AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

M I N U T E S

Council Chamber

February 27, 2019

CONVENE: 1:33 p.m.

PRESENT: VOTING MEMBERS:
Councilmember Tasha Kama, Chair
Councilmember Michael J. Molina, Vice-Chair
Councilmember Riki Hokama
Councilmember Alice Lee *(left at 2:24 p.m.)*
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura

NON-VOTING MEMBER:
Councilmember Tamara Paltin *left at 2:24 p.m.)*

STAFF: Leslee Matthews, Legislative Analyst
Stacey Vinoray, Committee Secretary

Zhantell Lindo, Council Aide, Molokai Council Office (via telephone conference bridge)
Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)
Mavis Oliveira-Medeiros, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
Clyde "Buddy" Almeida, Housing Administrator, Department of Housing and Human Concerns
Linda Munsell, Assistant Housing Administrator, Department of Housing and Human Resources *(in the gallery)*

OTHERS: Jeff Gilbreath, Executive Director, Hawaiian Community Assets
Rory Frampton, Rory Frampton Consulting, Inc.
Sandy Duvauchelle, General Contractor, Lehua Builders, Inc.
Heidi Bigelow, Project Manager, West Maui Land Company/Hope Builders
Kaloa Robinson, Project Manager, Stanford Carr Development
Howard Kihune Jr., President, Aina Lani Pacific LLC
Doug Bigley, Chief Executive Officer, Urban Housing Communities, LLC

Scott Shapiro
Zandra Amaral Crouse
Plus (14) other people in the gallery

PRESS: *Akaku Maui Community Television, Inc.*

CHAIR KAMA: . . . *(gavel)* . . . Good afternoon, Members.

COUNCILMEMBER LEE: Good afternoon.

CHAIR KAMA: The Affordable Housing Committee of February 27, 2019, will now come to order at 1:33 p.m. I want to be able to welcome, to ask first of all if you would all silence your cell phones or any music makers you may have. But also, I'd like to welcome the Committee Members. I am Tasha Kama, I am the Chair of the Affordable Housing Committee, and I'd like to welcome the Vice-Chair of the Committee, Mike Molina.

VICE-CHAIR MOLINA: Good morning...good afternoon, Madam Chair.

CHAIR KAMA: Yes, it is afternoon, and Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha, Chair.

CHAIR KAMA: Aloha. Member Alice Lee.

COUNCILMEMBER LEE: Good afternoon, Chair.

CHAIR KAMA: Good afternoon. Member Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Chair.

CHAIR KAMA: Aloha. Member Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Aloha, Chair.

CHAIR KAMA: And Member Riki Hokama.

COUNCILMEMBER HOKAMA: . . .*(inaudible)*. . .

CHAIR KAMA: And welcome to Councilmember Tamara Paltin who is a non-voting Committee Member. And hopefully, we'll see our Chair Kelly King who also is not a voting Member of the Committee. Today, I thought we would've had the interim Administrative Department of Housing and Human Concerns, but maybe he'll show up later. Our Corp. Counsel person, oh, Jeff, hi there. He's here in the Chambers with us. Our Committee Staff, Leslee Matthews, our Legislative Analyst, hello.

MS. MATTHEWS: Good afternoon, Chair.

CHAIR KAMA: And also, Stacey Vinoray, our Committee Secretary. So, Members, today we have before you three items on today's agenda. We have AH-17(4) Presentation from Developer Panel Relating to Affordable Housing; AH-17(5) Presentation from Hawaiian Community Assets; and AH-16 Amending Chapter 2.96, Maui County Code, in Relation to the County's Purchase Options for the Kaiwahine Project. But without objections, I would like to have the presentation from Hawaiian Community Assets taken first, without objections?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR KAMA: Thank you. So, before we begin, let's start with our public testimony. Testimony will be limited to the items on the agenda. So, to testify, please sign up with Staff out in the lobby. Testimony is limited to three minutes, and upon request, up to one minute to conclude. If you are still testifying beyond that time, I will kindly ask you to complete your testimony. When testifying, please state your name and who are you representing, and if you are a lobbyist, we would like to know that also. So, why don't we check with our District Offices, Ms. Matthews?

. . . BEGIN PUBLIC TESTIMONY . . .

MS. MATTHEWS: Good afternoon. Hana Office, could you please identify yourself and call any testifiers that you may have?

MS. MEDEIROS: Aloha, Chair. This is Mavis Oliveira-Medeiros from the Hana Office, and there is no one here waiting to testify.

MS. MATTHEWS: Thank you. Lanai Office, can you please identify yourself and call any testifiers that you may have?

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

MS. MATTHEWS: Thank you, Denise. Good afternoon, Molokai Office. Can you please identify yourself and identify any testifiers that you may have?

MS. LINDO: Aloha, Chair. This is Zhantell Lindo at the Molokai District Office. There is no one here to testify.

MS. MATTHEWS: Chair, we have one person signed up in the Chamber to testify, Scott Shapiro, testifying on AH-17.

CHAIR KAMA: Thank you.

MR. SHAPIRO: Hi, good afternoon everyone. My name is Scott Shapiro. You had a good morning. I was a watching from home, lots of good things and possibly in Wailuku, but lots of puzzle pieces as you said, have to be put together. Same thing with affordable housing, a lot of pieces of the puzzle have to be put together. A very short point, I just want to make overall. We all know that affordable housing should be as affordable as possible. When a for-profit developer is building affordable housing, it's a competing force to affordability I would say. Those two things don't necessarily go that well together. I would urge you to consider throughout your term and your decision making that if any incentives are allowed through 201H fast-track housing, that certain profits are limited by that developer, potentially, or that the end housing stock should be priced to be affordable, not to 120 percent of AMI or the median income. So, just in general throughout your affordable housing, you know, processes that you're looking at projects that you consider nonprofit agencies to develop affordable housing or if a for-profit developer is going to be coming in, that you look at what kind of profits are going to be made. And that's my point today. So, thank you very much.

CHAIR KAMA: Are there any other testifiers?

MS. MATTHEWS: Madam Chair, we have one more person coming to testify.

CHAIR KAMA: Thank you.

MS. MATTHEWS: If you could please identify yourself and the item that you're testifying on that would be helpful. Thank you.

MS. CROUSE: Thank you, yes, I will. Good afternoon, Madam Chair --

CHAIR KAMA: Good afternoon.

MS. CROUSE: --and Committee Members. My name is Zandra Amaral Crouse. I live in Kihei. A lot of development, a lot of agriculture people now getting into real estate, and I have been a proponent of affordable housing here in the County of Maui for many, many, many years, some 30-plus years. While advocating for affordable homes, and let me also reveal I am a realtor, my firm deals predominantly, if not solely with, first-time home members. Your children and your grandchildren, as well as mines, from this community who's looking for affordable homes. Through this past 30 years, I have often seen right in my neighborhood where affordable homes are not so affordable. Affordable housing developers coming into our community giving no notice to existing residents of the impact that it's going to have on them. Right now, every morning I wake up and there is construction trucks going through up Ohukai into the Haleakala Ranch, which is a lot safer than the alternative of Kaiwahine, I'll give you that. But nonetheless, with the development that...

CHAIR KAMA: Ms. Amaral, I'm sorry, what...

MS. CROUSE: Nineteen, affordable housing.

CHAIR KAMA: Thank you.

MS. CROUSE: Oh, I'm sorry, 17 affordable housing.

CHAIR KAMA: Thank you.

MS. CROUSE: Thank you. I think it is imperative that the large landowners get together, develop one road, one access into North Kihei, into the ranches that does not go through an existing residential area. If but one life is lost and a thousand houses built, it is not worth it. And right now, I am not only hearing the impact on my community, I am living it. Am I for affordable houses? Yes, you've heard me say that continuously. But what you've also heard me say is that it should not impact the safety, healthy, and welfare of the existing the communities as it is in North Kihei right now. So, I humbly ask all the large landowners and you guys to kukakuka get together, develop one road, be it from the cement plant all the way through to North Kihei that every developer can utilize. Now, I know you tell me you don't want to see the impacts on affordable housing. What I don't want to see is my granddaughter, your granddaughter being run over by a truck.

CHAIR KAMA: Thank you.

MS. CROUSE: Thank you. Thank you, Tasha.

CHAIR KAMA: Mahalo. Ms. Matthews, we...

MS. MATTHEWS: Madam Chair, there is no one else signed up in the Chamber to testify or at the District Offices.

CHAIR KAMA: Thank you. So, if there are no other public testimony, I'd like to be able to close public testimony if no objections.

COUNCILMEMBERS VOICED NO OBJECTIONS.

. . . *END OF PUBLIC TESTIMONY* . . .

CHAIR KAMA: Thank you.

AH-17(5) PRESENTATION FROM HAWAIIAN COMMUNITY ASSETS

CHAIR KAMA: So, Members, today we have a presentation from Hawaiian Community Assets AH-17(5). So, we have Jeff Gilbreath here from Hawaiian Community Assets, which is a 501(c)(3) nonprofit HUD-approved housing counseling agency and community lending institution that builds the capacity of low- and moderate-income communities to achieve and sustain economic self-sufficiency with a focus on Native Hawaiians.

So, without objections, I will also like to designate Mr. Gilbreath as a resource person, pursuant to Rule 18A of the Rules of the Council, and if no objections?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR KAMA: Thank you. Mr. Gilbreath, would you please proceed with your presentation?

. . . *BEGIN PRESENTATION* . . .

MR. GILBREATH: Mahalo, Chair, and mahalo, Members, for having me. As the Chair stated, my name is Jeff Gilbreath. I'm Executive Director of Hawaiian Community Assets. And the one thing that I want all of you to walk away with from today before I start in is to know that our organization is a partner in achieving housing affordability, in particular, for families that are earning $75,000 annually and less. We can help families increase their rental and mortgage qualifications through our programming. But we can also access public and private capital from outside of Kauai, or outside of, sorry, Maui, to support affordable housing, and that includes capital from the continent, from a regional area west of the U.S., as well as the State. So, really, today's goal is to present you folks with some solutions, but to really elaborate on what that partnership may look like. I'm really going to be focusing on four major areas in this presentation, and then I'll open up for any questions you may have, first to document demand, demonstrate our organization expertise, share with you some best practices that we have identified over the last 20 years in our existence, and make some basic recommendations about what may be possible partnering with our organization toward housing affordability. So, first, housing demand, I put together this graphic for you folks. This is from the 2015 Housing Demand Study done by DBEDT at the State. Essentially, the crux of what was stated in this demand study is that we need 66,000 units of housing by 2025 to meet projected demand. That does not include the estimated 7,500 homes that are currently affordable that we are at risk of losing due to their affordability period coming up. I am focusing for you folks, you can see there's housing need at every level, right? Well, you can see there is significant demand as you reach the 120 percent area median income and down, and really, 80 percent and down being the most. Specifically, for Maui County, what does that mean? So, that means close to 17,000 units at all income levels by 2025, this study was done in 2015, 75 percent of those units must be for households earning $75,000 annually or less. That is what, if you think about 100 percent area median income and down, these are the folks we're talking about. They're the teachers, the firefighters, the police officers, folks in service industry, from nonprofits, probably most of the folks in this room. What I want to make sure is clear is that the housing affordability solutions for this income level, for these income levels is going to be completely different than what market-rate housing folks will be sharing. I believe very much in mixed-income developments. But the solutions for households earning $75,000 annually and less, there's a different type of expertise and different types of capital that you have to access in order to get this done. So, a little about Hawaiian Community Assets, we are actually born in the Paukukalo Homestead here on Maui. We continue to serve as what's called the Department of Housing and Urban Development, HUD, approved housing counseling agency up through this time today.

We are the State's largest such agency. We also own a nonprofit community development financial institution. So, we are a loan fund that can help individuals increase their access to affordable housing but also increase community's access to affordable housing finance, and that's under Hawaii Community Lending. We have 25 full-time staff and volunteers who possess over 100 years of combined experience in affordable housing services and products here in Hawaii, and we are Statewide. The philosophy that roots all the work that we do at Hawaiian Community Assets is known as Kahua Waiwai, and it's this idea, it's this philosophy that every family needs a stable foundation, a stable home, a kahua, before they can ever share their spiritual wealth, their cultural wealth, their social connections, their financial assets, their waiwai. And this is really our community building model, the more kahua, the more foundations we can set under families' feet, the more likely they are to share these resources within their family, but then broad and outside of the household. We have two longstanding program areas. So, we're helping families on the community services side of our shop with group workshops to help them get qualified as renters, understand the budget, understand budgeting, saving, credit, but also homebuyer workshops. We then provide one-on-one counseling to help families setup a budget, review their credit reports, and create an action plan that increases their rental and mortgage affordability, their qualifications so that they can access a mortgage, they can access that affordable rental. We have match savings accounts, also known as individual development accounts. A Native Hawaiian can come into our shop, they save $1,000, we can match them 4,000 for down payment and closing costs. We also provide training and technical assistance. Any nonprofits, businesses, government agencies who want to get in and teach about financial literacy or having housing, affordable housing services, we can support that organization in building, setting up programs. They don't have to be the experts, they can rely on our expertise to stand them up. And then, on the other side of our shop is Hawaii Community Lending. That's where we do our loan packaging. So, we're packaging loans for USDA, to help with the 502 Direct Loan Program. We also provide micro-loans up to $50,000 to help folks build credit, repair credit, consolidate debt, first month's rent and deposit, down payment and closing costs. And we will be reestablishing our nonprofit mortgage brokerage by the end of this year to help with permanent financing for households who are getting into affordable home ownership opportunities. This impact that we, the impact that we create as a result of our work is really through our partnerships. So, our organization works with a number of local, regional, and national partners. We're a member of Local Initiative Support Corporation. They are the largest community development financial institution in the nation founded 40 years ago and have put the most dollars in loans and grants towards affordable housing in the United States as a private entity. We're a member of this organization and we can draw those funds down to leverage County capital. We're also a member of National CAPACD, the Coalition for Asian Pacific American Community Development. This is a coalition of community developers in the Asian pacific American community who are developing affordable housing in San Francisco, New York City, high-cost areas. Our Deputy Director is the Board Chair of this national organization, and we can bring in those development experts, nonprofit developers like one of the testifiers had mentioned, to help provide expertise and partnership to get more affordable housing done for LMI families. We also are a member of Rural Community Assistance

Corporation. They're the largest CDFI in the 13 western states in the United States. Similar to LISC, Local Initiative Support Corporation, these folks provide financing, grants and loans, to be able to leverage local capital. As a member, we can pull those dollars down. But they focus specifically on rural communities. And then, we're also partners with two of the largest community based CDFIs in the State, and that's Council for Native Hawaiian Advancement, and Hawaii Habitat for Humanity. Collectively, these two CDFIs have $6 million toward affordable housing development that we can leverage with these other sources. So, what have we done in 18 years? This gives you guys a snapshot of our 18-years of impact, serving families with our HUD housing counseling services and our financial counseling. But I wanted to focus on the last bullet point that we've brought in $140 million from outside of Hawaii in grants, loans, and mortgage financing to be able to get housing affordability for low- and moderate-income families. What has 18 years in Maui County looked like? So, this gives you guys the numbers in terms of individuals we've served with our services. Because we have our lending arm and we have grants, we are providing these services for free to community. As you can see, about 50 percent of the families, or the individuals that we have served here on Maui County have access to affordable rental or homeownership opportunities, and we've pulled in close to $23 million in affordable mortgage financing to get this done. So, what does a typical family that we work with look like? So, this gives you guys the numbers. The annual household income is actually very close to what the U.S. Census numbers are. The U.S. Census numbers are about 45,000 annual income, three persons in the household, right? But I want to point to the highlighted areas on the bottom. When we conduct our mortgage affordability and rental affordability assessments, this is the amount that folks can afford, right? Hundred sixty-four thousand for mortgage affordability, and rental affordability a little over a thousand for a two-bedroom home. With our HUD housing counseling services, we can increase these affordability, their affordability roughly 40,000 to $50,000 if we can drop that debt down, right, increase their credit score and increase their savings or income. But how does this compare to what we're seeing in the market now, right? We got a long way to go. There's obviously a significant gap between what our families can afford and what the market prices are. As you look into market prices rental affordability, the number 1,619 for the two-bedroom rental, that's the fair market rent that HUD provides annually, that's where we're at for a fair-market rental here on Maui. But there's a significant gap that we have to makeup, right? Twenty years of doing this work, we have identified some best practices that I wanted to share with you folks. Most of them are here locally that I think are powerful and something that may be of consideration to this Council. And we've really identified six key ingredients to housing affordability, particularly for families making $75,000 annually and less. So, the first I want to point out, strategies, are community benefits agreements and community ownership. One of the testifiers had been talking about her concerns about folks traveling through her community and the safety issue. Community benefits agreements are an amazing opportunity to bring community developers and government together to be able to hash out what are the things, what are the benefits the community would like to see, right? First, source jobs and housing, parks, childcare centers, requirements for leasing or contracting local partners, these are happening in 40 jurisdictions across the United States, and they're happening here locally in Hawaii as well. With community ownership we can also look at models that we're seeing here locally where the community actually owns the development and therefore, has a greater say, as they're partnering with the developer, on what happens with that development. So, I just want to give you guys an example. We do a lot of work on Hawaiian Home Lands, and these are two properties that are examples on Hawaiian Home Lands, Hale Makana and Waimanalo Kupuna Hale. So, as you go down this list, I want to point out Hale Makana O Nanakuli in Nanakuli on Oahu is actually owned, a 48-unit rental housing development for households earning 30 to 40 percent area median income. It is owned by the community association that partnered with the nonprofit developer. The community association has the say on where this development goes in the future. Waimanalo Kupuna Hale was done with the developer that was nonprofit, but it wasn't owned by a community, or it hasn't been owned by a community. And what I want to point out is the affordability strategy. So, when the community had a say how are we going to keep these units affordable, their strategy is after so many years they're going to give the option to purchase, or the option to own the households in that rental. For Waimanalo Kupuna Hale, the plan is after the affordability period went away for the Low-Income Housing Tax Credit Program, they move the rents to market and they're having the Department of Hawaiian Home Lands pay them $250,000 every year for 40 years, which will result in $10 million in subsidy, the whole project cost 8 million. Next, I want to point you guys to in terms of key ingredients for housing affordability are land strategies, right? You guys have all heard land trusts. There's also County land programs on Kauai and Hawaii that we wanted to bring to your attention. Interesting, Hawaiian Home Lands is one of the largest land trusts in the nation. In 100 years, 8,000 folks have gotten on to that land trust, and there's still 22,000 folks waiting. But you can see with a land trust, what can happen just by simply taking the value of the land out of the equation. For county land programs, we work with Kauai and Hawaii counties, and what they are doing, is they're purchasing land for LMI households and taking a note out which is basically a silent second that sits. They don't have to pay this other loan. When the property is sold, when it becomes sold, they take the money necessary to pay off that loan out of the loan proceeds. This gives you an example of what Kauai County has been able to do with that program. And I just compared it to Maui County for you folks 'cause I'm not aware that you have this type of strategy yet. So, this is in terms of the homeownership opportunity. You'll see under the financing section the County actually has a gap financing program that helps buy down that purchase price. They are requiring HUD housing counseling for every individual that comes through, right? So, they're making sure they're increasing their mortgage affordability, but also their financial sustainability. You'll see the home sales prices are much different. This is not the only factor, and I understand that in terms of how the price is impacted. But I do want to point to you the estimated monthly mortgage payment. The third strategy I want to bring to your attention is streamlined permitting. So, on Hawaii County right now, as a result of the lava eruptions, what the County has done is they have preapproved about 24 different package homes that are basically rubberstamped. As long as you don't change those plans, you get a 48-hour turnaround on permitting specifically for households that have been impacted by natural disasters. There's nothing saying you could not change that requirement of natural disasters to households earning $75,000 and less annually, right? 'Cause as it comes to permitting and the, everybody in this room, and

I'm sure the developers in this room know it, time is money, big time. And then, I did want to point out to Kahauiki Village, which is by the airport on Oahu. The State issued, the Governor issued an emergency proclamation and included Kahauiki Village in that emergency proclamation. It cut the red tape and allowed that 144 pre-fab rental units, 2-bedroom, on the land. Dollar a year is the land cost, everybody is pitching in, but they also are integrating services like HUD housing counseling, childcare services, employment opportunities to maintain the properties, and the cost of a unit is about $145,000. Everybody pitched in, that included the labor, right? But it goes to show what we can do when an emergency proclamation is issued and when there's a partnership with the County and the Governor. The next strategy, and I know the first testifier actually mentioned this, nonprofit developers are the experts at developing housing that is affordable for households earning $75,000 and less. For-profit developers are great at market-rate development. But it is tough to ask a for-profit developer to go against their business model to build housing at 50 percent, 60 percent area median income when they have to make a specific profit, right? So, nonprofit developers do this with a double bottom line. So, looking at not just the financial return, but the social return, and integrated community partnerships. So, if you think about like Habitat for Humanity, they use volunteer labor, sweat equity from the family. But they have to work with partners like Hawaiian Community Assets to prepare the families, to get them access to additional resources, including for first month's rent and deposit, and down payment, and closing costs. In 1993, the State of Hawaii commissioned a study that was done on nonprofit housing development. At the time, they found that there were eight nonprofit developers in the State who were actively developing affordable housing. Their recommendations were to create the Rental Housing Revolving Fund and create a capacity building program for nonprofit developers. They did create the Rental Housing Revolving Fund but no capacity building program. Today, in 1993 there was eight active nonprofit developers, today there are eight active nonprofit developers. Not the same, but we haven't done anything to build the capacity of folks who are experts at this, right? This gives you an example again on Hawaiian Home Lands of a nonprofit self-help program and DHHL standard kind of development process. So, under the standard process, DHHL will contract a for-profit developer and they'll do turnkey homes, right, for the families. The Homestead Self Help looks a lot like Habitat for Humanity. You have volunteer labor, you have families doing sweat equity. But I want to show you guys the nonprofit developer is not just accessing the similar programs as the for-profit, but they're also accessing groups like us who are CDFIs and think Local Initiative Support Corporation, Rural Community Assistance Corporation to make the cost of these homes less. So, if you take a look, the average sales price as we compared these was at the furthest end about half, and the monthly mortgage payments again about half if we're employing all of these key strategies and ingredients that we're talking about. The next-to-last ingredient we look at is really utilizing these community development financial institutions. With the change in the Federal tax reform law, corporate tax rates came down big time, right? They are less incentivized to be investors in low-income housing tax credits. There's a study that estimates about 200,000 units of affordable housing will not be built through the Low-Income Housing Tax Credit Program because of this drop in the corporate tax rate. It doesn't look as attractive for these investors to put money in, right? So, who's stepping in to do this type of financing, or this type of patient financing that the Low-Income Housing Tax Credit had done? It's community development financial institutions. Across the nation, on average we are leveraging every dollar that comes into us with $8. I can only imagine a dollar of County funds, what we could do by leveraging private funds from foundations, grants, Department of Hawaiian Home Lands on the public side, the State, right, the Federal? And every community development financial institution has to provide capacity building services. So, this includes training and technical assistance to be able to help families get into those homes, but also communities to understand the process so we can keep doing this and model this over time. And the last is really just the HUD housing counseling. I can't say enough that a family can walk into our doors and they may have tons of collections, they may feel like they are hope, they have no hope in getting a home. But if they come through our process, we can not only get them access to counseling and education that'll increase their mortgage and rental qualifications, but we can get them connected to affordable capital, whether that's grants, again, micro-loans, or a Federal mortgage financing programs like USDA. With that, I just wanted to share with you guys some recommendations that we have. These are just potential. It's really just to give you a buffet of options. Again, we want you to feel like Hawaiian Community Assets can be a partner with you folks on whatever journey you decide. But you know and I know that we're in a crisis and we can't just sit on our hands. We have to do something. And I'm so excited about you folks as this new Council coming in and what the potential is of this. But with that awesome change comes awesome opportunity, or awesome responsibility, right? So, please use us as a partner. So, what are some things that could be done, right? I think it's knocking on the Governor's door and asking for an emergency proclamation that includes Maui County. They included Oahu. Why can't they do the same? Streamlining the permitting process for packaged homes and low- and moderate-income households, you guys can model what Hawaii County has done and we're happy to get you guys in touch with these folks who are doing this work so they can share the technical side of it. But we could get this done. And these are things that I don't think you need a plan to do. I think you can start moving on some of these almost immediately, right? Requiring community benefits agreements in all developer agreements, making sure that community developers and government are coming together to talk about what the needs are, still making sure the project is financially viable. But at the end of the day, if we have a community benefits agreement that outlines what is going to be included in this development, the likelihood of it moving through the public commenting period and through the, just through the entire process is more likely because you have a vehicle where everybody has come together, hashed out their differences, and come to an understanding. Use of housing trust funds for maybe some of those strategies we were talking about, right? I believe there's about $14 million in your housing trust fund right now that is uncommitted. There's stuff that you can do. Maybe it's piloting some of these things, right? CDFI relending, or maybe some of those low-cost land strategies, maybe doing some of those down payment assistance grants that I know you guys are doing. But that money, as I understand it, is there and uncommitted, and that it presents a great opportunity for you guys to kind of test some of these things, right? One of those tests may be taking up that recommendation that was made in 1993 at the State level, can we get more nonprofit developers here locally doing this work who can partner with for-profit developers to do mixed-income development? And not just on Maui, on Molokai, right? And then, of course partnering with our CDFIs. There is a movement with Kaiser Permanente coming in with funding nationally with groups like LISC and Kresge Foundation. They are looking at CDFIs as the vehicle for affordable housing development. There's a group on Oahu that we're just meeting, and I believe Maurice Jones came out, he's CEO of LISC for the Opportunity Zone presentation last week. He is leading the charge to bring all the partners together to get this done, and the business community is coming to the table, Bank of Hawaii, Foodland, all folks part of what they call the Hawaii Executive Council. And from our end, what we would say the one recommendation I would make to you folks is that last year we submitted a proposal with our partners at University of Hawaii Rural Community Assistance Corporation, the former head of the California Housing Department, to do an implementation and policy plan for the County. We did not win that RFP, SMS Research did. But as I read through the report, that I think what we need is a real plan. I did not see a plan out of that. What we need is a policy and implementation plan that that RFP asks for, and that all of you folks deserve, all the folks in Maui County deserve. And so, our recommendation is to include in that 2020 Budget the $250,000 that you did last year, but to come up with a real plan, right? We were proposing things like we'll assess 50 lots, 50 parcels, and provide a step-by-step list of things that have to happen to get this ready to go vertical, right? And not just that, who are the partners that can provide the financing and to utilize the expertise that I'm talking about, right? So, that is the recommendation that I'm making today if we're going to get a real housing affordability plan, we would like to see that included in your Budget for 2020. But with that said, I'm happy to take any questions from you folks at this time.

CHAIR KAMA: Thank you very much for that presentation.

. . . *END PRESENTATION* . . .

CHAIR KAMA: And, Members, I will now open the floor for questions.

COUNCILMEMBER SUGIMURA: Chair?

CHAIR KAMA: Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: You know, this is very exciting because last week you and I, and...were at, and Member Hokama we were at the opportunity zone. And I didn't realize that we had local talent that could do what Maurice, Jones was his last name, presented --

CHAIR KAMA: Yes.

COUNCILMEMBER SUGIMURA: --he was the first speaker talking about financing options. And he did talk about, so, when you said Local Initiative Support Corporation, I said, could it be the same thing? But it is, so, you can --

MR. GILBREATH: It is.

COUNCILMEMBER SUGIMURA: --do that also?

MR. GILBREATH: We are a member of LISC. So, as a member of LISC, we have a direct line to draw dollars down, right? So, we could target those in specific communities that are ready and willing to partner, not that we would do the work. We would do the work in partnership with LISC, we would bring them along with us, along with their technical expertise.

COUNCILMEMBER SUGIMURA: So, you have access to LISC and other funding sources besides do financial literacy? I always thought that your organization did exclusively financial literacy for Hawaiian Home Land recipients, or...right?

MR. GILBREATH: We have expanded from where we were born in 2000 to not just helping the individuals in that way and on Hawaiian Home Lands, but to help everyone and to help low- and moderate-income communities access folks like LISC, the financing that's needed, the technical expertise that's needed. So, Hawaiian Community Assets doesn't really tell you anything in our name. But there is a lot that we can at least provide as a partner in these projects.

COUNCILMEMBER SUGIMURA: Fabulous. Thank you.

MR. GILBREATH: Yeah.

CHAIR KAMA: Yes, Member Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Jeff, do you have a Maui office?

MR. GILBREATH: We did until 2014. We were at Hawaiian Home Lands in Paukukalo. Our rent got doubled at the time and we were not seeing the type of housing units being developed for low- and moderate-income families that we're seeing at the other counties. So, I had to make a hard but strategic decision to put our resources into our other offices and serve Maui County from our Oahu office. So, our staff flies over and provides service. But we don't have a physical office here. We're hoping to reestablish by the end of the year because of some of the projects that we're hearing come up, in particular, from Ikaika Ohana, Delene Osorio who's leading Kaiwahine, and I think a couple other projects in Leialii. But because these developments are starting to move, Councilmember, we feel it's necessary for us to be on the ground here, physically, and to come home. Our cofounders want us home, we need to be home. So, we'll, we're hoping to do that.

COUNCILMEMBER LEE: Okay. So, in the early years I recall your nonprofit primarily focusing on home ownership counseling, right? So, since then, have you continued to offer that service to Maui residents, Maui County residents?

MR. GILBREATH: Yes, and we've actually expanded. So, think of us that we can help families move from the beach to the biggest investment in their life, which is a home. So, we help folks go from homelessness into rental with our rental counseling program, renter to purchase with our home purchase program, and then we have foreclosure prevention to make sure they can sustain that asset. So, that we have that continuum now. So, that is the difference, and not just Hawaiian Home Lands, any family that comes through our doors.

COUNCILMEMBER LEE: So, about how many people do you help on Maui every year?

MR. GILBREATH: It's pretty small at this point. Last year about 45 households as compared to like say Hawaii island where we were serving close to 600. I think us being here physically would change that with the projects that are moving and being a partner, to be able to get out into the community that would change that. But about 45 households last year.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Thank you. Yes, Councilmember Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Mahalo for that awesome presentation, Mr. Gilbreath.

MR. GILBREATH: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: I'm really disappointed that HCA didn't win the RFP that went out for the affordable housing plan and that what we ended up with is a report. 'Cause I agree with you that we need a plan and not a report. Do you have any information as to why HCA did not receive that project?

MR. GILBREATH: We, I had a follow-up call after we submitted the proposal and I spoke with former Councilmembers Mike White and Stacy Crivello, and our proposal included a pretty robust community engagement process. We wanted to come out, we wanted to create a community advisory committee, we wanted to go out to Molokai, to all the communities that are hard to reach and have a conversation with landowners, developers, the community members themselves, and really get a sense of what is needed and what folks are calling for. What I was told on that phone call was that there was no need to go do that type of community engagement because the two individuals on the call felt they understood what was needed by community. If you guys remember from that RFP, they wanted it done in three months, we proposed 12 months. Honestly, to be very practical and pragmatic, I don't know how you could do something like a plan like that in three months. We offered them to go nine months. But it, the timeline was also an issue. So, I think those were the two sticking points. So, I would say if you do go out for an RFP again, I would encourage you to extend the timeline to 12 months 'cause it's going to take some time if you want something that's quality, right? But also, to include community engagement so the landowners, the community members, the developers all have a say so that we're not trying to hash out these major issues when we get down to the actual development, right? So, that's the best of my knowledge.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo.

MR. GILBREATH: Yeah.

CHAIR KAMA: Yes, Member Sinenci?

COUNCILMEMBER SINENCI: Yeah, thank you, Mr. Gilbreath. I especially appreciate the recommendations and the solutions that you've listed. We definitely want to look into those. One of them said streamlined permitting for packaged homes.

MR. GILBREATH: Yeah.

COUNCILMEMBER SINENCI: Are there specific companies with packaged homes that you guys were working with?

MR. GILBREATH: Yeah, so, on Hawaii island, they were working with HPM, Honsador, and Hardware Hawaii was not, is not on island there, but they were planning to come in because of the potential. There were some other folks, SteelMaster was one of them. The interesting thing with that permitting process, what we were able to do, and I didn't share in the presentation is that folks impacted by the eruptions were taking their $37,000 FEMA check, their insurance check, buying land outside of the lava flow, and then, we were financing the purchase of that package home, on average $25,000. And they were going from homelessness after the eruption to home ownership, right? Still having to get their contractor in place, still having to maybe use Habitat for Humanity. But I can't say enough how much that just changed the energy on the ground there, but also within the county, understanding, okay, these are the folks we're prioritizing, right, help, it helped really rather than just casting a net, we're spear fishing, you know.

COUNCILMEMBER SINENCI: Do you see that if families went with owner builder types of, that process, was that either faster, quicker, easier?

MR. GILBREATH: It really depended on the family. I think where our HUD housing counseling comes into play in an important role there is identifying who are the contractors who would be good. Each of the packaged home providers have a list of approved contractors. So, that was helpful. But they also wanted to know stuff like, okay, you know, if I do have to do some infrastructure like septic, what would that cost me? If I did have to run some electrical, right, how much would be each electrical line? And so, our staff can say stuff like, well, we know it's about $2,000 for each electrical pole, right? We know septic, you know, depending on where you live, about $12,000. But I would say it would run that spectrum, Councilmember, folks who kind of had maybe higher capacity in that level or none. And so, we just had to kind of tailor it based on their understanding.

COUNCILMEMBER SINENCI: Thank you. One last question, Chair?

CHAIR KAMA: Sure.

COUNCILMEMBER SINENCI: We have a project in Hana, and I believe it's with Habitat for Humanity.

MR. GILBREATH: Excellent.

COUNCILMEMBER SINENCI: But our project is a couple years out because Habitat right now is busy, you know, with some other projects. So, we have to wait, you know, in line. Is there any ways that we can kind of, you know, expedite the process?

MR. GILBREATH: I think you've got a couple options. I think it's all about capacity building. So, I actually sit as the Board President of Hawaii Habitat for Humanity. We're the State support organization that supports all the affiliates, one of them being Maui. More staffing would absolutely help, we can say that all day long, maybe some training to help them be more efficient in what they do. But I also know in Hana, you've got an awesome youth group. Let's get those guys some capacity and get them on a level where they could be doing this for themselves. They do amazing work as I know you know. But maybe there's just a few things, we have to take them through a few steps where they could be on the level that's needed to get the project done. And they could even be a partner with Habitat. We could say, hey, let's have you teach them what you know, you guys teach them what you know, right, and then, move it ahead. So, I think those are a couple things that you could do.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR KAMA: Yes, Member Molina?

VICE-CHAIR MOLINA: Yeah, thank you, Madam Chair. Good afternoon, Mr. Gilbreath, and thank you for the information. It's certainly eye-opening and I appreciate the point you made where, you know, we've got our Affordable Housing Fund, which was initiated by the Council ten-plus years ago I believe, and we just recently went through a committee meeting where we're discussing using some of those monies for just studies. But, you know, I think people want to see something more than just a study. So, thank you for that. So, I'm hoping that's the direction we'll take now. You mentioned that you had an office formerly in Maui, and now you're, and you're looking at coming back. Maybe you mentioned it in your presentation, if you did, how many affordable units have you built, or been involved with in Maui County?

MR. GILBREATH: So, we've helped a little over 940 low- and moderate-income individuals get into homes. So, those might be like existing homes that folks purchased. Those might been affordable rental units that folks built. I don't know the breakdown of like new build, or like existing folks that got into.

VICE-CHAIR MOLINA: You know what areas, what region of the island, what parts?

MR. GILBREATH: So, we did a lot in Paukukalo, Waiehu Ko--right, aunty--Leialii, Wailuku, Kahului, Molokai...

CHAIR KAMA: Waiohuli.

MR. GILBREATH: Yeah, Waiohuli, yeah, Molokai. We did some on Lanai, too, before that developer there went bankrupt back quite some time ago, yeah.

VICE-CHAIR MOLINA: And then, as far as nonprofit developers, I guess you'd recommend having, is there a need for more, I guess, I guess we have what, Habitat for Humanity is one specific.

MR. GILBREATH: Yeah, Hale Mahaolu's still doing, right? Lokahi Pacific, I don't know if Lokahi Pacific's active now, but probably should ask them, Ikaika Ohana is a group that's been doing a lot of work. Just to be clear, Delene Osorio who's the Hawaii representative sits on our Board. So, I want to make sure that that's out there. But yeah, of course, I think there's so much need. If you look at 75 percent of over 16,000 units that need to be built, I think it wouldn't hurt to have double, triple, quadruple the nonprofits. And this is an area where LISC wants to help, or RCAC wants to help, Kresge, Kaiser, to build that capacity. I don't think you can have enough. And what nonprofit developers have, that for-profit developers don't have when it comes to State funding is in the Rental Housing Revolving Fund and the annual application, nonprofits get priority in that process. So, if we had more nonprofits, I mean, not to create more competition for the for-profit guys in the room, but that's, I mean, you could have greater access, right, that we can be leveraging with these other sources. So, I think sky's the limit.

VICE-CHAIR MOLINA: Yeah, good, good. Well, we hope to hear from you more along the way. And I think it creates an interesting situation here. I mean, competition in this case is good --

CHAIR KAMA: Yes, it is.

VICE-CHAIR MOLINA: --I mean, if our long-term objective is to get both rental and houses for home ownership. So...

MR. GILBREATH: And to be partner, like the nonprofit developers want to be, at least I know Habitat, they want to be partners with the for-profit guys who are maybe doing 120 percent plus, right? I think there's a way we can partner to do that. And mixed-income communities, I think, are more powerful. You're not creating pockets of poverty, right, that you're truly creating integrated communities. And so, I think there's some partnership there too that would be very powerful.

VICE-CHAIR MOLINA: Excellent, thank you. Thank you, Madam Chair.

CHAIR KAMA: So, let me see, Member Paltin, did you have a question, or Mr. Hokama?

COUNCILMEMBER PALTIN: Thank you, Chair. I just was wanting to clarify, there's no blood quantum requirement for you to help? You help everyone?

MR. GILBREATH: Yeah, yeah.

COUNCILMEMBER PALTIN: Thanks.

CHAIR KAMA: So, Members, if there are no other questions...oh, Mr. Sinenci? Okay. I'm hoping that maybe Mr. Gilbreath will be able to hang around later and, you know, talk story again. But we have another panel that we're going to come, and we have another two items more on the agenda that I'd like to be able to get through today before the end. So, without any more objections, I'm going to thank Mr. Gilbreath for coming, and hang out if you're able to. Hopefully, I know you have to go on a plane. But if you can, but we have, we're going to take a five-minute break so we can change out. And if you all want to talk to him, you may. Thank you.

MR. GILBREATH: Mahalo.

CHAIR KAMA: Yes, yes?

MS. MATTHEWS: Chair, before we recess, did you want to defer this item?

CHAIR KAMA: Yes, please.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER.

CHAIR KAMA: Thank you, thank you.

MR. GILBREATH: Mahalo.

CHAIR KAMA: It was right there, defer this item. Thank you. So, we'll take a five-minute break. Thank you. . . . *(gavel)* . . .

RECESS: 2:24 p.m.

RECONVENE: 2:29 p.m.

AH-17(4) PRESENTATION FROM DEVELOPER PANEL RELATING TO AFFORDABLE HOUSING

CHAIR KAMA: . . . *(gavel)* . . . The Affordable Housing Committee is now going to reconvene. And, Members, we have a presentation comprised of consultants and affordable housing developers. And present with us to participate in today's panel is Howard Kihune of Aina Lani Pacific. We also have Kaloa Robinson, from Stanford Carr Development, we have Heidi Bigelow, with West Maui Land Company/Hope Builders, we have Sandy Duvauchelle, with Lehua Builders Inc., and Rory Frampton, from Rory Frampton Consulting, Inc. My goal for this panel is for the panelists to offer the Committee their thoughts about the development process, and where the major hoops or stumbling blocks exist in the process. I'd also like them to share where policies could be implemented and suggestions on how the Maui County Code could be amended to better facilitate the delivery of affordable housing for Maui County. Each panelist will be allotted ten minutes to present, and there will be ten minutes for questions at the end. Members, please hold your questions until the end of the panel discussion. And so, without objections, I will designate the panelists as resource persons pursuant to role 18A, to Rule 18A, of the Rules of the Council.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR KAMA: Without objections, thank you. And so, I would like to, Members, continue with the panelist presentation. And, Rory, if you wouldn't mind, would you begin? Thank you.

. . . *BEGIN PRESENTATION* . . .

MR. FRAMPTON: Yes, thank you very much, Chair. And thank you for inviting us to be here. I'm going to...well first, I'm Rory Frampton, I'm a land use planning consultant, and we're going to, I'm going to run through an example project that I assisted on in Lahaina. I'll go through that and point out some, just some of the issues that we encountered along the way, offer some observations, and then, let the other people add in and help me fill in the blanks. So, I'm here with Heidi Bigelow, she's with West Maui Land Company, and they're a fully integrated real estate development company which they're involved with project management, civil construction, home building, and they're real estate brokers as well. So, that really helps if you can do everything under one roof rather than having to hire out to separate people. The project I'm going to be talking about is Kahoma Residential. It's the project that's outlined here in red just south of the Kahoma flood control project. It's a remnant piece of old sugar cane land that was created when the flood control project was built. So, it is considered an infill project. There was adjacent infrastructure nearby, and it was similar in character to the neighboring community to the south, in terms of it being residential. This is the project site plan. It was a long, again, a long strip that was cut off by the Kahoma Stream flood control channel, which is bordering the property above the property on this project. We, the project consists of single, 68 single-family house lots. And like the speaker before me talked about, this is an integrated project. So, we partnered with Habitat for Humanity. They're going to be building, or they're in the process of building ten homes, Na Hale O Maui, a land trust on Maui is doing another 12 homes for 22, and then, the remaining 46 was developed and constructed by West Maui Land Company. The lots are between 5,000 and 10,000 square feet. There's approximately a one-acre park, and we designed this as complete streets. It's near schools and sidewalks. And here's a photo of it. The road that you see running down the middle of the photo with houses on either side, that's the project as it existed on November 5, 2017. And at the time, you know, this was a 201H project that you can seek various exemptions for. But it was, we felt as the project team it was important to build this project out with complete streets. There's sidewalks on both sides. At the time, you only had to do sidewalks on one side. There's parking pullouts, if you will, landscape planters to calm down the traffic. It was a well-done project, I was...anyways, I'm going to stop there. This is what it looks like, this is what one of the sample units looks like. There were mostly three bedroom and four-bedroom units that West Maui Land built. This is the sales prices, and this is the requirements that were, this project was 100 percent workforce housing. And so, you see the various spreads from the 160 percent, down to the 80 percent and below. And the prices, these are the maximum prices that you see, and they ranged from about 280,000 for a two-bedroom house and lot, up to 760,000 for the upper end of the 160 and below of median income. And those are the units, the 80 percent and below is being done by Habitat, and the 120 percent and below, those 12 units are being done by Na Hale Land Trust. So, this project took a long time to build. There's a lot of reasons why. But from beginning to end, it took 14 years. That's a long time. The, it started off, you know, initially when selecting the project site and meeting with Councilmembers and doing the draft EAs. And as all that work had, was coming to completion is about when I got involved in 2008, 2009. We were just ready to file our final Environmental Assessment and go to Council and one of the development partners pulled out. At the time, it was Lokahi Pacific was going to be building 25 special need apartment units. They left the project, we had to redesign the project. That's when we brought, we increased Habitat's numbers of units, and we brought in Na Hale. So, we had to redo the project plans, we had to do additional amendments to the traffic studies and various studies like that. So, we finally got the EA published and to the County Council in around 2011. And then, because the project was over 15 acres, we had to go to the State Land Use Commission. And at the State Land Use Commission, there was an intervener, one of the neighbors, as you heard earlier, oftentimes the neighbors who are close to the project are most passionate about the potential impacts. We had one very passionate intervener who appealed to the Second Court, to the Intermediate Court of Appeals, and ultimately to the Hawaii Supreme Court. They, she didn't prevail at any of those levels. And, but it took a long time to get through that. They were, she was intervening in the courts all the way up until 2016, and one of the big issues there is that lenders don't want to give you money if you have court proceedings. And so, that's a risk that you face when you're going through these entitlement processes. And if you don't have someone with deep pockets that can keep putting out cash, you potentially put your project in jeopardy. Other things that happened along the way that can happen to any project, there was an Army Corps of Engineers adopted a new regulation about work on projects. We had to put a waterline over the Kahoma Bridge. We spent about a year going through this process that no one in Hawaii had ever gone through. It took a lot of engineering time and my time to get through that. The water meter fees doubled in 2016. That added $400,000 to the project cost. Anyways, so, it's, there's a lot of steps involved in a, doing any housing project and it's not until, in this case, step ten that you start seeing revenues come back the other way. The whole time up until that point, all your money's going in one direction and if especially if you have laws changing, rules changing, if you have interveners or opposition, it all puts the project at risk and in jeopardy. What worked at Kahoma was the development partners with Habitat and Na Hale O Maui really helped build a, as was called earlier, a mixed-use community. Having West Maui Land be fully integrated really helped so that there could be cost savings during construction and with commissions. The low interest rates right now that exist, historically low interest rates helps with the affordability, well, it helps the developer get a higher price for the project. If the developer, if the interest rates go from 4 percent to 6 percent, then the price of the home that you can sell under that table drops by $100,000. So, if you're in the middle of the project development process and you've assumed a certain price point based on 4 percent interest, and interest rates go up, your prices of your homes go down and you could lose significant amount of money. This was an infill project, that helped. The Maui Island Plan started when this project was being started and it actually incorporated this project into the Maui Island Plan. That helped us through the entitlement process. The 201H fast track process was used to help with the Change in Zoning and the community plan amendment, and that allowed for an exemption of the park fees although a park was built. And when the project was approved, the Workforce Housing Ordinance included the gap group which was the 160 to 140. And having the ability to sell at those price points really helped the bottom line as well. What put the project in jeopardy or at risk was the ability to get financing, new rules and policies and regulations, legal challenges, the withdraw of a partner, Building Code changes added costs, rising construction costs, and the potential for interest rate increases. What can the community...this slide was actually done for the community plan update process. But what could be done to encourage housing? Encourage infill, that helps a lot with project costs, encourage higher densities, those are both strongly supported in the Maui Island Plan. Implementing changes to the Maui Island Plan and even community plans, so, in order to do a project, we have four land use layers that all need to be lined up, the zoning, the community plan, the State land use district, and the Maui Island Plan. If those aren't aligned, you got to go through a risky entitlement process. Once a community plan, or the Maui Island Plan gets adopted, if the County could come in and do some comprehensive zoning and zone some of these parcels that have been designated for development and to get them all in alignment, that takes a lot of risk out of the project. And I think Howard's going to talk to you about their approach to doing projects and whether or not they even look at projects that don't have entitlements. If you have to go through the lengthy Change in Zoning or community plan amendment process, if those things aren't fixed, then I think you'll just see a lot more of the 201H projects. The 201H allows for a much tighter timeframe, you eliminate the Planning Commission review, and it sets a time limit when you come before Council. So, that all makes the whole process a little bit more certain. And if you're faced at looking at either option, I think the developer will choose the 201H option if it's such a burdensome process to go through the zoning and the changes. This slide is really why this project got built because the end goal was to have happy families in homes. And if the developers, the principals of West Maui Land weren't so committed to this picture, this project would have not gone forward. And this is really what it's all about. And that's what it takes is a commitment to getting people into homes to get projects like these in place. So, thank you, that's the end of my conclusion. I ran over just a little bit. But we can let the other guys go.

CHAIR KAMA: Thank you. So, Sandy, would you like to go next? Or is there an order that you folks put yourself in? So, how we...

MS. DUVAUCHELLE: No, actually I'll do real quick, and then I'll hand it over to Howie. My name is Sandy...

CHAIR KAMA: Push the button, Sandy.

MS. DUVAUCHELLE: Better?

CHAIR KAMA: The red light, the...okay there you go.

MS. DUVAUCHELLE: Okay.

CHAIR KAMA: Good.

MS. DUVAUCHELLE: Alright, my name is Sandy Duvauchelle. I am a general contractor. Our company is Lehua Builders, Inc. I work with Mr. Howard Kihune, junior and senior. We are blessed to be the general contractor on our 33 single-family home project in Kaanapali. It's been a long four years. But we are getting there. And I will hand it off to Mr. Kihune. He has our presentation. Thank you.

CHAIR KAMA: Thank you.

MR. KIHUNE: Hello, hello? Okay. No, we're good, we're good. Can you all hear me? Okay. Good. Sandy's not just our contractor, she's our partner. So, don't let her fool you. But yes, we, our first project is our Kaanapali project. And with the vision of Howard Sr., we were able to pull this together. We will be delivering our homes before the end of March, which is a, it has been a long process, almost four years. We've had people, we've had our buyers in escrow for well over a year and a half. We've got a waiting list of at least 77 buyers that are pre-qual'd and ready to go and we haven't lost one of our homeowners yet. I think the location, I think the pricing, we're in the 80 to 120 and, you know, our goal for this project was to develop a market home but sell it at an affordable rate, and I think we've accomplished that. I would hope that some of you would come and take a look at this project before we start delivering homes because I think you'll be truly impressed. We've done everything from quartz countertops to stainless steel, nine-foot ceilings, you know, all the bells and whistles that a market home has. Granted Sandy's really squeezed all of our suppliers and stuff. So, that's good.

MS. DUVAUCHELLE: That's why I have a second job.

MR. KIHUNE: You know, I have a couple of handouts. I submitted one that has a cost breakdown and I kind of wanted to, of not this project, but just general of what we do.

Our goal as 100 percent affordable developer is to continue building homes in that 80 to 120 percent range. When you have a chance to look at that cost analysis or breakdown, it's generic, but if you look at the bottom line and see how much money we make, you can make, you make on a project of 20 homes, I could be working as a bellman at another hotel making more money than that over four years. And that doesn't even include our staff costs, our other costs that are hidden that we all of a sudden have to address at certain points in the development of a project. But, you know, we're very happy with what we're doing. This is a passion, it's a love for our community. We truly believe that the more homes that we can build, the quicker we can build them, we're going to have a lot more homeowners and people that will have that sense of belonging within their community. When you own a home, or you know you're going to have a permanent place to rent, you feel like you belong. And it's really, I think it's important but it's key I think for the community as a whole. So, we're going to continue to do that as long as Sandy and I agree, and my dad agrees we'll be okay. We tend to disagree once in a while. But mostly Howard Sr., yeah?

MS. DUVAUCHELLE: Yeah.

MR. KIHUNE: But --

MS. DUVAUCHELLE: He's our conscience.

MR. KIHUNE: --yeah, so, if you have a chance, as Members, take a look at this. There's not a lot of money, and this is real numbers. And it, you know, the most expensive, or the highest cost is the vertical construction. That's where most of your money is spent. Some of it on the civil, depending if you're building in rocks in the west side, or if you're building in nice soft material in Central Maui or wherever. But it all depends on the vertical cost. Right now, we got some savings with material costs going down right now we noticed. And, you know, I think as, you know, the economy slows a little bit here, it's not going to stall but it slows, you know, we may get some savings in labor. But, you know, the gentleman that came up here and testified, I can't remember his name, Scott something, but, you know, he wants the no profit. I mean, I think he said he told me one day in the hall that he was a developer. I don't think he would build houses based on what I have here. I don't think he would even touch that. But we have another project up north up in Kapalua. We're building 42 units. We're basically sold out. We're getting ready to break ground. We've got our permits probably here in March, end of March, early April, and those prices are starting at 266 for a unit overlooking the golf course, overlooking Napili Bay. It's a hell of a project and we'll put the same quality into that project that we did with Kaanapali. And then, we've got a couple other properties that were acquired. So, we want to build 100 percent affordable. We don't plan on going anything outside of 80 to 120. So, we've learned a lot, yeah. There's a lot of discussion in our office that yeah, the price just went up, I think we got to eliminate our washers and dryers. That's always been the inside joke in our office. But somehow, we kept them in the unit. So, but, you know, it's, we like to try and build within the work area, the major work areas like Kaanapali, Wailea, or even Kapalua, or close or within a close proximity because it's a key. We keep people off the highways, we create opportunities for people to live and work in the same area instead of driving 45 minutes from one side of the island to the other. And as we all know, our west side traffic kind of gets to be a pain in the butt sometimes, so, when we get an accident or something. So, that's one of our major goals when we're looking at acquiring property. Let's see, I've also submitted another 20 pages. Back in June, Housing Division had submitted this to Land Use Committee, Bob Carroll's Committee back then. And there's a number of properties that are already in the community plan zoned correctly as far as community plan is concerned. But yet, the County, with the County we haven't caught up to that. And a comprehensive zoning to match that would make sense. There's a lot of great pieces of property. I've shared that with Councilmembers, and I hope you guys get that soon. But it's really interesting because those properties, although most of those owners don't even know that it's on the list, they're really easy there, within quick access to utilities, access as far as traffic is concerned, safety, and, you know, you can develop some really nice projects within these nice pieces of property. Some are large, so they may have to go for district boundary amendment. But I think we should really take a look at that again. It's a really nice, it's a nice array of properties that we could get going pretty quickly. Again, it's a little bit about what we do and what I'm sharing. We, our biggest challenge is time. Process is, the process takes forever. Permitting, you know, we can deal with permitting. But sometimes the left hand doesn't know what the right hand is doing from one department to the other and that's just normal in any operation of the County this big. I mean, it happens. But something that can move things along quick would be great because time is money for us, and then we're carrying this as a private developer who doesn't take any outside money as far as grants or whatever. You know, we're paying for this. So, every day that we, we're out there longer not building or finishing, it costs me money. You know, the interest rate on, interest payment every month for me when we were, when I'm looking at my checkbook at the end of the month trying to write checks, I'm like, God, $42,000 of interest, you know. You're borrowing $13 million right on a project? So, you know, it adds up. So, anyway, but that's a little bit about what we do, and I don't know, Sandy, do you have anything else?

MS. DUVAUCHELLE: Yeah, I...is this on? I don't know how to tell. Okay. So, I think we're a little, you know, West Maui Land does a lot of the large and the developments in large parcels and that are not zoned. Howie and I have, hope to find our niche. We really look for entitled smaller parcel infill. Infrastructure is already to the parcel. There's not a lot of those. But we haven't, you know, and 2.96 is the vessel that we use, and it works for us. Yeah, we like that. So, we haven't reached out beyond that at this point, and we probably won't. I think for myself, again, our passion is to build where people work. And the resort, and our buyers at Kaanapali are golf course workers, resort workers, teachers, firemen. You know, we have --

MR. KIHUNE: County employees.

MS. DUVAUCHELLE: --yeah, a lot of...and that's really our target in what we're building for. When we talk about affordability and then of course, the next question you always get, well, what you're selling them for is not really affordable. Well, that is, it may or may not be the case. It's absolutely the best we can do at this point. Well, one of the reasons why we feel the passion to put so much quality and work into the homes that we build because most of our buyers are just stretching as far as they can get to get into the home. And so, our goal is to have a solid home that they don't have to replace cabinets or have problems or warranty issues, you know, right away because it's going to be enough just to be able to make that monthly mortgage.

MR. KIHUNE: And that's why we add full complete appliances in all of our homes, washer and dryer too. So, and our houses have PV. So, we're a little green which is great. We're really happy with that. So, but thank you.

MS. DUVAUCHELLE: But it's taken a village.

MR. ROBINSON: I guess it's my turn now.

CHAIR KAMA: Thank you.

MR. ROBINSON: Aloha, afternoon, Council, I'm very happy to be back here. I have fond memories standing at that podium trying to convince this body to repeal the "Show Me the Water" Bill and quivering in my jeans. I think it was day seven of Stanford Carr Development. So, thank you for having me back. My name is Kaloa Robinson. I'm a Project Manager form Stanford Carr Development. I handle most of our Maui stuff out here, including the 203-unit, 20-acre, 60 percent affordable Kahoma Village Project out in Lahaina on Front Street. I could do a presentation on Kahoma Village. But it's very similar, almost exactly the same as what, as Rory's presentation down to the exact same intervener at the exact same, at the exact same court. So, on that project, you know, we started entitling in discussions with the landowner in 2010. And it's 2019 and we're still not done. We're about 30 percent built. So, we got another roughly 70 to go. We're in the ground, depending on what you've heard, or what you've been up to for the last few months, you may have heard that we've stopped. We are building again and that just adds to the difficulty of affordable housing, which is that if you don't have a picture-perfect project, an affordable buyer can't qualify for a loan. So, what we had to do, because we still have the litigation ongoing, you and I both by the way, the County's also a defendant in this litigation, we use, we collaborated with our title company, and our construction lender, and our takedown lender is PrimeLending to come up with a financing package that now even with this added title insurance that we could get for our project that our affordable families could actually secure a loan. So, we went through this four-month, $30,000 process, it's called a Fannie Mae PERS approval where we actually, now, as soon as we got that approval, buyers have full access to any number of the financing tools that any market buyer with a 10 or 20 percent down payment would have. So, whereas for a good three- or four-month period, we weren't able to close almost any of our workforce people, with collaboration with our title company and our lead lender, we worked, we closed basically all of them starting June 6 through, our last one is at the end of this month. So, those are some of the, just a small snippet of the substantial efforts that it takes in the real world to take a buyer who may not have a significant down payment, strong credit score, the cash flow, they may have a car payment or some other payment to get them to actually close on a loan and move into a for sale affordable property. And I'm not just talking about the higher income groups like the 120 to 140, in fact, the 80 to 100, the deepest affordability, even though it's the cheapest price, they often struggle the most. So, that's just kind of a small snippet, Chair, of what we had to deal with on the Kahoma Village Project. Stanford wanted me to, and he's sorry that he couldn't be here, we're actually in the process of acquiring the State's affordable housing portfolio which got put out to RFP over a year ago and we're in the process of rehabilitating six properties across the State. So, he's working on that. But he asked me to just gently remind the Council that a big component that's missing in affordable housing is rental housing on Maui, it's seriously lacking. There's a, there was an RFP put out last year for the Villages of Leialii Project, which I understand is moving forward with Ikaika Ohana. So, congratulations to them. That's 200 units. So, only what, 8,000 more to go, you know? And so, the last presentation I gave to the West Maui Taxpayers Association, I told them, we would have to build 72 Kahoma Villages by tomorrow just to catch up with equilibrium, that isn't even to introduce affordability or decrease the median income. Just to equalize the market, you would have to build 72 of them tomorrow. So, I can't overstate that a huge component is rental supply, and then on top of that, supply in general. Affordability, particularly in the long run, comes out of the fact that we need more supply. We're a heavily supply constrained market so we can regulate all that we want and there are a lot of good rules and regulations, but ultimately, if we don't have housing, we do not have affordability. He also asked me to remind everyone that, and exactly what Howie said, every, this panel happens to probably be the most passionate people in affordable housing in Maui at the moment because we all understand that our bottom lines are much, much smaller for the risk that we're taking and it's very difficult to convince an investor with, you know, $2 million to $3 million to risk that to entitle a piece of property knowing that their return may come in ten years and it may be much, much, much less that they could earn if they just put in say the S&P 500 and sat on it. So, all those considered, that's what Stan wanted me to tell you, that's what Kahoma Village had to go through, and probably we should open up to questions.

. . . *END PRESENTATION* . . .

CHAIR KAMA: Heidi, were you going to speak?

MS. BIGELOW: . . .*(inaudible)*. . . just be here for questions.

CHAIR KAMA: Okay. Rory, did you want to say something?

MR. FRAMPTON: I was just going to point out that Heidi prepared a handout with a lot of information on it that's titled, it has the AH-17 Affordable Housing Committee Developer Panel from West Maui Land. And in that --

CHAIR KAMA: Thank you.

MR. FRAMPTON: --is a lot, more detail on the points that I brushed over, as well as some background and supporting information, as well as detailed suggestions for improving the process. So, I just want to point that out for the record.

CHAIR KAMA: Thank you. So, Members, questions for our panelists? Yes, Councilmember Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just wanted to mahalo you guys for coming. And I do appreciate your guys' efforts in tackling our affordable housing crisis. So, mahalo again. I hear that, the passion, and I also hear the challenges and seeing some of your handouts too, and, you know, we've always heard that oh the project has gone beyond affordability and I can see how, you know, with some of your lists, your top ten items, I can see where little things can just take the project out of affordability. So, I appreciate all you guys' efforts to keep it affordable. Right, we've just heard some horror stories about $700, $800, million-dollar homes. East Maui, most of our inventory is upwards at a $1 million and higher. So, we don't, we, our families, we have multi-generational families too in Hana. We have, I'm one of them. You know, we stay in our homes for two, three generations. So, I can understand getting into home ownership. That's such a big step. And I think with you guys' prices, at least you can get some young families in there and at least start to build some equity. My question is, do these homes, how long do they stay affordable? And because this was one of the questions right, a lot of the affordable homes are taken out of affordability and put on the market at market prices.

MR. KIHUNE: Well, I'll speak for us. Shane, thank you very much.

COUNCILMEMBER SINENCI: Yeah.

MR. KIHUNE: I appreciate that, your comments. The normal, the 2.96 is five, seven, and ten. And we made our agreement that all our homes had to be ten. We just didn't feel the neighborhood should change after five years and allow someone to sell their house based on the ordinance 2.96. So, Sandy and I sat and discussed it. We don't, not that we don't like that part of the ordinance. But we just felt that as a homeowner, I don't want to be seeing Joe sell his house five years down the road and I'm living with somebody that's, you know, form wherever they're from, right, spending more money to buy this house when it should be affordable. We like ten years. We think it's, it works well with our lenders, with the lenders. So, we decided to move in that direction on all of our projects.

COUNCILMEMBER SINENCI: Thank you. My second question is, how do you save on the building materials, I mean, with some of these building costs? I know in my Committee, we looked at the energy conservation codes and there's certain building codes for tropical building codes where you can keep jealousies, you can have, you know, I don't know if we need the added insulation, maybe now we need some R value to our walls because of some of the climate changes. But, you know, do you use some of those energy, or the tropical building codes to help with, keep some of your building costs down, anybody?

MS. DUVAUCHELLE: Thank you. We go by the current Building Code. I don't know if it was so much a tropical building code. We're not shortcutting anywhere. Our homes are slab on grade. Per Building Code, we have to insulate all of the exterior walls which we do. We are using TechShield as roof sheeting, which acts as the insulation for, in the ceiling. We've also put in attic fans to help. Our windows are all dual paned, Low-E, vinyl windows. We are using Milgard. So, nothing, I mean, it's an asphalt shingles, split pitch roof, nothing that is, that really the cost savings. What we've done and worked really hard at is buying out our materials from in bulk and that's been really helpful. When we started the project, we were literally backing into construction numbers--and I know Rory and Heidi guys know this well--that were three years old. And when I say it takes a village, we were able to get a lot of help and cooperation from our suppliers, even though lumber was at an 18-year high at that point. It's now on its way back down. And that has been extremely helpful, and just a lot of boots on the ground. We were able to find our countertop supplier in Honolulu who had an abundance of the countertops. So, we were able to buy those. So, we just, we worked really hard at all of our material buyouts. We're using Moen sinks and faucets, and it's, they really are, they're the same quality of home that I've built quite a few homes up in Waiohuli, Kualono, that's my second job. And so, basically the same style and type of materials.

COUNCILMEMBER SINENCI: Okay. Thank you. Just a follow-up, Chair? For the breakdown, you said going vertical was one of the higher costs, just when you go two stories then you start to add cost to the building. Is that what you mean by vertical?

MR. KIHUNE: Well, vertical is just the vertical construction, meaning the house itself. And right now, you're, and this is an average, but it's somewhere $200 a square foot plus. You know, we incorporate all the trades. We're very fortunate we have probably right now we, on our job site we probably employ at least 50 people right now. So, there's quite a few people on the job site. It's kind of crazy 'cause we're getting ready to close homes. So, it's kind of nuts up there. But, you know, you, without a little bit of help with materials and labor, I mean, you're looking at about $200 a square foot for us to build a home. And I'm pretty sure, I'm going to nod to these guys 'cause it's probably about the same. I don't think anybody can do it much better, yeah?

COUNCILMEMBER SINENCI: Right.

MR. KIHUNE: That's what we have to deal with. So, and again, that's bare bones to some degree, yeah.

COUNCILMEMBER SINENCI: Right.

CHAIR KAMA: Thank you. Mr. Molina, did you have a question?

VICE-CHAIR MOLINA: I think about 75 of them. Nah, I'm just kidding. No, no, no, I just want...

CHAIR KAMA: You get...

VICE-CHAIR MOLINA: No, I'll only ask a couple. But thanks, thank you, Madam Chair, for having this panel today. I think it's really, really important as part of the education process because, you know, the word developer over the years has sometimes had a negative connotation. But now that we're in desperate need of housing, now maybe the perceptions are changing a little bit about the need for developers to build the housing that we need for our community. And I guess the perception for a lot of folks from years past was that they're only building the homes for the rich, the market homes and not enough for those, you know, who have limited income. So, just following up on that question with regard to the 30-year deed restriction. I believe in 2.96 that's more for rental housing I believe? And maybe Mr. Kihune could comment on that.

MR. KIHUNE: Correct, yes, it is, yeah, Mr. Molina, yes.

VICE-CHAIR MOLINA: In general, the, how do the developers feel about the 30 year? Is it a hindrance? And you said you guys were with ten yeah? You were happy with ten years for your contract?

MR. KIHUNE: Yeah, for the, with the for-sale properties it is a five, seven, and ten, the way the ordinance is setup. And then for the rentals, it's 30 years minimum. For the for-sale fee simple, we're comfortable with ten, that's why we raised it to ten. We just sat and discussed this for quite some time, Sandy and I and Howard, Sr., and we felt that it was important that we give people a hand up, not a hand out. Five years was like a handout, you can sell your house, make some money, and move on, right? But a lot of our owners will be in these homes for probably 20, 25, 30 years anyway. They're all local families. We've got 32 people in our subdivision that are from the west side, a lot of them born and raised. And then, we have one buyer who is actually works as a fireman in Lahaina but lives in Haiku and he's looking forward to moving back to Lahaina. So, you know, we're really proud of that. We've got 38 percent of our buyers are part Hawaiian, and we got 48 percent of our families have kids. So, it's really a neat, kind of unique things for us we're really happy with. And the outpouring and, or the demand was so large, it was overwhelming for me because, I'm going to share this story, we had the lottery and I didn't expect anything like that when I walked in at the lottery and we had all these people, right? We have over 100-something people. So, there were tears of joy, and there were tears of sadness. I had people coming to me and hugging me and telling me thank you. And then I had people coming to me because oh I wish I had one, I didn't get it crying. And I was overwhelmed. I had to call Sandy and tell Sandy I don't know about this 'cause it was an emotional day.

MS. DUVAUCHELLE: He did, he said we have to build more houses now.

VICE-CHAIR MOLINA: Yeah, yeah.

MR. KIHUNE: I wish we had 150. Anyways, sorry, thank you very much.

VICE-CHAIR MOLINA: I appreciate the human aspect that goes behind this.

MR. ROBINSON: Councilmember, may I?

VICE-CHAIR MOLINA: Sure, go ahead.

MR. ROBINSON: So, I know you asked about how the developers feel. I happen to live in a Stanford Carr project with a deed restriction. It's a State, it's HCDA's jurisdiction. So, the deed restriction on that, on my property is two years. I was speaking with my cousin just last night who works in the Coast Guard, recently married, he's 27 years old, and he's looking at a project in downtown Honolulu. It's being built by a developer called SamKoo, I can't, I think it's called The Central and it's a ten-year buyback restriction. And he's, he happens to be one of those people that has the income that's just under, but the savings to actually qualify for the loan. And the biggest hindrance, or the biggest thing that's weighing on his mind on whether or not to buy into this affordable project, and it is reasonably priced, is this ten-year restriction because he, as a younger person, has no idea what his 35-year-old self is going to be, if he's going to have kids and move out. Now, if he decides to sell the place, he, there's a buyback restriction to the HHFDC stating that they can sell it at their purchase price plus 1 percent a year. And the fact of the matter is that if he takes out a loan on that property, which he will, and pays more than 1 percent in interest, he will lose essentially that difference every year on basically all of his money, all of his cash because that's his biggest investment. So, you know, I agree with Howard that not allowing the neighborhood to change substantially immediately after people take down their house, certainly that's something we want to preserve. But I don't think that the buyers, deserving as they are, want to be stuck with a ten-year restriction. And that's something that weighs on their head. So, if they have other choices, we've seen people actually not take the ten year. What I might encourage is looking at how the shared appreciation and shared equity is calculated, and then comes back to the County. It might make more sense to make it a more equitable distribution. So, for example, my, the property I own, the difference between the fair-market value at the time of purchase and what I paid for it, that difference I never get to keep. All of that, all of that difference goes back to the State, and goes back into HCDA's coffers so that they continue the affordable housing endeavor. So, in your discussion, some flexibility on the mandated duration would probably be more beneficial not only to the developers, but to the buyers that we're trying to serve.

VICE-CHAIR MOLINA: Okay. Good point.

MR. ROBINSON: And Kahoma Village is ten years.

VICE-CHAIR MOLINA: Okay. And then, I think, Ms. Duvauchelle, you mentioned about the cost of materials, yeah? Any like, because I presume it's the shipping cost that you're having to deal with and the challenges to keep your projects affordable, and I guess Mr. Kihune said the bottom line, yeah, it's difficult to, you know, stay in the black with these. I'm assuming you guys are staying in the black because no one stays in business, in general, to lose money, right?

MS. DUVAUCHELLE: Right.

VICE-CHAIR MOLINA: So, but it's understood. I mean, I think I hope people have a general understanding that, you know, in order to keep these houses being built, the developers have to at least, you know, be in the black, rather than be in the red, yeah?

MS. DUVAUCHELLE: Yes, sir.

VICE-CHAIR MOLINA: And I guess one more last follow-up question. What can we do? Now, I know I've heard a lot of concerns about the County's permitting process. Have you seen an improvement over the years? I believe the former Administration made it a priority to expedite the permit process for our, whatever projects. Any comments on what we can do as a County with our departments? 'Cause I've heard some horror stories about applications being, sitting there on someone's desk for two to three weeks. Now, in defense of our employees, now sometimes there may be situations where the applicant didn't have their paperwork done appropriately and so forth. But in general, any thoughts, I guess if anyone want to chime in on the County's handling of permits and applications, and so forth? Okay. You're the lucky one, Heidi, yeah?

UNIDENTIFIED SPEAKER: I'll talk to . . . *(inaudible)*. . .

MS. BIGELOW: Hi, Heidi Bigelow, West Maui Land Company. I like to write reports and not speak too much. But the permitting process is a challenge. Just for an example, an easement for a waterline or deeding of a roadway widening lot gets signed by I think all of the Finance, the Public Works Director, every single director. It goes through Corporation Counsel. So, each signature takes anywhere from two to three weeks I'd be thrilled. So, they, you add two, four weeks, six months. I think everything goes through, from Public Works I don't know how many Corporation Counsel people there are that review it. But it's the stack on their desk, the response is it's somewhere in my pile, I don't know. So, it's not streamlined yet.

VICE-CHAIR MOLINA: So, could it be argued that these delays have an impact on the affordability of your projects?

MS. BIGELOW: Absolutely.

VICE-CHAIR MOLINA: Okay. Thank you. Thank you, Madam Chair.

CHAIR KAMA: Thank you. Any more questions, Members? Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I don't have a question. I just want to thank them. I love hearing this enthusiasm and commitment for, you know, helping our working families. I think all of us sit in the same seat as you except we don't know how to do what you do. But we share your passion for it. I want to do a shout out to Howard Sr. He sat in these seats and once he retired, I think it was nice that he's actually using the knowledge he learned while he was here and has pushed that in terms of affordability and workforce housing with all of you, you know, both Sandy and Howie, as you were called. I want us to also, Stanford Carr, who is a Maui High School graduate. My condolences 'cause his mother just passed away recently. So, please pass on our condolence to him. But thank you all of you. I do have one question. And I wondered how much impact fees cost per development project? I always wondered about that. Do you guys have numbers like for schools, for parks, or is there like numbers? Or is it...

MR. KIHUNE: It all depends. If you're doing 100 percent affordable housing like we are, there are some exceptions. We do have some fees that are waived or reduced. The school impact fee is something you can't get away from. The State, you pay 5,600 per door, regardless. But we do get some benefits from being 100 percent. And I believe, I could be wrong, Heidi or Rory's got to, or even Kaloa's got to correct me, but anything over that, anything below, I think the 50 percent, 51 percent and below, do you get some exemptions on some of your fees or no, for the affordable side?

MS. BIGELOW: For the County ordinance, you need to have, be 100 percent affordable.

MR. KIHUNE: Okay. That's what I thought.

MS. BIGELOW: But 201H you can ask for exemptions.

MR. KIHUNE: Sorry, I...

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: So, yes, Member Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo to everyone for your thoughts on all of this. It's really helpful. I just have one question on Mr. Kihune's spreadsheet. It's a cost breakdown analysis, project xyz 20 single-family fee simple homes, the second column.

MR. KIHUNE: Yes?

COUNCILMEMBER RAWLINS-FERNANDEZ: What does that mean?

MR. KIHUNE: The second column is the total for the three units. If you look to the left, there's three units.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, I see.

MR. KIHUNE: Yeah. So, I just tried to summarize it so you could see all the three categories, yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Thank you. Okay. That's all, Chair. Thank you.

CHAIR KAMA: Thank you. So, Members, if there are no other questions, I would like to, without any objections I'd like to defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: AL)

ACTION: DEFER.

CHAIR KAMA: And before I call a recess, I would like to just let you know that we have the next presentation coming up, not a presentation, but the next presenter coming up will be here. So, when I call the quorum, would you please not disappear when I call recess? Just kind of hang out unless you got to make a quick run. But other than that, I'd like to call this meeting into recess. . . . *(gavel)* . . .

RECESS: 3:18 p.m.

RECONVENE: 3:26 p.m.

AH-16 AMENDING CHAPTER 2.96, MAUI COUNTY CODE, IN RELATION TO THE COUNTY'S PURCHASE OPTIONS FOR THE KAIWAHINE PROJECT (CC 19-56)

CHAIR KAMA: . . . *(gavel)* . . . The Affordable Housing Committee of February 27 will now reconvene. So, Members, the last item on our agenda is the proposed resolution entitled, Authorizing the Director of the Department of Housing and Human Concerns to Modify the Requirements of Chapter 2.96, Maui County Code, in Relation to the County's Purchase Options for the Kaiwahine Project and Acknowledging that Two of the Units in the Project will be Manager's Units. The purpose of the proposed resolution is to authorize the Director of the Housing and Human Concerns to modify the requirements of Chapter 2.96, Maui County Code, relating to the County's purchase options for the Kaiwahine Project as the developer is not able to comply with Section's 2.96.070.B.2.a, and 2.96.070.B.3, and therefore, intends to record a 65-year deed restriction. The proposed resolution also acknowledges two of the units shall be designated as managers' units. And today we have with us Doug Bigley. He's the Chief Executive Officer of Ikaika Ohana. And I would like to designate him as a resource person, pursuant to Rule 18A as of the Rules of the Council. Any objections?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR KAMA: Thank you. And so, today we have with us Buddy Almeida, from the Department of Housing and Human Concerns, and sitting in the gallery is Linda Munsell. And also, as I've said, Mr. Doug Bigley, as the CEO of Ikaika Ohana. So, Mr. Bigley, oh no, I think I want to ask Mr. Almeida, would you please be able to do, give us some background information about this subject and why it's before us today? Thank you.

MR. ALMEIDA: Thank you, Chair, and good afternoon. Good afternoon, Committee Members. Buddy Almeida, Housing Administrator. The item before you today is an item that came up through the course of processing the residential workforce housing agreement for this project. As you know, the history of this project, it was initially a for-sale project from a previous developer that was taken over by Mr. Bigley and his team, is now a rental project. It's currently broken ground under construction. However, in amending the residential workforce housing agreement, we noticed a couple items that we wanted to clarify and clean up for housekeeping purposes to make sure it's clear and understood. The first one is pretty self-explanatory. It's just identifying that there will be two manager units on site versus one. And the second with regards to the buyback options for the County under Chapter 2.96, Maui County Code, although this is a 201H project, where 201H is silent, we typically, for the workforce housing agreement, follow Chapter 2.96 to fill in the deed-restriction requirements. For the rental projects under 2.96, it requires a 30-year deed restriction, and the County's right to buy the project when the deed restriction has expired. The developer expressed their concerns on being able to comply with this due to the fact that this is a LIHTC, a low-income housing tax credit project that has a longer deed restriction applied to it through the State funds that they received. So, what they agreed to do to compensate for that was to impose a 65-year deed restriction on the property. So, it'll remain affordable for 65 years versus 30. And in turn, the County would waive the buyback option after the 30-year period had expired. Once this, if this resolution passes with the blessing of this Committee, we'll be able to move forward and complete the residential workforce housing agreement and continue to move the project forward. Speaking for Interim Director Spence, we wanted to state that the Department is fully behind this project. We think it's a very good project. It's all 60 percent and below for all 120 units in the project, a much-needed rental project on the south side. So, thank you, Chair.

CHAIR KAMA: Thank you, Mr. Almeida. So, Mr. Bigley, can you provide some further information that would be beneficial to our Councilmembers, specifically what is the role of the Ikaika Ohana in this project, who is the landowner, what is the company name of the developer for the project? And then, to Corp. Counsel, do we have the correct land owner and developer identified in the reso, and what is the status of the project, and when do you expect the project to be completed, and do you foresee needing to request more requirement exemptions?

MR. BIGLEY: Okay. I'm going to try. Ikaika, I'll try to get all of them in --

CHAIR KAMA: But, so, if you could --

MR. BIGLEY: --if I miss you, I'll --

CHAIR KAMA: Yeah, okay.

MR. BIGLEY: --redirect. A couple things, one is the, maybe talk about just the request really quickly. The way the request works is it's just a matter of dovetailing actually, the, what we're doing for HHFDC and their requirements with what's happening at the

County. And the way the County requirement works really, is not, it doesn't mesh very well with what happens at State. By way of example, at the end of the 30-year period when effectively the County would have an option to buy the property, they would, we would tender an offer at market rate. Well, that property is still affordable for 35 years. So, I would hope that no one would ever execute that option because it makes no sense to buy an affordable deal that still has 35 years left as a market-rate deal. So, it's just, it doesn't even rally make a lot of sense the way it's written. And then, they added a little, I think one thing that was maybe not added is then after the end of that 65 years, we can offer it for sale. But then, if we do that, we, the only way the County wouldn't buy it is if we offered it to somebody at another 30 years affordability to somebody who is going to buy it for 30 years or the County has an option to buy it at that point. So, it really kind of goes out a lot longer. I think the way we've structured it is probably better than it's written, right, than it's in the Code right now. So, that's one. Ikaika Ohana is the managing member of a partnership that owns the property. It's owned in fee simple. An affiliate of Ikaika Ohana is also in as the development party. These are the last two items I think that are cleanup. The one I think is pretty straightforward, we just in every property we have, we have managers' units that typically don't, are not deed restricted because we just go out to the market and hire the best we can, person we can. They might very well be affordable, maybe they won't be affordable, it's just that we don't generally deed restrict those. So, these are the last two items that I am aware of. I don't believe we need any more help. The project seems to be pretty much on course. I think we have until September of 2021 to finish the thing. I think we'll be finished probably in maybe January or February of this year, I mean of next, of the following year. So, I think things are going well and I don't foresee anything else. Hopefully I won't have to come back before you at all, let's put it that way. Is, did I hit everything on your list?

CHAIR KAMA: No, that's...

MR. BIGLEY: Is that fair?

CHAIR KAMA: So, yes, Mr. Hokama, question?

COUNCILMEMBER HOKAMA: Chairman, thank you. I don't consider this a hard proposal before Committee this afternoon, Chair, personally. I am happy to hear Mr. Bigley say we may be more ahead of schedule than had originally anticipated. So, I appreciate that because for me, this is an old project.

MR. BIGLEY: Yeah, right, right.

COUNCILMEMBER HOKAMA: Okay. And the request I think is a fair request regarding the buyback and the provisions of the affordability, the 65 years. So, I have no issue with that. My one question though, is what I'm reading that you're asking us on the resolution and what we have posted is two different things. We are not amending, and this is not for you, Mr. Bigley, to our departments and to our Staff, we are not amending Chapter 2.96, Chairman. We are authorizing a modification within Chapter 2.96 as I understand the law for the Director to grant this modification. But there is no amendment of the Chapter in the Maui County Code. So, I don't know why we would've posted amending the chapter when all we're doing is authorizing a modification.

CHAIR KAMA: Mr. Ueoka, would you like to take that question?

MR. UEOKA: Thank you, Chair. I'm not sure on the post, the title language. Mr. Hokama is correct. We are generally undertaking a different provision. As far as notice requirements go, I do feel you appropriately met Sunshine notice requirements as in the description there is a detailed, the detailed title of the resolution. So, I think for notice requirements you are sufficient. However, Mr. Hokama does bring a valid point where our title is not quite exactly what we are accomplishing today. Thank you, Chair.

CHAIR KAMA: Thank you, sir.

COUNCILMEMBER HOKAMA: No, Chair, as long as Mr. Ueoka is okay with the legalities, because other than that, I wouldn't know how we would take action today because the posting is not accurate enough for the public to know we just doing a modification and there is no amendment to the Code.

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I do feel comfortable as in the description posted on the agenda there's the specific title of the resolution. But again, it's ultimately this body's call. But I do feel comfortable from a legal standpoint. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Ueoka. Any other...yes, Mr. Molina?

VICE-CHAIR MOLINA: Thank you, Madam Chair, and thank you, Mr. Almeida, for being here, and also Mr. Bigley. So, as I understand this, the resolution will mean the County, we're going to give up our right for first refusal if Mr. Bigley ever wanted to have this project sold, in exchange for a 65-year affordability designation on the project. And I guess maybe for Mr. Bigley is...well, let me start first with Mr. Almeida, have we in the past done this for our other projects? Is this something, a historic first, if you will?

CHAIR KAMA: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. Thank you, Member Molina, for that question. To my knowledge, and Mr. Ueoka can correct me if I'm wrong, but I believe that this specific modification is the first time that we've executed it.

VICE-CHAIR MOLINA: Okay. And then, for Mr. Bigley, are you planning on selling the project at some point? I mean...

MR. BIGLEY: Well, two things on that. I don't think you've solely given up that opportunity. I think the reason for the purchase option that you have, or the right of first refusal is to maintain the affordability. That's the fundamental purpose of it. So, the point is, is that that, because we're at 65 years, buying it at 30 years doesn't protect you because you have 35 years left on that. And the price would be prohibitive, or the County, it wouldn't be a good, great use for the County's money to buy something at market rate that has 35 years affordability on it. It's just an inconsistency. But when we do get to the end of the 65 years, then you have a right of first refusal because, it's almost like we've just moved the 30 out to 65 years. So, at the end of the 65 years when the affordability requirement drops off, then we, the County would then have an option to purchase the property if we sold to somebody that isn't willing to keep it affordable for yet another 30 years under the same conditions that exist here. So, there's more to it than kind of that. When you read the language, I think it's a better outcome. The reason we would sell, or we would put it into another asset is that these assets get old. And when you get out there into the 40, 45-year area, you're going to want to recapitalize those assets and you'll probably, a lot of times you take them right back through the process. But we have to go through a sales process and at that point it would trigger. So, I'm buying and selling at the same time, and then, it would trigger a repurchase and it just, it's inconsistent. But I don't think you lose that right. I think you're really deferring that right out to 65.

VICE-CHAIR MOLINA: We're adding another 35 years to it.

MR. BIGLEY: Yeah, yeah.

VICE-CHAIR MOLINA: Okay.

MR. BIGLEY: And then, you get that right, then you're going to get that right of first refusal at that 65 years --

VICE-CHAIR MOLINA: At the 65.

MR. BIGLEY: --instead of 30, yeah.

VICE-CHAIR MOLINA: Okay. And then, just one last question, on the need for two resident managers instead of, units, I mean, most projects you typically see one unit. The reason for having two?

MR. BIGLEY: Scale. It's 100...you're at 120 units now. So, when you scale up your projects --

VICE-CHAIR MOLINA: Oh, so one unit...

MR. BIGLEY: --you want to scale up your management.

VICE-CHAIR MOLINA: Okay.

MR. BIGLEY: That's, you know, we run a pretty, we have a lot of activities on that site. I think when I come back to you and when you come out there, you'll probably be happy with it.

VICE-CHAIR MOLINA: Okay. Alright, thank you.

MR. BIGLEY: You're welcome.

VICE-CHAIR MOLINA: Thank you, Madam Chair.

CHAIR KAMA: Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair. Thanks for being here. Yeah, just a question of, so, the 65 years is for the entire project, not just for the manager's units?

MR. BIGLEY: Oh no, for the whole.

COUNCILMEMBER SINENCI: For the entire project?

MR. BIGLEY: The deed restriction is 65 years affordability. Right.

COUNCILMEMBER SINENCI: Okay. And so, it's, you can still sell, buy and sell the homes. But it'll stay within affordability for 65 years?

MR. BIGLEY: It's a rental.

COUNCILMEMBER SINENCI: Oh, rentals.

MR. BIGLEY: Yeah, so, it will stay --

COUNCILMEMBER SINENCI: Okay.

MR. BIGLEY: --an affordable rental project for 65 years. And then after that --

COUNCILMEMBER SINENCI: Gotcha.

MR. BIGLEY: --the County will have the shot, yeah.

COUNCILMEMBER SINENCI: Thank you.

MR. BIGLEY: It's, I think it's what you want. That's what I think will come.

COUNCILMEMBER SINENCI: Thanks, Chair.

CHAIR KAMA: You're welcome. Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I just want to, I support this, and thank you for the explanations. I just want to, I remember that we received an invitation to go to the groundbreaking for the Kaiwahine project and talk about perseverance because it was during the hurricane. So, then that got cancelled. And then, we tried again, and then that's when the second one came.

MR. BIGLEY: Right.

COUNCILMEMBER SUGIMURA: It just so happened, and so, I don't know if there was another one after that. But I did go out and I checked the project and I took picture, I posted it on my Facebook 'cause you're well on your way. And then, there were, you know, trucks and vehicles all moving on the project and it was active and going and thank you very much for doing this. So, taking a project that was basically dead and it was market, and you gave it its second life and came back to Council and appreciate how fast you worked to get this whole thing happening and thank you very much. I look forward to going to your --

MR. BIGLEY: You're welcome.

COUNCILMEMBER SUGIMURA: --grand opening.

MR. BIGLEY: Yeah, we're looking forward to it, yeah --

COUNCILMEMBER SUGIMURA: Yeah, I want to see it.

MR. BIGLEY: --believe me, groundbreaking as I said are just kind of a, for us it's just a very beginning so --

COUNCILMEMBER SUGIMURA: Yeah.

MR. BIGLEY: --we're looking forward to groundbreaking. I mean the grand opening.

COUNCILMEMBER SUGIMURA: Questions?

CHAIR KAMA: Yes, Mr. Molina?

VICE-CHAIR MOLINA: Yeah, thank you Madam Chairman. Sorry to be a little bit of a thorn here. I'm just trying to get an under, a full understanding 'cause we have like three different resolutions, yeah, like for example, in one of the proposed resolutions it reads, all other requirements of Resolutions 11-23 and 18-25 remain in full force and effect. And the way this proposal has been presented, you know, it's a little confusing when you have to piece together three different resolutions to figure out what applies and what doesn't. So, you know, like 11-23 addresses a for sale project, and Resolution 18-25 deals with a rental project. So, maybe if Mr. Ueoka could give us more, a little bit more clarity, or for me?

MR. UEOKA: Chair?

CHAIR KAMA: Yes, go ahead.

MR. UEOKA: Thank you, Chair. Yeah, Mr. Molina, we just felt it's necessary to make sure that because in 11-23 and 18-25, while 11-23 was for a for-sale project, this Council did put certain modifications and restrictions on the project and grant certain exemptions. So, those were applicable whether or not it was a for sale or a rental project. Eighteen twenty-five further modified, and I believe gave the time extension, if I'm correct. So, that also had some more restrictions and stuff. So, well, we wanted to make sure when we drafted this resolution was just to make clear that everyone knew we're changing these couple small things, but the bulk of it in 11-23 and 18-25 still are there.

VICE-CHAIR MOLINA: Okay.

MR. UEOKA: It's just for protection of the County to make sure the restrictions and requirements, and modifications contained in those other two resos [*sic*] are still applicable and everyone knows.

VICE-CHAIR MOLINA: Okay. And then, the reso that has the right of first refusal comes back after the 65-year affordability? That is included in one of those three resolutions?

MR. UEOKA: Okay. The, I guess I won't even call it a right of first refusal. I guess it's, we got a little bit off track there. It's essentially, in 2.96 for rental projects, there's a requirement for within 90 days of the expiration of the 30-year deed restricted period, the owner shall offer the County the right to purchase the property at market value as determined by the owner. What Mr. Bigley's saying is we're just going to give you that right, instead of saying after 30 years, we're going to give it to you after 65 years because this project is 65-years deed restricted. So, on, I guess within 90 days of the expiration of 65 years, I guess they'll offer it to the County at market price. But that's the key, market price. So, that's basically what's happening. You're just pushing down the date of the County's option to purchase.

VICE-CHAIR MOLINA: Okay. Alright, thank you.

CHAIR KAMA: Thank you, Mr. Ueoka. Thank you, Mr. Molina. Yes, Mr. Sinenci?

COUNCILMEMBER SINENCI: Just another question for Mr. Ueoka. Would this be, would we be setting precedence for future things like, items like this?

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: You know, Mr. Sinenci, not to be, sound wise or anything, but I hope so. I hope everyone comes with 65-year projects and offers it to us after 65. Again, in 2.96 it's, you guys put in, or this body had the wisdom to put in the Director's authority to modify. This time, it happens to be where we're modifying to give the County a huge benefit 'cause it'll be 65 years deed restricted, and just to be clear, it's a deed restriction that runs with the land. So, short of the project going into foreclosure, I don't see this ever coming off because it is, it runs with the land. We won't have, I know there was some other projects that had some press recently. But I don't believe this one will go down that road. But I won't guarantee it, but I feel we're adequately protected. So, I don't think you're setting any kind of precedence. Or if anything, it's a good precedence that you're getting a longer deed restriction. But the authority to modify 2.96 is contained in 2.96. So --

COUNCILMEMBER SINENCI: Okay.

MR. UEOKA: --that's what we're following here. Thank you, Chair.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR KAMA: Thank you. Yes, Member Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. On the first page of the resolution, the second-to-last whereas clause, should it read, whereas if the owner is unable to comply, or...

MR. UEOKA: If I may, Chair?

CHAIR KAMA: Yes.

MR. UEOKA: At this point, based on the various funding mechanisms that are in place and that we don't have a 30-year deed restriction on the property, the owner is unable to comply because they can't offer it to us at 30, well I guess theoretically they could, but it's essentially they are unable to comply with the, requiring the County the right, first right to purchase after 30 years.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, I see.

MR. UEOKA: Yeah, so it's --

COUNCILMEMBER RAWLINS-FERNANDEZ: Got it.

MR. UEOKA: --kind of a given at this point.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. If we were to try to fix the title to address Member Hokama's concern, what would that look like?

CHAIR KAMA: Go ahead, Mr. Ueoka.

MR. UEOKA: Chair, I don't do your guys' agendas. But I'm a simple guy. I would probably just cite the title of the reso as the...

COUNCILMEMBER RAWLINS-FERNANDEZ: Right, so, modify Reso 18-25?

MR. UEOKA: Well, it's actually, what you're doing today is authorizing the Director of the Department of Housing and Human Concerns to modify the requirements of Chapter 2.96, Maui County Code. So, I just would've put the title of the reso as the agenda item. But it is listed in the description. So, if someone were to actually read the agenda, it's in there. So, I don't feel there's a notice issue.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. UEOKA: Thanks.

COUNCILMEMBER RAWLINS-FERNANDEZ: Thank you. Thank you, Chair.

CHAIR KAMA: Thank you.

MR. UEOKA: Chair?

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: Thanks. On the fifth whereas, I would just ask, I think it's kind of nonsubstantive, but section 2.96.070.B.2.a, Maui County Code requires that the owner grant the County a first right to purchase the development, and right there it says "to owner," in the event that the owner decides to sell during the deed restricted period. I believe the statement should be, "from owner." So, we can probably correct that before first reading. Thank you, Chair.

CHAIR KAMA: Thank you. Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Chair, so, I, you know, I appreciate the Members' discussion. And I thank my colleague to my, my neighbor to my right for her query. But I would agree, you know, my concern was more about how we posted it on the general heading which was amending the chapter yeah?

CHAIR KAMA: Yes, yes.

COUNCILMEMBER HOKAMA: We know we are granting a modification --

CHAIR KAMA: Modification, yes.

COUNCILMEMBER HOKAMA: --authorization of modification. So, I'm fine with the way the resolution is --

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: --headed. And of course, I'm sure the Deputy would agree since he signed off on form and legality he would agree. But other than that, Chair, I would say that when you're ready, I know I would be, I would have the Committee really move this forward to Council 'cause this is one of the better things we get to do from Committee.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: Thank you.

CHAIR KAMA: Thank you. Okay. Members, thank you very much. So, at this time I think I'm going to entertain a motion as soon as I find where that motion's at. Oh, thank you. So, I would like to entertain a motion to recommend adoption of the proposed resolution Authorizing the Director of the Department of Housing and Human Concerns to Modify the Requirements of Chapter 2.96, Maui County Code, in Relation to the County's Purchase Options for the Kaiwahine Project and Acknowledging that Two of the Units in the Project will be Manager's Units; incorporating any revisions made by the Committee today; and nonsubstantive revisions; and filing of the County Communication 19-56. Do I...

VICE-CHAIR MOLINA: So, moved.

COUNCILMEMBER RAWLINS-FERNANDEZ: Second.

CHAIR KAMA: Okay. It was moved by Councilmember Mike Molina, seconded by Keani, Councilmember Keani Rawlins-Fernandez. Any discussion? Oh, seeing none, all those in favor, please say "aye".

COUNCILMEMBERS VOICED AYE.

CHAIR KAMA: All those opposed? Hearing none, the motion is passed. Six...two...four...six "ayes," one excused.

VOTE: AYES: Chair Kama, Vice-Chair Molina, Councilmembers Hokama, Rawlins-Fernandez, Sinenci, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Lee.

MOTION CARRIED.

ACTION: ADOPTION of revised resolution and FILING of communication.

CHAIR KAMA: Thank you, Members. So, Members, without objection, I will defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: AL)

CHAIR KAMA: We're not, we're deferring right?

MS. MATTHEWS: We, you just made a motion to adopt. So, this item is completed, and you already filed the communication.

CHAIR KAMA: Oh, okay. Okay. Thank you. Wow, yes, we filed it, it's done, it's over. Thank you. Okay. So, at this time, Members, I would like to, without further ado, wow, end this meeting. We are done for the day. . . . *(gavel)* . . .

ADJOURN: 3:52 p.m.

APPROVED BY:

TASHA KAMA, Chair
Affordable Housing Committee

ah:min:190227-final

Transcribed by: Marie Tesoro

CERTIFICATE

I, Marie Tesoro, 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 25th day of March 2019, in Wailuku, Hawaii

Marie Tesoro