testify?

MS. BARBEAU (from the audience): Excuse me, John Massa has submitted a letter. He couldn't be here. He has to work.

CHAIR CRIVELLO: Thank you. We do have our written testimonies. Thank you.

MS. BARBEAU (from the audience): ...*(inaudible)*...

CHAIR CRIVELLO: We have that in file, it will be filed. Thank you.

UNIDENTIFIED SPEAKER (from the audience): ...*(inaudible)*...

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CHAIR CRIVELLO: I'm sorry, I'm just about to close testimony. So, if there are no further testifiers, Members, if there are no objections, I'd like to close testimony.

COUNCILMEMBERS: No objections.

CHAIR CRIVELLO: Thank you.

...END OF PUBLIC TESTIMONY...

ITEM HHT-39: LOW INCOME HOUSING TAX CREDIT PROJECT FOR SALE UNDER QUALIFIED CONTRACT REQUEST (FRONT STREET APARTMENTS, LAHAINA) (CC 16-133)

CHAIR CRIVELLO: At this time, we've heard from the Department of...I'm sorry, from HHFDC. So, it is the premier housing finance, and they were responsible, or are responsible, for the low-income tax credit that was provided for the owners, I guess, for the Front Street Apartments. So, at this time, I'd like to ask our Housing and Human Concerns Director to comment on this agenda item.

MS. REIMANN: Thank you, Chair. First and foremost, I would like to say that we are not happy with the situation. There's a loophole in the system that's under the oversight of the State, unfortunately. And we were first notified about this situation in June of this year. So as soon as we were made aware of the situation, we immediately got in touch with the project management team, and we notified the Mayor and Council of what was going on. With the deadline of August 4th for the purchase, there was really no time. What we are doing, is that we're working with the State to try to build additional low-income housing units, rental units, on the West side. We are thinking of something in like the 150 to 200-unit range. We are also in touch with the lessee [sic], Front Street Affordable Housing Partners, and they indicated to me, just today, that they are not, their intention is not to throw people out, and that they will work with the County and with the renters to try out, to try to work out some kind of transition plan. We are very sympathetic, and feel bad for the renters of Front Street Apartments, many of whom who are elderly, disabled, and on fixed incomes. And please know that we will do everything in our power to move along developments in the area, and to work with the lessee [sic] on a transition plan. Thank you.

CHAIR CRIVELLO: Thank you. At this time, I'd like to open the floor for any comments, questions, or further discussion. Mister...I'll ask Mr. Guzman --

COUNCILMEMBER GUZMAN: Thank you.

CHAIR CRIVELLO: --and then you can be next, Mr. Couch, and then, Ms. Baisa. Thank you.

COUNCILMEMBER GUZMAN: Thank you, Chair. I have a couple questions for Mr. Hirai. You mentioned earlier in your opening statement that there wasn't the ability or you

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couldn't find, the State couldn't find a buyer for the building, and then you went further and stated that the State was limited to 8.5 million. Is that an attempt to purchase the building? And you mentioned it, the fair market value was 15.4 million.

MR. HIRAI: We looked at...yeah, we looked at the...well, we looked at the possibility of purchasing it, and...now remember, this is the lease-hold interest, this isn't the fee interest. The fee interest is separate. But our statute prohibits us from paying more than the appraised value for improved real property.

COUNCILMEMBER GUZMAN: So the 8.5 million was the limitation of the...is that the maximum --

MR. HIRAI: Of the 8.5 million?

COUNCILMEMBER GUZMAN: --that the State could purchase the property for?

MR. HIRAI: We couldn't pay for more than 8.7 million.

COUNCILMEMBER GUZMAN: Eight point seven million, and then the asking...

MR. HIRAI: And the qualified contract price was 15 million.

COUNCILMEMBER GUZMAN: Fifteen million, and so the difference would've been 7 million.

MR. HIRAI: Yeah.

COUNCILMEMBER GUZMAN: Had the, if the County was aware of the situation, could the County have had, I know it's milk spilt already, but could the County have put in the additional 7 million to come up with the difference? Because the State, you know, as you said, 8.5 million, if the County put in 7 million, we would've been able to afford the 15.4 million.

MR. HIRAI: Possibly. I mean, we would have had to figure it out.

COUNCILMEMBER GUZMAN: You know, Chair, this is my frustration, you know.

CHAIR CRIVELLO: Go ahead, Mr. Guzman.

COUNCILMEMBER GUZMAN: For more than this term, this has been an ongoing issue of housing, and if we were going to lose a low-income housing contract, we should've been more aware of the situation and during budget, which was just last July or May. Had we have known, maybe an additional 7 million combined with the State, this, we wouldn't be in this situation. We probably could have been able to purchase the lease for. But, you know, it is what it is. But at this point, I think what we need to do is find out what are the options. What are our remaining options that we can deal with, and to maybe absorb some of this confusing or disappointing situation? I see under the section of the IRS Section, that, under Eviction and Gross Rent Increase

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concerning the existing low-income tenants not permitted, it appears that they cannot evict the tenants for having the low-income housing, I mean the low-income rentals.

MR. HIRAI: Except for good cause, right.

COUNCILMEMBER GUZMAN: Except for cause. So, that means, the three year, there's a three-year period, three years, in, wherein, the cost, or I mean the rentals shouldn't be deviated. And so the tenants...

MR. HIRAI: Or it shouldn't be more than like the low income...

COUNCILMEMBER GUZMAN: Yeah, it shouldn't be more than what they're paying right now for low-income housing.

MR. HIRAI: Right, the low-income housing tax credit rent for that year, so --

COUNCILMEMBER GUZMAN: Correct.

MR. HIRAI: --it could go up on an annual...

COUNCILMEMBER GUZMAN: After the third year.

MR. HIRAI: No, it could...well --

COUNCILMEMBER GUZMAN: Excuse me, I'm sorry.

MR. HIRAI: --I'm being real technical here. It's, my understanding is, it's a low-income housing tax credit rent for that year. The low-income housing tax credit rents tend to go up every year, but not that much.

COUNCILMEMBER GUZMAN: Okay, but there's a grace period of three years...

MR. HIRAI: Right, they're stuck with the low-income housing tax credits rents.

COUNCILMEMBER GUZMAN: Okay, so my confusion is, I just heard testimony that rent was going to be increased by 30 percent.

MR. HIRAI: That sounded...that sounded not. . .

COUNCILMEMBER GUZMAN: If that's the case, they're in violation of this specific Federal law.

MR. HIRAI: Unless they for some reason weren't...

COUNCILMEMBER GUZMAN: You know so they shouldn't be increasing the rent, when they've got a three-year grace period here. Well --

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MR. HIRAI: I mean I'm not sure. Yeah, that...

COUNCILMEMBER GUZMAN: --that's just an issue, Chair. Yeah.

COUNCILMEMBER COUCH: Madam Chair, point of order. Point of order, please. Can we have one person talk at a time, not...thank you.

COUNCILMEMBER GUZMAN: I apologize, Chair.

COUNCILMEMBER COUCH: No, that's...

CHAIR CRIVELLO: You've asked the questions. Can we allow Mr. Hirai to answer?

COUNCILMEMBER GUZMAN: Yes, yes. Yeah, thank you.

CHAIR CRIVELLO: Thank you. Thank you, Mr. Guzman. Mr. Hirai?

MR. HIRAI: Sorry, excuse me. Yeah, that sounded a little out of line. I'm not sure exactly what rent they were paying. I'm assuming everybody there was paying the low-income housing tax credit rent amount.

CHAIR CRIVELLO: Please identify yourself.

MR. UEKI: Daren Ueki, with HHFDC. The project was set up with it's a 141-unit project, of which 70 of the units, I believe are at 60 percent of the area median income or below, which is the tax credit maximum. Another, about half, or another 70 of the units were at those earning 50 percent and below. So, under the project financing structure and rent structure, that went away as of August 4, those were the requirements. Once that goes away, or once that, once the qualified contract expired, it's my understanding that those at the 50 percent level, their rents could be raised to the 60 percent level because it still is qualified under the Low-Income Housing Tax Credit Program. But as Mr. Hirai indicated, we're probably not talking about 300 or \$400, but there could be an increase. They would need to stay within the low-income housing tax credit requirements, so just to clarify.

CHAIR CRIVELLO: Thank you. And, Mr. Guzman, I'd like to sort of come off from your comments about us not being aware so for the Committee's information, at the time of the, our budget, the 2017 Budget, we were not aware of this matter, the Committee, anyway. And further, there has been no proposal or budget amendment for the Council to consider the purchase. We've never received anything of the sort. So, I just want to clarify your concerns, and that is a definite, serious concern. Yeah.

COUNCILMEMBER GUZMAN: Thank you. Thank you, Chair. Yeah, I've been part of the Committee, and I was unaware of any notice of this situation.

CHAIR CRIVELLO: Yeah, we were not aware of this matter.

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COUNCILMEMBER GUZMAN: Thank you.

CHAIR CRIVELLO: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. And yeah, this is very disconcerting. I have several questions, but let me check in with Ms. Reimann first. You said you're working with HHFDC to build more affordable housing?

MS. REIMANN: Correct.

COUNCILMEMBER COUCH: And to the tune of 150 to 200 units?

MS. REIMANN: Correct.

COUNCILMEMBER COUCH: At what cost do you think you might be?

MS. REIMANN: Well, right now, and it's kind of premature to say too much, but we're looking at some State parcels. So, the State is very interested in helping us with getting access to infrastructure, and they're willing to step forward, and possibly, you know, finance the transmission lines, and all that we...the County side need to finance water and sewage.

COUNCILMEMBER COUCH: Well, the question I have would be, would it be more than \$15.4 million?

CHAIR CRIVELLO: Mr. Couch, excuse me. Can we just stick to this --

COUNCILMEMBER COUCH: I am.

CHAIR CRIVELLO: --agenda item instead of what they plan to do.

COUNCILMEMBER COUCH: Well A, she brought it up, and B...

CHAIR CRIVELLO: No, but it's...I want to talk about the Front Street issue.

COUNCILMEMBER COUCH: That's what I'm getting to. I'm getting to that, Madam Chair. If you're considering doing that, is it going to be more than \$15.5 million?

MS. REIMANN: Well, there would be little to no cost to the County, the State would assume the project.

COUNCILMEMBER COUCH: Either way, I mean, if you're going to spend \$15.5 million to try and build something new, when we already have something old, why can't we just buy that there? That's my initial question.

CHAIR CRIVELLO: So, Mr. Couch --

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COUNCILMEMBER COUCH: Yeah.

CHAIR CRIVELLO: --may I pose this, is this something definite or is this just initiating a conversation with the HHFDC? Are you in the position to negotiate dollars right now or any kind of definite to respond to Mr. Couch's question --

MS. REIMANN: Thank you, Chair.

CHAIR CRIVELLO: --or concerns?

MS. REIMANN: No, everything is just very preliminary, yet.

COUNCILMEMBER COUCH: Okay, then my next question is to Mr. Hirai. This, you talk about this formula, this, what'd you call it, qualified contract price, what is that? I mean, who sets that? And why is it so far away from the appraised value?

MR. HIRAI: If I could defer to Mr. Ueki?

COUNCILMEMBER COUCH: Okay.

MR. UEKI: Councilmember Couch, the formula is set by the Internal Revenue Code, who oversees the program. The, each project owner, if they're going to approach us with a qualified contract, they're required on their end to seek out a consultant, who would actually do the calculations, which the owner of the Front Street Apartments did. The Staff of the HHFDC does not do the calculation itself. It's something that's driven by the Internal Revenue Code. We have no control over it. It's pretty set in...it is set in stone.

COUNCILMEMBER COUCH: So the owner can't...well, they probably could go for a lower price, but they don't have to. Is that how that works?

MR. UEKI: Yes, I believe so. So, we have, as Mr. Hirai indicated, we had a one-year period to find a buyer. The project was marketed to the general public. There were, I believe, two or three groups who approached us seeking information on the project, which was provided to them. Unfortunately, none of them resulted in an offer on the project itself.

COUNCILMEMBER COUCH: And last thing then I'll relinquish the floor. They're getting low-income tax credits as long as they keep the rents at 50 percent or 60 percent of an area median gross income, is that correct?

MR. UEKI: Yes, that is correct.

COUNCILMEMBER COUCH: And if they raise it above that, they no longer will get low-income tax credits?

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MR. UEKI: The low-income housing tax credits are actually taken over a 10-year period. The project owner is required to keep it as an affordable low-income project for a 15-year period, as well as what is called a 15-year extended use period, so a total of 30 years. I think Mr. Hirai described in his summary of the situation that the Internal Revenue Code does allow, at year 15, the ability for a project owner to request a qualified contract. The intent of the qualified contract really is to rid existing owners of any financial stress that they may be under, by owning and operating the project. That's really the key, understanding that all of these low-income housing tax credit projects are privately owned. They're not government projects. There is risk involved. And what looked good on paper at the start, maybe didn't quite just pan out, I mean, that's just putting it very simply. And I think, you know, they met the requirement under the program, and this was something that they were allowed to invoke, the qualified contract I'm saying.

COUNCILMEMBER COUCH: So they're not getting any more credits, they've...took them ten years, and they got the credits.

MR. UEKI: The credits themselves are actually taken accelerated over a ten-year period, so once...but they have to meet the requirement for that minimum of 15 years, and then they have that ability to basically exit the program. So, they've met all of their obligations under the program.

COUNCILMEMBER COUCH: Alright, I have more, but I'll pass it on.

CHAIR CRIVELLO: Thank you. Ms. Baisa?

VICE-CHAIR BAISA: So if I'm to understand what is going on here, if, *if* the County were to purchase this, and we could purchase this, for this 15 million and whatever, we could buy it, and then we could, we would, it says we must continue to operate the low-income portion of the building as a qualified low-income building. Is that, do I understand correctly?

MR. UEKI: Under the qualified contract, that \$15 million purchase price was for a one-year period, so that has expired. So, at this point, basically, we are in the process of working on the final paperwork to basically release the current owner of all their responsibilities under the Low-Income Housing Tax Credit Program, at which point, it will become a market project or an unencumbered project, I guess is probably a better way of saying it. You know, I heard earlier that the current owner is looking to work with the residents to see what they can do. But at this point, they have no obligations or requirements under, whether it be the Low-Income Housing Tax Credit Program or any other State program.

VICE-CHAIR BAISA: So what kind of a clock are we on here? The end of the year?

MR. UEKI: There actually is no clock. That clock expired to hold it as a low-income housing tax credit project on, I believe was, August 4th or 5th of this year. But, you know, it's like any other project that the County may be interested in looking at. I think nothing

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prevents you from approaching the owner. There just won't be all of the requirements under the Low-Income Housing Tax Credit Program, which if a buyer had come in prior to August 4th, they would've had to maintain those requirements for another 15 years.

VICE-CHAIR BAISA: Okay, so if the County were to purchase this on the open market now, for whatever we could get it for, there would be no requirement to operate it as low-income?

MR. UEKI: That is correct.

VICE-CHAIR BAISA: Okay. Well, it's really sad that we're hearing about this at this time in the year, when we're halfway through budget. But, you know, considering our homeless situation right now, and considering our housing situation, Chair, I want to thank you for bringing this up because I think it's important that we take a serious look at it.

CHAIR CRIVELLO: Thank you.

VICE-CHAIR BAISA: Thank you.

MR. HIRAI: If, if I could add?

CHAIR CRIVELLO: Yes please, Mr. Hirai.

MR. HIRAI: I think I should say for everybody in the room, don't mistake us, HHFDC, we're not happy about this, I mean, we're not...well, we're displeased, let's put it that way. But, you know, our hands were tied, okay. Also, you know, in terms of buying this thing, we were talking about buying the leasehold interest for whatever, the 15 million for the leasehold interest still subject to the lease. It's not, the same people don't own the fee that own the lease, and the assessed value for the land itself was, 10 point, \$10,264,000. That's just the land value.

VICE-CHAIR BAISA: Right.

MR. HIRAI: And it was not a particularly, my understanding is it wasn't a particularly favorable lease.

VICE-CHAIR BAISA: I see. I am very interested because of the location being right on Front Street. You know, it's an incredible asset. Thank you, Chair.

CHAIR CRIVELLO: Thank you, Ms. Baisa. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. I have a feeling that...to me, it feels like we're a day late and a dollar short over here because of the timing of this makes it more difficult. I think we would've had a much better chance of finding a resolution to this if this was brought to us much earlier. And I'm really concerned because the

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people involved over here, they're getting caught up in this late hour too. I've been following the discussion and there's no action that we can take today. I think that's obvious. But I would hope that this would be referred next year. And between now and the next year term, perhaps research can be done, and we can work with the Department of Housing and Human Services and others, and try to find some resolution to be able to keep this property. That would...to me, that would be the best, if we could keep this property, and keep it being used for what it's being used now. And I would hope that we could take this course of action. Thank you, Chair.

CHAIR CRIVELLO: Thank you, Mr. Carroll. I guess, to some of, as we...I intend to defer this matter. But as we heard, it's leasehold. The land itself is valued at 10 point...the leasehold is 15, so it, we really have to do some deep, I guess, research, and look into the matter. And I'll just make a note for Staff, for us to follow through on...it is sad that it did not come to the County at first, because it's like it was stated, it's private. They got their low-income credit. The loophole allowed them, allows the owner now to exit because they're done. But fortunately, that kind of loop hole has been removed going further for other, any other, further development with the low-income tax credit process. So, this goes back, I guess, to prior to 2009, for these kind of loopholes that have been made available. And so, today at least, that is closed. But that doesn't mean that this matter should be closed, and maybe there's some consideration on how we can do further work for the benefit of us preventing homelessness. Ms. Baisa?

VICE-CHAIR BAISA: Thank you very much, Chair. I'm concerned, of course, about the people that live there. And we've heard some of them, from, we've heard from some of them today, and we have a whole signed up, petition kind of document. What is going to happen to them?

CHAIR CRIVELLO: It is my understanding that their rent at this, is exceeded, is allowed up until 2019. Do I...Mr. Hirai or Ms. Reimann, are you aware?

MR. HIRAI: My understanding, is that there's, like I said earlier, they're supposed to be at the low-income housing tax credit rate for three years. That's the Internal Revenue Code, yeah.

VICE-CHAIR BAISA: So for the next three years, they will be at the low-income rate rental?

MR. HIRAI: Yes. That's our understanding, yes.

VICE-CHAIR BAISA: And that's what they're paying now?

MR. UEKI: I think, as Mr. Hirai indicated earlier, the low-income housing tax credit rents are recalculated on an annual basis but it'll be determined off of 60 percent of the area median income for the County of Maui.

VICE-CHAIR BAISA: So it isn't going to be a huge increase in rent, so that's really devastating if that were to happen.

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MR. UEKI: I think it's hard to define huge, but, you know, it'll be dependent on where the incomes go. You know, and those incomes are determined, are released by HUD.

VICE-CHAIR BAISA: I would imagine the incomes aren't going to change a whole lot --

MR. UEKI: Yes.

VICE-CHAIR BAISA: --because of, you know, when you're low-income, you don't normally turn into a millionaire overnight. But, I'm just concerned that, you know, they can manage to pay whatever it is they have to pay so we don't have a whole bunch of people. One-hundred and forty-one units is a lot of people, and that would be a horrible thing for us to have happen. So, there is some time here, but we have to act quickly. Thank you, Chair.

CHAIR CRIVELLO: Thank you, Ms. Baisa. Mr. Couch, you had further questions?

COUNCILMEMBER COUCH: Yeah, kind of a follow-up to Ms. Baisa's. I was going to ask those questions too. At the end of the three years, which started August of this last...this year?

MR. HIRAI: Yes, that is correct.

COUNCILMEMBER COUCH: So it started August of this year, so they have till August of 2019. After that, the rents can go market rate, could triple, if that's what the market rate is. Okay, so that means we have 2, essentially 2 years, to figure out what to do with this. Is that in essence, or face 144 potential evictions if they can't pay the rent.

MR. HIRAI: I think Ms. Reimann said that, you know, they'll...we would try to get an extension.

COUNCILMEMBER COUCH: Okay so, yeah, Madam Chair, and I understand the frustration of HHFDC, as well. And it's interesting that, okay so, that loophole was found, and now it's plugged. But we're out of luck with this one. It's unfortunate we had to be the guinea pig on this one or the canary in the mine. You know, there's potential ways to get around this, to help these folks out. It's just, you got one more term to deal with that, I hope you can come up with some creative ways to get around it, and if I think of anything, I'll certainly chime in too from that stand over there. But yeah, this is...and the fact that we didn't really have any notice, you said June. Those kinds of things maybe, if there's some other kind of loophole somewhere about something else. Hopefully if HHFDC at the beginning of the process, as opposed to at the end of the process, we get at least a heads-up so that we can start figuring out, well, do we need to come up with the money or what do we need to do to avert what's going to come up in the next year or so on any...and I know it's not going to happen on this kind of project anymore, but if there's other stuff. Just the sooner notice, the better, and it kind of troubles me that these folks haven't gotten any notice, they just got, it appears from the testimony, that they got, they just heard about it, rumors, and so, I'm not

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sure how they're supposed to be notified in this, whether it's through HHFDC or our Department, through the owner. So, alright. Thank you, Chair.

CHAIR CRIVELLO: I'm sure you understand, it's not under County jurisdiction.

COUNCILMEMBER COUCH: Oh, yeah absolutely.

CHAIR CRIVELLO: We're responding to this --

COUNCILMEMBER COUCH: Right.

CHAIR CRIVELLO: --because of the concerns from the residents that have brought forward to us, and hopefully we can move forward --

COUNCILMEMBER COUCH: Yeah.

CHAIR CRIVELLO: --to try...we have until 2019 hopefully, that we can collaborate with the Department, as well as the State agency to find some sort of resolve in this matter. Ms. Baisa?

VICE-CHAIR BAISA: Chair, what I'm thinking about is, are there other projects like this on Maui that were built with low-income housing tax credits that could, you know, this could repeat? Do we have an inventory? Are there others? Because if there's more, we better pay attention.

MR. HIRAI: I think it depends. Can I speak?

VICE-CHAIR BAISA: Yes, go ahead. No, you have to ask the Chair.

CHAIR CRIVELLO: Yes, Mr. Hirai, go ahead. Thank you.

MR. HIRAI: It depends on the project. This is a peculiar project. You know, I think, some of the, my recollection is some of the, for example, the Hale Mahaolu projects are owned by Hale Mahaolu where you're not going to have this kind of situation with them. You have this here, you have a...the lessee [sic] is different than the landowner, and in that situation, it's basically the same people. So, and if it were on State land or County land, this wouldn't be an issue because it would typically be written into the lease, and typically the lease would only be for a dollar a year.

VICE-CHAIR BAISA: Okay, just want to make sure we don't have any more lurking. Thank you.

CHAIR CRIVELLO: Thank you. Members, any other comments or questions? If not, Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you very much, Chair, and thank you, gentlemen and Department, for being here today. I am the West Maui County Councilmember, and

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so this is very new to me, also, as the rep for that area. And as you can imagine, yes, been getting all the e-mails, phone calls, and comments. My question is, so I just want to get it straight in my head about the property ownership, management, all that, so land is Weinberg, the actual land?

MR. UEKI: It is actually owned by an entity named 3900 Corp, of which I believe, Weinberg is a party to.

COUNCILMEMBER COCHRAN: Okay, and so then, the actual buildings were built by HHFDC? Or who...

MR. UEKI: The buildings were constructed by an ownership group that sought out the low-income housing tax credits and all of the other financing. So, the buildings are privately owned. They were financed using government tools, which included the low-income housing tax credits.

COUNCILMEMBER COCHRAN: And also, managed by this private builder?

MR. UEKI: Correct.

COUNCILMEMBER COCHRAN: Okay and so, HH...where's HHFDC's role here?

MR. UEKI: As the allocating agency for the low-income housing tax credits.

COUNCILMEMBER COCHRAN: Okay.

MR. UEKI: So basically, as a financier.

COUNCILMEMBER COCHRAN: And so, I see, I guess, was it the responsibility of the private entity to have notified, perhaps, this government, this County, maybe way further out to try...because, I guess, it was searched for buyers, and what have you, but it seems that it was not really run by this County in a timely fashion for us to actually act on it? I'm not speaking for everyone but I feel the environment here, is we probably would've had a really good healthy discussion on this project in order to purchase it, to keep it into the usage it is today, as an affordable housing for the people. So, it's unfortunate...I know, you know, no sense crying over spilt milk, but I'm really wanting...can eminent domain occur here? I mean, there is a dire, dire need to continue to have this place stay in its current usage. So, I don't know if that's for Administration or us to...I don't know if that falls into a proper parameter of taking this over in that fashion and purchasing for sure. You know I mean, if we can come up with some kind of funding. I know, you're talking about working with building units, but people here, physically, cannot wait for that day. And if I'm not mistaken, are you talking about Leialii? I mean, general, trying to figure out ideas, is that kind of the area in West Maui that you're thinking of possibly providing the 200 or so units to offset this?

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CHAIR CRIVELLO: Does someone want to answer that or, Ms. Reimann, do you want to answer that question?

MR. HIRAI: Well, as you know, Leialii is State land, actually it is HHFDC land. It's ceded land, but affordable rentals are permitted use. And so, it's just a question of whether or not there's available water and sewer, I mean, that we can hook up to. Basically, I mean, we would have to get subdivision approval and things like that, but basically, you know, you're not going to have this kind of issue with the fee owner because the fee owner's us, and it's going to be a dollar a year lease, and yeah, it's going to be affordable for the life of the project.

COUNCILMEMBER COCHRAN: Right, but that wasn't quite my question. I was looking into the area because I'm very familiar, and I believe there was a public outcry as to that, the ceded land issue there, and also the sheer size of that project. So we didn't even put it into our Maui Island Plan because of that.

MR. HIRAI: There's a portion of it that's in the urban boundary.

COUNCILMEMBER COCHRAN: Oh, just a portion, that's right, just a portion.

MR. HIRAI: Yeah, that portion. We would put it in there.

COUNCILMEMBER COCHRAN: So, again, Chair, I'm just, not to go off topic and subject matter, but I...

CHAIR CRIVELLO: I think we can discuss this at another time.

COUNCILMEMBER COCHRAN: Yeah.

CHAIR CRIVELLO: We'll bring Mr. Hirai back in --

COUNCILMEMBER COCHRAN: Okay.

CHAIR CRIVELLO: --and the Department.

COUNCILMEMBER COCHRAN: Right, I mean to feel like we can get this flipped, and then talk about building units to rehouse the people is, I don't think that's an option at this time.

CHAIR CRIVELLO: I think we recognize that. We're not going to make the timing, won't meet their needs. We realize that and recognize that so that, I will definitely note for Staff that we will bring that up again to see how we can possibly consider some sort of further discussion on that part. Today is for us to deal with the Front Street Apartments. We recognize that it has not come to the County, but it's before us today. It is privately owned, and it's seeing how we can continue this discussion and to see how we can further protect our residents. And I don't know, you asked the question about eminent domain.

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COUNCILMEMBER COCHRAN: Yes.

CHAIR CRIVELLO: I'm going to ask Corporation Counsel if they'd like to comment on your inquiry.

COUNCILMEMBER COCHRAN: Please. Thank you.

MS. OANA: Sure. You can always explore eminent domain. But with eminent domain, you always have to think about, you are, you will be paying fair-market price as well. So, you know --

COUNCILMEMBER COCHRAN: Yeah, right.

MS. OANA: --it's an option to explore, but you will be paying for it.

COUNCILMEMBER COCHRAN: Okay, no, and that's fair. Don't expect to...yeah, definitely want a person to get their fair share of what is owed. And I'm trying to figure, though, the timeline, Chair, 26, sorry, June of this year, it looks like the letter was dated from Mayor to Chair White, signed by Ms. Reimann. So, there's actually a two month...I know it wasn't a very large window, but there was a two-month period where this County could have taken action prior to that August 2016 month. So, what happened there? Did...the letter came to, I guess, Chair White, and then didn't move into your, was not communicated to your Committee, and then it just...that's why we're only seeing it today?

CHAIR CRIVELLO: The matter was not brought forth to us as far as I know. Ms. Reimann, would you like to comment on that correspondence?

MS. REIMANN: Well, we transmitted it on June 21st, and I see that the Mayor signed it, looks like the 24th.

VICE-CHAIR BAISA: Can't hear.

MS. REIMANN: Excuse me. We transmitted the letter on June 21st, and it looks like the Mayor signed it on the 24th. After that, it's out of our hands, you know, how it progresses to the County Council. Thank you.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER COCHRAN: Okay. Yeah, thank you.

CHAIR CRIVELLO: Yeah, okay.

COUNCILMEMBER COCHRAN: Yeah.

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CHAIR CRIVELLO: So, how can we move forward, I guess, that's my question? How can we move this issue forward? And we know we're going to bring back the discussions that the Administration is having with HHFDC. But that's two separate components we need to deal with. Mr. Couch?

COUNCILMEMBER COUCH: Thank you. Thank you, Madam Chair. I would think one thing that, either this Committee or Budget and Finance Committee would be, would need, if they were considering purchasing or eminent domain, is the annual income, approximately a range of what that project brings, and, versus expenses, so to see if it's something that, you know, how much we'd be spending every year. So, if we could have, if you could have that information available for the Committee, next --

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER COUCH: --Committee.

CHAIR CRIVELLO: I'll ask Staff to make that notation.

COUNCILMEMBER COUCH: Thanks.

CHAIR CRIVELLO: Any further discussion, Committee, on this? Department or Mr. Hirai, any further comments or further discussion you'd like to add into this?

MS. REIMANN: Thank you, Chair. I'd just like to mention that there are some projects that are in the books, as far as affordable rentals. There is Pulelehua; the developer is very motivated to move his project forward, and of his 250 rental units, 130 he plans to be affordable. In addition, there are very preliminary talks about an 80-unit low-income rental project, up by Star Noodle in Lahaina. So, I just wanted to let everyone know that these are possible projects that will be moving forward. Thank you.

CHAIR CRIVELLO: Thank you. I'd like to add, the diligence of my Staff. So, referral was made July 1st, to the, our Committee here. But our Administration or the Department was not available and prepared to discuss the matter. So, in all fairness to our Chair, it was referred to my Committee, and the Department was not available for further discussion until now. Okay, Members, any further comments or questions in regards to this agenda item? If not, I'm going to add this to my list of referrals, and see if I can add that to my recommendation to the Council Chair for the term beginning January 2nd. So, I'm going to just add this to the list, Members, and we will refer this, and add it on too.

COMMUNICATIONS FOR REFERRAL TO THE COUNCIL CHAIR
FOR THE 2017-2019 COUNCIL TERM

ITEM HHT-2: AMENDMENTS TO THE RESIDENTIAL WORKFORCE HOUSING POLICY
(CC 16-132)

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- ITEM HHT-15: LANAI AFFORDABLE HOUSING PROJECT** (CC 13-343, CC 16-76)
- ITEM HHT-23: "TINY HOUSES" ON TRAILERS** (CC 15-206)
- ITEM HHT-26: BUILDING AFFORDABLE HOMES** (CC 15-252, MISC)
- ITEM HHT-33: LICENSING OF ANIMALS OTHER THAN DOGS** (MISC)
- ITEM HHT-36: AFFORDABLE HOUSING PROJECTS** (CC 16-114)
- ITEM HHT-37: MAUI SHORT-RANGE TRANSIT PLAN** (CC 16-130)
- ITEM HHT-38: HOMELESSNESS IN MAUI COUNTY** (CC 16-131)
- ITEM HHT-39: LOW INCOME HOUSING TAX CREDIT PROJECT FOR SALE UNDER QUALIFIED CONTRACT REQUEST (FRONT STREET APARTMENTS, LAHAINA)** (CC 16-133)
- ITEM HHT-44: THIRD-PARTY CHIEF TO COORDINATE CONSTRUCTION OF AFFORDABLE HOUSING** (MISC)
- ITEM HHT-45: ENCOURAGE THE DEVELOPMENT OF AFFORDABLE HOUSING AND REDUCE BARRIERS AND COSTS** (MISC)
- ITEM HHT-46: SALE OR DEVELOPMENT OF COUNTY-OWNED PROPERTIES** (MISC)

CHAIR CRIVELLO: So, HH-39 [sic] will be referred to this matter to the Council Chair for the term beginning January 2, 2017 along with HH-2 [sic], Amendments to the Residential Workforce Housing Policy; HH-15 [sic], Lanai Affordable Housing Project; HH-23 [sic], "Tiny Houses" on Trailers; HHT-26, Building Affordable Homes; HHT-33, Licensing of Animals other than Dogs; HHT-36, Affordable Housing Projects; HHT-37, Maui Short-Range Transit Plan; HHT-38, Homelessness in Maui County; HHT-44, Third-Party Chief to Coordinate Construction of Affordable Housing; HHT-45, Encourage the Development of Affordable Housing and Reduce Barriers and Costs; and HHT-46, Sale or Development of County-Owned Properties. I think that's a healthy one for us to have. So, Members, with no objections, I would like to entertain a motion to recommend the list that I just presented to you of the HHT communications be referred to the Council Chair for the term beginning January 2nd, 2017.

VICE-CHAIR BAISA: So moved.

COUNCILMEMBER CARROLL: Second.

CHAIR CRIVELLO: Thank you. So, I have a motion to recommend referral. At this time, any further discussion? Mr. Couch?

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COUNCILMEMBER COUCH: Thank you, Madam Chair. And I just want to say, regarding HHT-39, that, I have it on record, that I don't think anybody in this Committee is very happy with what's going on, and we understand what the tenants are going through. It's unfortunate that we can't act immediately but it is high up on the radar of this, the Council, and the next Council. So, for the people back there, that we are listening, and we will be watching it very closely. So, I just wanted to make sure that's made aware.

CHAIR CRIVELLO: Thank you. Any further discussion, Members? If not, all those in favor say "aye."

COUNCILMEMBERS: Aye.

CHAIR CRIVELLO: Any opposition? So, motion passed with five "ayes"--no four, I'm sorry, four. The fifth guy is no longer here.

VOTE: AYES: Chair Crivello, Vice-Chair Baisa, and Councilmembers Carroll, and Couch.

NOES: None.

EXC.: Councilmembers Guzman, Hokama, and Victorino.

ABSENT: None.

ABSTAIN: None.

MOTION CARRIED

ACTION: Recommending REFERRAL of communications to the Council Chair for the term beginning January 2, 2017.

CHAIR CRIVELLO: So, Members, this is our final Committee meeting for 2016. I want to thank you for being part of our discussion. I'd like to thank Councilmember Elle Cochran for being very diligent in participating in our housing and transportation conversation. I'd like to say to our testifiers and our residents of the Front Street, Lahaina, we will do our best to see how we can move this forward, and at the same time, continue to try and find more homes, and I say homes, for our residents that we can all afford to raise our families in. I'd like to thank you, again, for being part of our discussion, Mr. Hirai, and your diligent person here, thank you very much for trucking over from your island of Oahu to come here, to Maui, and help us to further this discussion, and actually, add much clarity to what's going on with this particular matter that we need to deal with. Ms. Reimann and Mr. Almeida, thank you for being here as well as, Ms. Oana, from Corporation Counsel. Also, I'd like to thank our Staff, Michele and Tammy, you're always so diligent with your preparation and ongoing...Mr. Couch?

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COUNCILMEMBER COUCH: Thank you, Madam Chair, and thank you for giving me a chance to say a few words. I want to say, it's been a pleasure working with you on this Committee. I know you've got your hands full, especially some of the stuff that my Committee has sent you. I'll be watching. Hopefully, you can get some movement on some of that. It's going to be challenging but I think it's a fun challenge, and I just want to say, thank you for the good work you've done on this Committee. So, thank you.

CHAIR CRIVELLO: Mr. Couch, I want to thank you. I have a friend from Kihei, he always says that--it's an *Akaku* fanatic--and says, boy he's always engaged, he's always engaged, so thank you. Ms. Baisa?

VICE-CHAIR BAISA: Thank you very much, Chair. I'd like to also take the opportunity to commend you on the great work you've done in this Committee. I remember when we were discussing forming this Committee, you were kind of wondering, well, what is this Committee going to do? Well, I know you're not wondering anymore. You have long lists, and the items that were referred tell us there is so much work for our Committee, like this to do, and I'm so glad that have it, and you've done a great job in getting it established, and making it happen. It's been a pleasure to serve as your Vice-Chair, and I'm really excited about what's ahead of us. I think it's going to be very exciting to watch what we are able to do about affordable housing, now that the emphasis is on it. And I think that everybody knows that we've got to work together to make it happen.

CHAIR CRIVELLO: Yes.

VICE-CHAIR BAISA: And I know that you have the compassion for trying to help solve these problems. So, thank you very, very much, and wish you all the best.

CHAIR CRIVELLO: Thank you. You know, you've gave us direction. I know from the very beginning you gave me direction on what I should put forth, and still got the scars to show it, but thank you. I, we all appreciate you --

VICE-CHAIR BAISA: Thank you.

CHAIR CRIVELLO: --very much, and you will definitely be missed. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. I've really enjoyed working on this Committee. I see many things done. I see from under your leadership, that we've done a lot, and we've made Maui a better place. And I'm truly looking forward to next year because I know, with your leadership, we can do even more. Mahalo.

CHAIR CRIVELLO: Thank you. Again, thank each and every one of you. And if I don't get to come up here again before the end of the year, I want to wish you a very blessed Christmas, and of course, you know, jingling along to 2017. So, thank you very

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much, and have a blessed weekend. Thank you. Meeting is adjourned. All this emotions, I tell you. Meeting adjourned. Thank you. . . .(gavel). . .

ADJOURN: 2:44 p.m.

APPROVED:



STACY CRIVELLO, Chair
Housing, Human Services, and
Transportation Committee

hht:min:161201:jg

Transcribed by: Jaydee Giron

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CERTIFICATE

I, Jaydee Giron, hereby certify that 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 27th day of December, 2016, in Kahului, Hawaii

A handwritten signature in cursive script, reading "Jaydee Giron", is written over a horizontal line.

Jaydee Giron