

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

## **MINUTES**

**March 13, 2019**

**Council Chamber, 8<sup>th</sup> Floor**

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

**PRESENT:** VOTING MEMBERS:

Councilmember Tasha Kama, Chair  
Councilmember Michael J. Molina, Vice-Chair  
Councilmember Riki Hokama  
Councilmember Alice Lee  
Councilmember Keani N.W. Rawlins-Fernandez  
Councilmember Shane M. Sinenci  
Councilmember Yuki Lei K. Sugimura (in at 1:36 p.m.)

NON-VOTING MEMBERS:

Councilmember Kelly T. King

**STAFF:**

Leslee Matthews, Legislative Analyst  
Stacey Vinoray, Committee Secretary  
Christy Chung, Legislative Analyst (trainee)  
Alison Stewart, Legislative Analyst (trainee)

Zhantell Lindo, Council Aide, Molokai Council Office (via telephone conference bridge)

Denise Fernandez, Council Aide, Lanai Council Office (via telephone conference bridge)

Mavis Medeiros, Council Aide, Hana Council Office (via telephone conference bridge)

**ADMIN.:**

Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Lori Tsuhako, Deputy Director, Department of Housing and Human Concerns

Clyde "Buddy" Almeida, Housing Administrator, Department of Housing and Human Concerns

Linda R. Munsell, Assistant Housing Administrator, Department of Housing and Human Concerns

Sananda Baz, Managing Director, Department of Management

Saumalu Mataafa, Executive Assistant, Office of the Mayor

Jordan Hart, Deputy Director of Planning, Department of Planning

**OTHERS:**

Ian Chan Hodges

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

Zandra Amaral-Crouse

Jason Economou, Government Affairs Director, REALTORS Association of Maui

David Tamanaha, Vice-Chancellor, University of Hawaii at Maui College

Additional attendees (5) others in gallery

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

---

CHAIR KAMA: . . . *(gavel)*. . . Good afternoon, Members. I'd like to call the meeting of the Affordable Housing Committee of March 13, 2019 to order at 1:31 p.m. And for those of you who have any kind of electronic devices that make noise, if you could please either silence them or turn them off. Thank you. So, I'd like to introduce myself, I'm Tasha Kama, I'm the Chair of the Affordable Housing Committee. I'd like to introduce my Vice-Chair, Mr. Mike Molina.

VICE-CHAIR MOLINA: Good afternoon, Madame Chair.

CHAIR KAMA: Also, Alice Lee, good afternoon.

COUNCILMEMBER LEE: Good afternoon, Chair.

CHAIR KAMA: Keani Rawlins-Fernandez, aloha.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Chair.

CHAIR KAMA: And Mr. Riki Hokama, welcome.

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

CHAIR KAMA: And, Mr. Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha, Chair.

CHAIR KAMA: Aloha. And I also want to invite and acknowledge our non-voting Member, our Chair, Kelly King, aloha.

COUNCILMEMBER KING: Aloha, good afternoon.

CHAIR KAMA: So, this afternoon we have before us the, with us today, we have the Administration from the Department of Housing and Human Concerns. We have the Department of Planning that should be here and probably will be here later. We're also gonna be having with us the Department of Management. Our Corp. Counsel is with us, Mr. Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

CHAIR KAMA: Good afternoon. And we have with us Leslee Matthews, our Legislative Analyst.

MS. MATTHEWS: Good afternoon, Chair.

CHAIR KAMA: And Stacey Vinoray, our Committee Secretary. Also with us sitting behind is our newest addition, of whose name I do not have. Alice [sic] Stewart, welcome.

MS. STEWART: Thank you.

CHAIR KAMA: So, Members, we have these three items on our agenda today, AH-17(6), our Pre-Budget Session Presentation by the Department of Housing and Human Concerns; we also have AH-17(7), Presentation from the Realtors Association of Maui Relating to Affordable Housing; and AH-8, the County-Owned Parcel on North Papa Avenue in Kahului. So, I'd like to, before we begin, take public testimony. So, if we could begin. Your testimonies are going to be limited to the items on the agenda, but first of all, if you could sign up with our Staff out in the lobby, if you haven't done so already. Testimony is limited to three minutes, and upon request, up to one minute to conclude. If you're still testifying beyond that time, I will kindly ask you to complete your testimony. And when testifying, please state your name and who are you representing and also if you are a lobbyist.

***(Note: Councilmember Sugimura in Chambers at 1:36 p.m.)***

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

CHAIR KAMA: So, I'd like to check in with our District Office first. So, let's begin with Mavis Oliveira-Medeiros with the Hana District Office. Do you have anyone there to testify?

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

CHAIR KAMA: Thank you. So, let's check in with our Lanai Office, Denise Fernandez, do you have anyone there waiting to testify?

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

CHAIR KAMA: Thank you. And with our Molokai Office, Zhantell Lindo, do you have anyone there waiting to testify?

MS. LINDO: Aloha, Chair, this is Zhan at the Molokai District Office. There is no one here to testify.

CHAIR KAMA: Thank you. Ms. Matthews, do we have any testifiers today in the Chambers?

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

MS. MATTHEWS: Yes, Madame Chair. We have one testifier signed up to testify and that is Ian Chan Hodges, testifying on AH-17(6).

MR. HODGES: Good afternoon, my name is Ian Chan Hodges.

CHAIR KAMA: Good afternoon.

MR. HODGES: Good afternoon, Chair Kama and Members. I am testifying on AH-17(6) and just wanted to have a couple of comments and obviously affordable housing is an extremely important issue to Maui County. And I wanted to just note for the Councilmembers that there was a study done recently that ranked the top places in the United States that have secondary homes, the percentage of secondary homes in the United States, and one of the areas of, that was mentioned is Kahului, Wailuku, Lahaina, which is obviously this area right here. And the percentage of mortgages last year that were attributed to secondary homes in our region here was basically just under 45 percent, so that the number of houses bought and purchased with a mortgage in this area, 45 percent of them actually went to people who did, this is their second home and I'm assuming a lot of those are probably, don't even live in Hawaii. So, I wanted to mention that and have the Council maybe consider looking at what some other areas are doing. New York City, for example, is looking at now where they're actually looking at different kinds of fees that they can charge to people who have secondary homes in the area. The second thing I wanted to mention real quick in the little bit of time I have left is one of the things, I think, if you look at the issue of affordable housing in Maui, it becomes very difficult to actually tackle in the way that we really need to do to take care of our, members of our community if Maui County doesn't have a land base. And without a large amount of land to build affordable housing on, it becomes difficult to actually tackle the extent of the problem. And I just wanted to mention something for people to consider and think about, is that we recently have, last year, an entity backed by a large pension fund that acquired a very large land base on Maui, tens of thousands of acres. And what I wanted to mention is that one of the things that actually is going to constrain what they are able to do on the land is the cost of their capital. The cost of their capital from PSP pension fund, I'm talking about Mahi Pono, is between 10 and 12 percent. And what I wanted the Council to consider is look at the Council's cost to capital, which is actually, I believe, when you float bonds is about 4 percent, actually a little bit less now depending what type of bonds you float, and consider the fact that you have entities coming in here doing things with a cost of capital that's significantly greater than what the Council has and you should actually consider looking at what you can do with your capital to be able to serve the people of Maui. Thank you so much.

CHAIR KAMA: Thank you.

COUNCILMEMBER KING: Chair, can I ask a question?

CHAIR KAMA: Oh, yes, I'm so sorry. Questions, Members?

MR. HODGES: Sorry.

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER KING: Thanks. That's okay, thanks for being here, Ian. So I just wanted to clarify something you said. So, you said that 45 percent of the homes in Kahului, Wailuku area are secondary?

MR. HODGES: Yeah, so this is a study I just, actually just saw today . . . *(inaudible)* . . .

COUNCILMEMBER KING: Okay. But that's just for that, just for this area, just for ...

MR. HODGES: It's for the area that includes Kahului, Wailuku, Lahaina.

COUNCILMEMBER KING: Lahaina, okay.

MR. HODGES: So, I think it's probably the MSA kind of area that ...

COUNCILMEMBER KING: Can you share that with the Council, you know, give us a copy of that?

MR. HODGES: Yeah, absolutely.

COUNCILMEMBER KING: Thank you. Thank you, Chair.

CHAIR KAMA: Members, any other questions for the testifier?

MR. HODGES: Thank you.

CHAIR KAMA: Seeing none, thank you, Mr. Hodges. Thank you, Chair King. Ms. Matthews, do we have any other testifiers?

MS. MATTHEWS: There are no other testifiers signed up to...but we have one more that's signed up. We have Zandra Amaral-Crouse, testifying on AH-17(6).

MS. AMARAL-CROUSE: Good afternoon --

CHAIR KAMA: Good afternoon.

MS. AMARAL-CROUSE: --Committee Chair, Tasha Kama and Committee members. Thank you for allowing me to testify before you. We are all very passionate about affordable homes and I needed to take this opportunity when this presentation is being made that I humbly ask that this Council, along with our Administration, work with the large landowners in developing bypasses that can go around, rather than through existing subdivisions. And I am preferencing this to North Kihei, up north up Piilani Highway, that's all raw land, Haleakala Ranch mostly, some to Erdman some of 'em. But basically raw land that's very suited for affordable homes. However, when Kaiwahine Villages, which is an absolutely great project that I'm glad that these people decided to take it over and complete it, it's caused unnecessary impacts and health and safety problems for the community. And you've heard about them, well police have documented them and so. And I have been told by some that work for the large developing companies that

## **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

it would be so easy for them to do, from Puunene Mill, which needs to go around up towards North Kihei we're heading, there's a lot of feeder roads. A&B, I spoke to Carol, which is the part that they gave to, or sold to, Maui Pono. So, in my e-mails, I've shifted from A&B to \_\_\_\_\_, who is a part owner in Maui Pono. But between Maui Pono, Haleakala Ranch, Kaupakalua and the other large landowners, they told me that they've got those little plantation roads and it would be very easy and, in fact, economic for them to just spread pebbles, cinders or whatever it is, to make the roads safe for the cement trucks, the big Tournahauler trucks, that haul out and haul in large rocks along the roadside now, which is on our street ways. So, I humbly ask basically that the County is empowered to put conditions on the large land developers who want to subdivide before it's subdivided again to be constructed on, but they have that ability to do that and I humbly ask, I've come to you many times before, for the sake of public safety, for the safe, for the sake of existing communities and our children who ride bikes in their neighborhoods, I humbly ask all of you to ask these people to work together to make it happen for the sake of our existing communities. Mahalo, Chair.

CHAIR KAMA: Thank you. Members, any questions? Thank you, Ms. Amaral.

MS. AMARAL-CROUSE: You're welcome.

CHAIR KAMA: Ms. Matthews, do we have anyone else in the ...

MS. MATTHEWS: Madame Chair, that's all that we have signed up to testify.

CHAIR KAMA: Thank you. So, could we check back with our neighbor islands to see if maybe somebody would have come in to the office while we were on the phone you think? Can we do that? Okay. So, I'd like to be able to go back and check with our neighbor island offices. Can we start with our Molokai Office?

MS. LINDO: Aloha, Chair. There are no testifiers at the Molokai Office.

CHAIR KAMA: Thank you, Ms. Lindo. And our Lanai Office, Ms. Fernandez?

MS. FERNANDEZ: There is no one waiting to testify at the Lanai Office.

CHAIR KAMA: And our Hana District Office? Can I assume that she probably has none and probably turned her phone off or something?

MS. MATTHEWS: Yes, Madame Chair, we haven't received notification of any testifiers at the District Offices by e-mail either.

CHAIR KAMA: Thank you, District Offices. So, without objections, Members, if you would, I would like to be able to take our agenda out of order since the Department of Housing and Human Concerns is going to be talking to us about AH-17(6) and AH-17...AH-7...8 and that, so, to prevent the switch off times from playing merry-go-round, that if we could just take the Realtors Association's presentation first.

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you.

MS. MATTHEWS: Madame Chair?

CHAIR KAMA: That was smooth. Yes?

MS. MATTHEWS: Would you like to close public testimony?

CHAIR KAMA: Yes, thank you.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. Public testimony is now closed.

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

CHAIR KAMA: I love you guys.

UNIDENTIFIED SPEAKER: Feeling's mutual.

CHAIR KAMA: Yes. Thank you

## **AH-17(7) PRESENTATION FROM THE REALTORS ASSOCIATION OF MAUI RELATING TO AFFORDABLE HOUSING**

CHAIR KAMA: So, Members, this morning...this afternoon we have a presentation from Jason Economou from the Government Affairs Director of the REALTORS Association of Maui. The purpose of the REALTORS Association of Maui is to serve its members by providing programs and services to enhance members' opportunity and ability to conduct their business successfully with integrity and competence. The Association advocates and promotes the preservation of the fundamental right to own, transfer, and use real property. So, without reservation, I will designate Mr. Economou as a resource person pursuant to Rule 18A of the Rules of the Council.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Mr. Economou, will you please proceed with your presentation?

**. . . BEGIN PRESENTATION . . .**

MR. ECONOMOU: Yes, thank you, Chair. Thank you, Committee members, for allowing me to be here. If I may, the brief overview of my presentation is essentially to address who the realtors are, why we care, what the issue is as far as we see it, and provide some

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

potential solutions that might be within your power to go ahead and get moving on. So, the REALTORS Association is comprised of 1,652 members who are active members and then we have 99 affiliate members. Now of that number, I can tell you that the overwhelming majority are here on Maui, they're Maui residents. Rather than saying what is the REALTORS Association, I chose to say who is the REALTORS Association because we aren't just some faceless corporate entity. We're your neighbors, we live here, we have children, we have families, we're a part of this community and that really is why we care. My presentation, you hear REALTORS Association of Maui, you might be thinking that I'm going to encourage you to get a whole bunch of mainland developers out here to build a bunch of houses that our realtors can sell and make lots of money off of, but that is an unrealistic and inappropriate idea. The fact is, the realtors prosper when the community prospers at a whole and people can't just go from being homeless or nearly homeless to being homeowners. We need housing at all levels. So, what is the issue? You received a presentation here last week by Hawaiian Community Assets. They stated that they see a need for 17,000 homes by 2025 and they need homes at all price points. We agree with that. To put things in a bit better perspective as far as what I was saying about it being unrealistic to imagine that somebody who's homeless or nearly homeless can buy a house, I want to point out the Housing Affordability Index. This is a number that is compiled by the REALTORS Association and it's a part of our monthly statistics that we put together. This index measures housing affordability in the region. An index of 43 means that the median household income is 43 percent of what is necessary to qualify for the median-priced home at prevailing interest rates. Right now, the median-priced single-family home is \$790,000. To put this in further perspective, with a affordable or affordability index at 43 percent, that means that two households making the median income, combined, could not afford a single-family home at the median price point. To give you a little further perspective, a lot of you have received a printout of this, this is part of our monthly statistics that we put together, and you can see that bottom part, where you have the historical Housing Affordability Index by month, affordability has consistently been declining. It peaked around 2012, as far as condos go, and even 2013, as far as single-family homes, but it's been in a steady decline since then. This housing shortage is occurring on a national level. It's not specific just to Maui. According to the National Association of Home Builders, it comes down to the five Ls, lumber, labor, land, lending to builders, and laws. Clearly, the County Council does not have the power to effect lumber prices. However, that is the leading cause for the housing shortage. Recent tariffs on lumber have caused construction materials to rise as far as 4 percent between 2016 and 2017. However, you do have the ability to make it easier for development and to release some restrictions that hinder development. So, I've broken down the REALTORS Association's ideas into three basic ideas, streamline small-scale development of housing options, incentivize housing, and plan ahead. Like many problems in America or on Maui, I think it's important to rely on the middle class to help us solve these issues. So, let me move forward. Before I start sharing my ideas, I want to admit that I copied my homework a little bit. Some of these ideas have already been presented to you. That page that I copied on the slide is the front cover of the Temporary Investigative Group of the Planning Committee Report dated October 6, 2016. You all have been given copies of that report in the past, I'm sure, I'm sure you're familiar with it. That TIG Report provides a number of recommendations as far as what the County can do to increase



# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

available affordable housing. The REALTORS Association of Maui agrees with most of those recommendations and our members would support you in going forward with a lot of those recommendations. Some of the ideas that I'm going to share with you today are in that report, I copied them, call it cheating if you want. Some of the ideas are not in that report but they are ideas that have worked in other jurisdictions and I encourage you to copy those ideas. We don't need to reinvent the wheel. So, as far as streamlining small-scale development, the first point I want to bring up is the creation of a catalog of pre-approved plans and incentivizing those plans. One of the reasons why individuals don't build additional affordable housing units on their properties is because it's difficult. It costs money and it costs time to get architects to draw up plans and to get those plans into the actual development phase. If the County has a catalog of pre-approved plans where a homeowner can go to the Planning Department, look at this catalog, pick something out, and be able to start constructing additional housing on their property within a month, your housing inventory will increase, people will want to take advantage of that. To really further push the creation of housing on a small-scale development level, what I would recommend is incentivizing it, waive whatever fees that you can, ease parking restrictions in high density areas. For instance, in Kahului you already have a lot of houses that have illegal rentals, it's a fact, we all know it. A lot of those houses wouldn't be permitted for rentals because they don't have the available parking, it's already being used as a rental though. But, in Kahului, you're close to a transit hub, people can rely on public transportation, they can rely on ride-sharing apps. If you ease the restrictions on parking requirements, then perhaps more people will be able to rent out their units, their ohanas, at affordable levels. Now, I want to refer back to what was presented by the Hawaiian Community Assets' folks last week. They brought up this same idea in relation to what had been done on the Big Island to assist homeowners that had been impacted by the lava flows, this pre-approved plans idea. One of the things that they had said was maybe we limit who can have access to these pre-approved plans based on income levels. I want to say, I disagree with that. We need to allow everybody, whether they are wealthy and they have huge plots of land or whether they are just, you know, lower middle class and they have just single-family homes. We need to allow them all access and the opportunity to develop on their land in order to create more affordable housing options. The second idea for streamlining small-scale development, we need to promote the development of two-family and multi-family housing. This can be done by amending Title 19 to allow two-family dwellings in Residential zoning districts. Currently, you have single-family dwellings and one accessory dwelling unit or two accessory dwelling units, depending on the size of your lot. The changes that the County Council made to the accessory dwelling unit laws were outstanding. It was a great step in the right direction. However, it did not go far enough to serve people with families. According to recent Census data, the average household has 2.97 people in it, so, three people. A lot of landlords will not rent out a single-bedroom ohana to an individual who has a family. It's illegal, you can't discriminate, but a lot of folks feel that way. So, if you create more housing for families, then you'll be serving a larger portion of the community. Additionally, if you have two-family houses instead of just single-family dwellings, then you have the landlord who's there, you build a community. You have a landlord on site who can benefit from certain tax credits. So, what I would recommend is allow for the construction of new two-family dwellings in Residential areas and provide variances for individuals to modify

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

their existing structures. Now, both of these ideas, the previous one regarding, you know, let's go back, creating a catalog of pre-approved plans for individuals to develop on their own land, and this idea, allowing for the creation of two-family households or providing variances to retrofit existing structures, these will also create jobs. Rather than having to bring in developers to build large-scale projects, local families can rely on handymen and local contractors to develop their housing solutions that they'll be able to provide to the general public. My third idea when it comes to streamlining small-scale development is promote innovation on properties. So, currently, the way that the County Council has set up the accessory dwelling unit rules, you can have one single-family dwelling and one ohana, if it's a lot that's 7,500 square feet or less. If you amend Title 19 and change the development standards to allow for perhaps an enclosed livable area cap, an aggregate, then you'll promote innovation on properties. This is a similar idea to what has been floated concerning tiny house zoning. So, rather than having somebody have one house that's 2,000 square feet and one ohana that's 500 square feet, perhaps people want to invest in buying a lot of land and they want three houses that are 600 square feet each or four houses that are 600 square feet each. The aggregate livable area is going to be essentially the same. The impact is going to be essentially the same on the neighborhoods but now you have separate units and more alternatives for how people want to live. Now, Maui is a multi-cultural place with widely varying ideas of what an ideal living situation is. A lot of our residents here come from places where they have village cultures. I lived in Africa for four years and what was super common there was when one person in the family got a piece of land, they would build a house and then little huts would pop up all around that single house. People chose to live like that, they weren't forced to buy separate plots, they didn't want more land for themselves, they wanted to be near their families and then created housing for people. So, once again, I think empowering the middle class, empowering them to develop new solutions and new ideas is one way that we can get out of this housing crisis. The next category is incentivizing housing. Now, I use the term "incentivizing" because if any of you listen to Freakonomics radio podcasts or anything like that, you might have a basic understanding of behavioral economics. Punishing people for things is effective only to a certain degree but incentivizing behavior is far more effective. You might have also learned this if any of you have ever tried to train a puppy. People are a lot like puppies, provide incentives and people will follow suit. So, provide incentives to owners who create housing. This can be done in many ways. One way is provide tax credits to owners who create housing at any level. If you're renting out a single-family or a 500-square-foot ohana for \$5,000, well, you're still creating housing, so maybe you deserve a tax credit for that, you're creating inventory. But, if you're renting out your 500-square-foot ohana at \$800 a month, which is really an affordable level, a realistic level for people in this community, I think you deserve more of a tax credit, more of a tax incentive. What I would recommend is that you create some sort of structure where if an individual landlord is renting out their ohana for \$800 a month, \$700 a month, provide them a healthy tax credit on that. And in addition to providing a healthy tax credit, provide them support in the instance that whoever they rent to does not do a good job at being a good steward for their property. I want to tell you about my friend, Chris. Chris is Maui born. He is a big Portagee guy, his family's been here for generations upon generations, and he just inherited a property from an aunt. She has an accessory dwelling unit on her property. Chris doesn't want to rent it out. The

## **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

reason is, years ago, his aunt rented it out once and the tenant did a terrible job of taking care of the property, they left in the middle of the night, they didn't pay their last month's rent, and the security deposit didn't cover the cost. Now, if I can go back to Chris and I could say, hey, you know, if you rent this out at a lower rate and you show a copy of your lease to the County, the County will put you on a registry and if your tenant that you rent it out to a lower rate moves out in the middle of the night and doesn't pay their last month's rent and if they wreck the place, well, there's a safety net for you. You can get some financial support in fixing up your rental after the fact. I think the overall burden on the County will be somewhat minimal compared to the benefit that it would create. If landlords knew that they can rely on the County to help them after they've helped their community members, I think it would go a far way. So, that's that third bullet point, establishing a fund to assist landlords. This feeds in to the next idea of incentivizing housing, partner with organizations in assisting hopeful tenants. So, for example, I keep on bringing them up because they had such an inspiring presentation, Hawaiian Community Assets, they talked about a program involving individual development accounts. I know that many of you have talked to my friend, Victoria, who is a passionate proponent of individual developments accounts. This notation is that people pay into a custodial account and they receive education, be it education for basic economics, be it education for home ownership, be it education for being a good steward and a good tenant. After they complete that program, the funds that they've deposited into the individual development account are then matched if used for a specific purpose. If the County partnered with an organization that ran a program involving economic education and good tenant certification for potential tenants and provided matching funds so that when a landlord gets a tenant, that tenant on their application they could say, I've gone through this program, not only can I guarantee that I have the funds for the first month's rent and for the security deposit, but maybe part of the IDA could also be that we provide funds for the last month's rent, just so it adds an extra amount of security for that landlord. In addition to that, people who go through these programs can be made part of a good tenant certification registry so that when landlords have available housing, they're encouraged to look at this registry and they can see, these people have been taught the proper ways of being a tenant, they understand what the Landlord/Tenant Code says, the understand what their requirements are for being good stewards of property, and they have that safety net behind them. Now, for planning ahead, I know that adaptive reuse or taking commercial structures that were once commercial and converting them to residential structures is a good idea in many instances. However, one of the things that blocks adaptive reuse is that commercial structures were not intended to be residential structures. So, the infrastructure that's there often isn't appropriate. Rather than requiring new commercial structures to be built with adaptive use in mind, I would say create a program that incentivizes commercial structures, new commercial structures to be built with reuse standards. So, one example that's common in big cities now is with parking structures. So, as our transportation methods change, as a society in big cities people use cars less. So, parking structures now are being built, rather than 10-foot clearances, they have 12-foot clearances. Rather than having the ramps built on the inside of the parking structure, the ramps are on the outside of the parking structure and can be removed later on if that structure needs to be retrofitted for residential purposes or for office purposes. The buildings that are being built are being built with

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

the notion that 20, 30, 50, 100 years from now, we might not need them. We might not need another Lowe's 100 years from now but if there's an incentive for commercial developers to build their properties so that they can stand the test of time and so that they can meet the needs of the community 20, 30, 100 years from now, then maybe they'll do that and that'll ease up some of the stress 50 years from now when the County Council is trying to figure out affordable housing again. Another idea for planning ahead is reconsider long-term affordability deed restrictions. So, a deed restriction that is for ten years and only has a right of first refusal for the County, it's kind of useless if the County doesn't exercise the right of first refusal. Moreover, ten years is not a particularly long period of time. Consider some form of equity sharing option. So, for instance, if the County develops housing and they sell that housing at 70 percent of the market value, put a deed restriction on the deed that they're selling saying that the homeowner, when they prepare to sell 20 years down the line, can sell it at 100 percent of the market value but they can only receive 70 percent of that sales price and the rest of that 30 percent goes into some sort of revolving fund, this way the County can develop more housing options. There are a lot of different ways that this can be done. The current structures with deed restrictions that we've seen oftentimes don't allow homeowners to build proper equity in their home, they're capped at whatever they purchase at. So, if you allowed this homeowner to build equity and the County can share in that equity, that's great. Now you might ask yourself, well, what happens if the price of the land goes down? Well, they're homeowners now, this happens if they buy at 100 percent of the market value, then they would suffer the same consequences as the market going down. The County would also suffer the same consequences because the value went down. We're in it together. And the third idea for planning ahead is that we need to understand that transportation is changing, we need to understand that this island is changing. We should keep that in mind as we redesign and reconsider our transportation networks. As we focus on transportation and the changing needs of our community, we need to redesign the transportation system with a focus on increasing density in areas and easing certain parking requirements. And that concludes my presentation.

**. . . END PRESENTATION . . .**

CHAIR KAMA: Thank you. So, Members, I'm going to open up the floor for questions and I'd like you to ask your questions and, if you don't mind, just do one round of questions, limit it to maybe one or two as we have an ambitious agenda after this presentation. So, any questions, Members? Yes, Alice Lee?

COUNCILMEMBER LEE: Thank you, Chair. Hi, Jason. Thank you for your presentation. It was interesting and will take us a couple of, maybe ten years to try and implement all of these things and that's pretty much what I'm trying to do is encourage people to focus on a few really doable, you know, solutions as opposed to too many where, you know, we probably can't get to 'em all. The last time we spoke last month, I asked you to help us find vacant buildings for sale so that we can convert these commercial buildings into affordable rentals and/or affordable condo units to purchase. Now this concept, as you mentioned and as I told you about, was adaptive reuse and I mentioned that there are several vacant buildings, especially on Dairy Road or in that area, that are just sitting

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

there and being, you know, wasted away. I believe we could convert these buildings into housing units, yeah, because we're really ...

CHAIR KAMA: Is that your question? I'm sorry.

COUNCILMEMBER LEE: Yeah, I'm getting to that.

CHAIR KAMA: Okay.

COUNCILMEMBER LEE: Because we really need to find solutions right away, yeah. So, have you been able to find any of these commercial buildings that might be for sale and that might fit our needs?

MR. ECONOMOU: I have not. I have requested from our members of the REALTORS Association to let us know but the REALTORS Association largely focuses on residential properties. Our MLS is pretty much exclusively residential properties so it's rare that we really, our members interact with a lot of commercial properties. But I'll continue to ask them to let me know if they're aware of commercial properties that might fit the County's needs.

COUNCILMEMBER LEE: So, your membership doesn't include the commercial realtors?

MR. ECONOMOU: It does but our membership is primarily --

COUNCILMEMBER LEE: Residential.

MR. ECONOMOU: --residential.

COUNCILMEMBER LEE: Okay. Thank you.

CHAIR KAMA: Thank you. Any other questions, Members? Yes, Member Lee [sic]?

COUNCILMEMBER KING: I just want to make sure everyone who is a voting Member got a chance. So, I have a few questions for your, Jason, and we met and talked about some of these issues. The first one is on the 17,000 units by 2025, we just actually heard from somebody earlier today that the number was 14,000. So, has it gone up, the need or are there conflicting ...

MR. ECONOMOU: So, I haven't seen a ton of data that explicitly states what the need is and explicitly states why that number is. You know, that 17,000 number, the reason why I went with that, one, was, you know, the presentation previously was compelling, but, two, it takes into account the fact that people are going to be moving through their housing needs. So, you need entry-level housing but you really need housing at all levels. The idea is that at a certain point people grow out of their first starter home and they move up in level and that creates inventory at the lower level. But also I would err on the side of caution and say that we need a higher number because we also need to account for obsolescence in certain houses. You know, for instance, I live in a house

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

that was built in the 1940s. That structure, it might not be very suitable by 2025. So, you know, there are houses that are going to age out of whether they're suitable or inhabitable. So, that's why I would say that that 17,000 number is probably a bit better to go off of.

COUNCILMEMBER KING: Okay. And then on your streamlining small-scale development, you mentioned amend Title 19 to allow two-family dwellings in Residential zoning districts but it's my understanding that you're allowed to have, and maybe Corp. Counsel can correct me if I'm wrong, you are allowed to build duplexes in a Residential-zoned area. Is that not true? That's something we would need to fix? I mean, I know it's come up before when we were talking about like the Maui Lani lots that we could just put duplexes there and double the amount of housing.

MR. UEOKA: Thank you, Chair. I'm not a zoning expert by any means but my understanding is there are certain types of Residential zoning that would allow for duplexes but, you know, there's like R-1, R-2, so it --

COUNCILMEMBER KING: Okay.

MR. UEOKA: --would depend which one.

COUNCILMEMBER KING: Okay.

MR. UEOKA: Thank you.

COUNCILMEMBER KING: I just, because I, that was in there about having to fix that. My last question--actually I have a lot of other questions but I'm just going to make this my last question--is I've been working on the idea of tax credits for owners who provide affordable rentals and I started looking, I started working with Mason Chock of Kauai because they have that tax credit, but he shared with me that theirs isn't really working the way it's written so I'm kind of waiting to see how they're trying to fix it. Have you looked at that legislation, the Kauai ordinance?

MR. ECONOMOU: I have not.

COUNCILMEMBER KING: Oh, okay. Maybe that's something that we can work on together, take a look at that and see. There's a framework there but it had something to do with their HUD requirements and that it wasn't working for them. So, I think I'm actually starting to work on that. Well, actually, I'm going to ask one more question because we talked about the, when you came to see me with Victoria, we talked about the IDAs and so I just wanted to, if you had a chance to think about it, 'cause we talked about using that format with our First-Time Homebuyers Program. So, do you guys feel like that would meld well? You know, just because we don't, two things, we don't have the same requirements for education, we have, a little bit of education is required but this is a little more extensive but it also allows people to enter into the program, the IDA allows people to enter into the program even if they don't have a house identified. So, they're looking kind of towards the future and they're required to save some money themselves.

## **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

So, do you see that as something that could probably, you know, we can infuse that with our First-Time Homebuyers Program?

MR. ECONOMOU: I do but I'm hesitant to, well, I was hesitant to present that as an idea here. So, there are a couple of reasons. One, I didn't want to inundate you with ideas that are going to take a decade to get through. These are, you know, view this presentation exclusively as my ideas to increase affordable rentals because I really think that that's the key to tackling the affordable housing crisis as a whole right now, affordable rentals. People need to get out of, you know, the multi-generational housing situations that they're forced to be in. Some people choose to be in those multi-generational housing situations but a lot of people are forced into them because of their income and because of restrictions on rent right now. A lot of people need to stop living in their cars, you know, so, I see the immediate need, as far as being on affordable rentals. But you're absolutely right, we did discuss individual development accounts as maybe a means to augment the First-Time Homebuyers Program. One of the reasons why I didn't want to bring that up here is because I haven't had the opportunity to do my homework to the extent that I like to figure out how to properly augment that program and I don't want to sort of suggest that you need to change the program when I don't think that the program has been in existence in its current form long enough to have the data to say, yes, this is working as is or no, it's not working, it needs to be changed. So, prior to including IDAs as part of the First-Time Homebuyers Program, I would want to see a little bit more data, if that even needs to be a component there. But, that being said, you know, if you look at the research done on individual development accounts and when they've been used for first-time homebuyer programs, you will find that the foreclosure rates are incredibly low. Giving people a component of economic education prior to empowering them to go buy a home, it sort of ensures that they're far less likely to lose that home once they have it. So, if you can include an education component to any aid program that the County is requiring, I highly encourage you to do that. You know, there's this logical fallacy that we believe that everybody else is imbued with the same knowledge and principles as us as individuals and that's simply not the case, it's not intrinsic to know what a credit score is, it's not intrinsic to know when you have to pay your bills. So, yes, I do think the First-Time Homebuyers Program would benefit from an education component.

COUNCILMEMBER KING: Okay, thank you.

CHAIR KAMA: Thank you, Ms. King.

COUNCILMEMBER KING: And thanks for being here and sharing your ideas with us, I appreciate it.

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: Chair King, I was wrong, Residential districts are for single-family dwellings but there is a Two-Family Duplex District under 19.10, Maui County Code.

COUNCILMEMBER KING: Okay, what's that zoning? Is it R ...

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

MR. UEOKA: It's just the Two-Family Duplex District.

COUNCILMEMBER KING: Oh, it's a district, okay.

MR. UEOKA: Yeah, so, there is somewhere where it is allowed from --

COUNCILMEMBER KING: Okay.

MR. UEOKA: --what I can tell. Thank you.

COUNCILMEMBER KING: Thank you.

MR. ECONOMOU: And then, that's why I said to amend Title 19 because if you can allow that in Residential zoning, it would really increase the possibilities.

CHAIR KAMA: Thank you.

COUNCILMEMBER KING: Thank you, Chair.

CHAIR KAMA: Members, any other question.

COUNCILMEMBER SUGIMURA: Chair?

CHAIR KAMA: Yes.

COUNCILMEMBER SUGIMURA: So, in relationship to the IDA, just, I did also meet with the REALTORS Association of Maui and then I reached out to our Department, I recommend maybe, I know the Department's coming up and maybe as a, I don't know if you could slip it in as a question, but they have looked into the IDA as it would fit into, same thought, the First-Time Homebuyers Program and have assessed with their staff--I got this from Lori Tsuhako--and it might be something that, it would be, you know, we should continue maybe the conversation with them 'cause they've looked at it and the parameters need to be a little bit different to the way that we had set up the First-Time Homebuyers Program versus the IDA. So, it has been thought about by the Department and looked at before they presented the last, or the round of First-Time Homebuyer Program that they put out the Council.

CHAIR KAMA: Thank you.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: Mr. Molina?

VICE-CHAIR MOLINA: Thank you, Madame Chair. Good afternoon, Jason. I'm looking at your slide where it says incentivizing housing, you know, it mentions here, provide matching funds to assist tenants in saving for rent and a security deposit. I kind of



# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

agree that maybe it's one incentive but one other area we need to look at is how do we disincentivize property owners from doing TVRs and bed and breakfasts because those have had an impact on our inventory for long-term rentals? So, how do we take it from that angle? I mean, every property owner has a right to do what they want with their property but, you know, the reality is that's had an impact on our inventory. Any thoughts? I mean, are these, the suggestions you're making, do you think it would be enough to make a property owner to go long-term rental versus doing a TVR or bed and breakfast?

MR. ECONOMOU: Yeah, so, as I said, the, I'm always hesitant to recommend retribution or punishment for an activity if you can reach the same end by incentivizing. So, imagine if you were driving your car and you got pulled over by the police and the cop pulled you over and said, by the way, you are driving fantastic today, here's \$20, have a good day. You wouldn't be sneaking around cops, you wouldn't be avoiding them, you wouldn't be trying to hide anymore. You would look for high-traffic areas where cops were patrolling and you would drive like an angel every day of the week and, you know, more often, if possible, just so you could potentially get that incentive. You know, the problem, yes, illegal short-term rentals are a legitimate problem. This County Council has put significant fines on people if they violate those rules. You know, that's a pretty big disincentive to act. You know, one of the big issues though is, you know, you've seen the statistics, it's something like three and a half times more profitable to do a short-term vacation rental than it is to do long-term rentals. I think the County would be better suited if we found a way to close that gap. So, profitability, no you can't hand people extra money if they're doing long-term rentals, but if you can make it more palatable, because what you are seeing by putting such big disincentives on renting out short term isn't that fewer people are renting out short term, it's that fewer people are renting at all. So, they're saying, well, I'm not going to bother doing the short-term vacation rentals anymore, so you have less of an influx of visitors who are stimulating the economy that way and also they're saying, but there's not enough of an incentive for me to provide long-term housing, especially at an affordable rate. So, they're either saying, I'd rather keep it vacant because I'm fine as is or they're saying, well, fine, I'll rent it out and I'll rent it out at an exorbitant amount. So, now my 500-square-foot, one-bedroom ohana is \$2,300 instead of, you know, let's say, \$1,600.

VICE-CHAIR MOLINA: Okay, thank you. Interesting, you know, I guess we need to think outside of the box but it is kind of a hill to climb, so to speak, but sure wish that that was true though, yeah, you know, we drive good and we get a reward instead. We need that, that's for sure. Thank you.

CHAIR KAMA: Mr. Sinenci, you had a question?

COUNCILMEMBER SINENCI: Yeah, thank you, Chair. Thank you, Jason, for your presentation. Yeah, just regarding Member Molina's comment about, you know, I mean, that was one of the reasons why we ran our campaign, we just saw that it was, you know, people, not necessarily Hawaii residents, was coming into Maui, buying up properties and making these vacation rentals because the very fact that you could rent it for three times as much as a long-term and so that took our local population out of

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

the affordability rate. And so I think the actions of the past Council has been reactive to stopping that because it was getting at nominal proportions that it was just getting too much and so those are the reasons why, I think, the Council had to act in that way. And I agree with you at looking at some new ideas to move forward. I did like some of your ideas about having pre plans already, you know, we were always, we always built package homes, you know, and those package homes now go for six, 700,000. And so, those package homes, I mean, if we had those plans for people to purchase and you didn't have to go through the permitting process, you know, that could be part of the streamlining, as you said. So, maybe we can work together at looking at some kind of a packaged product at an affordable rate and that we can put that on the market so some of the residents, as an option for affordable options. So, thank you.

CHAIR KAMA: Thank you.

MR. ECONOMOU: I agree with you completely. And I cannot stress enough, if you take down some of the impediments to development, and I'm not talking about large-scale development, I'm talking about impediments to your residents, your citizenry, who can benefit from this. Your citizenry can benefit from being able to have a source of income on their own property and they can also benefit by providing housing for their fellow community members. If you reduce the requirements and the restrictions as far as, you know, the time in getting permits passed, the time in getting plans approved, and you make it easier for them, your middle class will thrive and your lower classes will have a place to live and for their children to grow up. There's really only positive there. And to touch on the short-term vacation rentals again, if an individual has the income to buy a random house on Maui just for funsies and rent it out for short-term vacation rental, they have the means to do the same exact activity and not get caught. So, or they have the means to just have that house sit there and use it for their own personal use one month out of the year and now here's land that's not being used that, it's housing that just is going unused when we have a housing crisis, so.

CHAIR KAMA: If there no other questions from our Members, I'd like to thank Mr. Economou for coming and sharing with us his presentation. And if there are no objections, I would like to be able to defer this item.

**COUNCILMEMBERS VOICED NO OBJECTIONS.**

**ACTION: DEFER.**

CHAIR KAMA: Thank you.

MR. ECONOMOU: Thank you all very much.

CHAIR KAMA: So, Members, we're going to take a four-minute break according to that clock so we can switch out. Thank you. . . .*(gavel)*. . .

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

**RECESS: 2:26 p.m.**

**RECONVENE: 2:30 p.m.**

CHAIR KAMA: ...*(gavel)*... The Affordable Housing Committee will now reconvene at 2:30 p.m.

## **AH-17(6) PRE-BUDGET SESSION PRESENTATION (DEPARTMENT OF HOUSING AND HUMAN CONCERNS)**

CHAIR KAMA: So, Members, you have before you the presentation from the Department of Housing and Human Concerns. It is a pre-budget session presentation from them. And so, we have with us today, Lori Tsuhako, from the Department of Housing and Human Concerns, and we have Buddy Almeida with us, as we do have Linda Munsell. So, if you would, Department, to please go ahead and do your presentation. Thank you.

**... BEGIN PRESENTATION ...**

MS. TSUHAKO: Thank you, Madame Chair. Good afternoon, Members. I'm Lori Tsuhako, I'm with Buddy Almeida and Linda Munsell from our Housing Division.

CHAIR KAMA: Good afternoon.

MS. TSUHAKO: We thank Madame Chair for allowing us to appear today and to discuss our 2019 Housing Division Budget and what I'm doing today, with the help and support of Buddy and Linda, is to present a 30,000-foot view of our Housing Division and our budget, so, thank you, Buddy. So, our mission is to support and empower our community to reach its fullest potential for personal well-being and reliance. And so, our Department's budget is comprised of four programs and today we'll be discussing the Housing Program budget. So, this graphic shows that more than half of our Department's budget is used for the Housing Division. We have three funding sources, the General Fund, Grant Revenue Funds, and the Revolving Fund, but this presentation will relate only to our General Fund and our Grant Revenue sources. So, as I told the Committee on Healthy Communities and Families a few weeks ago, our Housing Program is very wide ranging. We administer Section 8 Housing Choice Voucher Program, which is a Federal program. We do, also, Section 8 of Homeownership Options Program and Family Self-Sufficiency Programs, as well as administer Affordable Housing Fund Program. We're also responsible for monitoring affordable housing conditions and requirements imposed by the County, providing technical/financial assistance in the development of affordable housing projects, promoting fair housing and providing technical assistance to low-income families in securing housing rehabilitation loans and/or grants. So, those programs that are funded by Revolving Fund include our Affordable Housing Fund and the First-Time Homebuyers Program, which was discussed with our last presenter. We serve extremely low-income families to above moderate-income families, as well as special need groups that include the

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

elderly. So, some of the services that are provided by our Housing Division include rental and home ownership assistance; we process, administer, and monitor grants or loans to developers developing affordable housing units or agencies providing assistance in an affordable housing program; we process and monitor affordable housing agreements and monitor affordable housing units for safety, security, and sanitary conditions. So, in a big-picture way, the next graphic shows you what the Housing budget was as proposed in 2019 and as it was adopted, and it's broken down for you in terms of General Funds, as well as in Grant Revenue Funds. So, just as a small point of clarification, last year's Council reduced the funding for Professional Services by about \$500,000 and moved the First-Time Homebuyers appropriation into the Affordable Housing Fund, which relates to the discrepancy between the proposed and the adopted budget for Fiscal Year '19. So, in the next few slides, I'm going to go over fixed and discretionary costs associated with the Housing Division budget. Our Housing Program fixed costs were estimated at 96 percent of our total Program's budget and the discretionary costs were estimated at 4 percent, and, this again, as related to General Funds and Grant Revenue Funds. So, fixed costs include salaries and fringe benefits, utilities, rentals, leased and replacement equipment, and advertisement. For example, request for proposals for Affordable Housing Fund, management services for County-owned properties and for Section 8 recruitment and notifications, contractual services, professional services, airfare and transportation for mandatory meetings, our monitoring, inspection, and these are all certification related. So, some of our Section 8 folks need to be certified in order to do their work and so the airfare and the transportation per diem has to do with that. Registration and training fees are also fixed costs, as well as mileage, printing and binding, publication subscriptions, Section 8 Housing assistance payments, which keep thousands of people housed in our community, supplies, miscellaneous other expenses related to grant awards, such as criminal background checks and the porting of fees to other jurisdictions when Maui County vouchers are used in other places, and other services. So, as I mentioned earlier, our discretionary costs account for about 4 percent of the total budget for our Housing Division and these include the airfare, travel/transportation, per diem, registration for things that are not related specifically to certification of staff, computer software, small equipment, optional publications and subscriptions, supplies and our County grant subsidy, which goes to the Affordable Rental Housing Program and to Hale Mahaolu's Homeownership Grant. We were also asked to identify Carryover/Savings or funding anticipated to remain unencumbered from this year's Budget and all of our program funds are expected to be encumbered by the end of the fiscal year. So, the Housing Division does not have any Capital Improvement Projects right now. Our Housing Program has eight positions that are funded through General Fund and 22 equivalent positions funded through Grant Revenue. Our Housing vacancies as of the 1<sup>st</sup> of March include six vacant positions, five of 'em are vacancies due to lack of funding and one vacancy is currently under recruitment. So, I believe all of those, the five vacancies are in the Section 8 Program. We were also asked to share the Department's top three strategic goals. And one of 'em, I think, we've had a pretty good primer to earlier with the REALTORS Association presentation that came before us and that's to leverage our County's financial resources and assets, including County and Federal grant funding along with other assets, such as land, in order to increase affordable housing inventory. So, one of the, obviously, the common denominator that all of us have, the

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

Administration, as well as the Council, and many advocates in the community, is that we want to see more affordable housing units so that we can maintain people who want to live here, we want to have communities, we want to be able to house people who are homeless and who need services and provide those services to them. One of the ways that we'll measure the leveraging of resources is to look at, objectively, the amount of money that we can use through these other sources combined and leveraged with County resources and have an outcome of additional units. Second goal is to support, encourage our County's presence at Statewide initiatives related to different areas that are under the jurisdiction of our Department, including housing, aging, homelessness, early childhood development, and other human concerns. And what this means is that our staff and our Department leadership's ability to work in Statewide coalitions will give us access to some of these resources. So, it may be, it may require our Department to do grant writing, it may require our Department to partner with other entities with the end goal of supplementing the things that we can do, not just for the creation of additional affordable housing but also for the actual human service delivery that our Department is also responsible for. And the third goal is to strengthen the community social service safety net to address basic human needs. So, one of the things that, I think, another thing that we can all agree on is that nobody wants to waste taxpayer money, so none of us want to pay for things that are being duplicated three or four times. So, I think as the primary funder of social services that the County offers to our community, the Department wants to ensure that the money that's being given out is being used efficiently and with efficacy so that what we're paying for is what is being provided to the community and that we're not paying for the same service multiple times without being able to measure the effectiveness of that. And so those are our Department's top three strategic goals. And I have been very efficient.

**. . . END PRESENTATION . . .**

CHAIR KAMA: Thank you, Ms. Tsuhako.

MS. TSUHAKO: Thank you, Madame Chair.

CHAIR KAMA: So, Members, at this time, I'd like to entertain any questions that you may...what is your question, Ms. Lee?

COUNCILMEMBER LEE: My question, I'm assuming we get two, mine are quick.

CHAIR KAMA: You may assume so.

COUNCILMEMBER LEE: Yeah, mine are efficient, okay, I heard today on the news that the President is cutting some core HUD programs. And so, will it affect Section 8 or do you know which programs they are? My first question. If you don't know, never mind, just say you don't know.

MS. TSUHAKO: Yeah, I don't know which ones yet.

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER LEE: Okay.

MS. TSUHAKO: I think my tracking of HUD funding has been that Section 8 is a priority and maybe some of the other programs might be more at risk but we'll keep an eye on that because we do have many families who are dependent on that funding --

COUNCILMEMBER LEE: I ...

MS. TSUHAKO: --and our Department is dependent on that funding to provide that service to the community.

COUNCILMEMBER LEE: Yes, thank you. And then, secondly, I see you have five vacancies, yeah. And it says there, you have those vacancies because they weren't funded. So, you know, I believe that the Council, but I'm not sure, is trying to move in a direction where the projects will be more County driven, like, you know, maybe your Department taking on the project in Kahului, as one example, or maybe several other projects. Would you need those five people in order to promote and manage those projects?

MS. TSUHAKO: I'll defer to Mr. Almeida.

MR. ALMEIDA: Thank you, Chair. Thank you, Member Lee, for that question. The five positions in question in the presentation are related to the Section 8 Housing Choice Voucher Program. The Housing Administration Office, the only position that's currently vacant is the Development Coordinator position that we're actively recruiting and that position is key with regards to being able to move forward and handle CIP-type projects going forward for the County. So, we've just gotten approval to hire above the base rate through, you know, the Personnel Services, so that advertisement just went out, I believe, over the weekend. So, we're looking forward to getting a good batch of applications where we can fill that position and that'll be key for us moving forward to being able to assist in these projects.

COUNCILMEMBER LEE: One follow-up question, Madame Chair? Okay, so, Buddy, so those vacancies are not because of lack of funding because Section 8 is guaranteed funding, right?

CHAIR KAMA: Go ahead.

MR. ALMEIDA: The decision with regards to not filling those particular positions, right now the General Fund pays for I wanna say approximately two-thirds of the fringe benefits for the Section 8 Program. I believe the Program pays for approximately 200,000 of those costs. The decision with regards to the funding of those positions was due to trying to bring that more into balance to where that the General Fund was not having to pay for those costs and we analyzed and realized that we could be efficient. Obviously, the Department works very hard but we're managing the caseload with the staffing that we have and we continue to monitor that going forward but that was the thinking and the reasoning behind not filling those positions at this time.

## **AFFORDABLE HOUSING COMMITTEE**

### **Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER LEE: I see. Thank you, Madame Chair.

CHAIR KAMA: Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Are you going down the line, Chair?

CHAIR KAMA: Actually, I was just looking to see who showed interest, like, call on me.

COUNCILMEMBER HOKAMA: I doubt your Members have no questions, Chair, so I appreciate my opportunity. I understand where we are in the Budget cycle, so we had, all wish we had additional, more specific maybe financial comments but we understand where we are and the new Administration. So, being what it is, I am hoping, maybe you folks should've given us some components, especially about...and again, you heard the earlier presentation from an entity that gave us one perspective, and what I found interesting is it's always about what government should be doing or what government has to do or what government should get out of the way from. I'm kind of curious when we're gonna hear what the nonprofit sector is going to do to assist us in this challenge, what the private sector is going to do to assist us in this challenge, because we cannot do it by ourselves, in my experience. So, knowing that we need private sector, nonprofit, as well as the government's participation, I think part of your PR requirements is to make the community understand this is a community challenge, not a County challenge, and that we need all sectors to agree and come up with what each sector can do to contribute and solve the challenge, okay. I mean, tax credits is what we can do but we wanna know what the private sector needs to make it happen. You know, we're open to new ideas, so, you know, we can present it to our Budget Chair and say, you know what, let's make an agreement because certain counties have done it, on the East, they've built the subdivision and they came, okay, the people came. It wasn't pre-sold units, now. These people came on the assumption of economic development, the potential of major employers creating a job market and those people built the houses before it was sold at good prices, I can tell you, and this is in the Carolinas, and they had a big employer, Boeing, okay. So, people came without guarantees and people developed without guarantees and it worked, for whatever reason, it worked. I don't know why we cannot find what made that project work that way that we cannot borrow from and learn because it always comes down to financing for us, financing, and nobody wants to build a house until it's sold. So, we're in a dilemma. And so, for me, I'm hoping that you guys might come up with some proposals. And, for me, I'm going to be working with our Budget Chair 'cause I think City and County, to me, proved it in court and so I'm going to move forward on a Category A proposal for this County and have those fund address the needs of the affordability. Well, I think what I heard last night from the Mayor, I thought that was a pretty interesting phrase he shared with our community, and his phrase was, attainable housing, not affordable, attainable. I thought that was a kind of unique change of a mental attitude toward housing for our residents and I liked that, Chair, attainable housing. And so I challenge you folks to think about that because we can do it one way through taxation, which I'm looking at, but I'm wondering what the nonprofits and the private sector can do for us. Any comments, Director?

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

MS. TSUHAKO: Thank you for your question, Mr. Hokama. I agree with you. I don't think that housing is an issue that's solely the responsibility of the County. I think it is a community issue and I know that nonprofit entities, like Catholic Charities, have contributed, they're building elderly housing for us right now and we'll have, you know, many more units that are affordable to seniors who live on fixed incomes and that will be a help because it creates, much like Jason was talking about earlier, it creates a stream so that there's movement in a continuum of housing options for people. I hope that one of the things that our Department is able to do, because we'll certainly try, is to bring in all of the other sectors in the community, because you're right, we're not going to do everything by ourselves, we don't have that expertise, we don't have all of the resources we need to, you know, do Bewitched and move the nose and have everything in place. So, we have to be conveners, that's what the Department has to do, we have to be conveners, to bring people together and say, okay, this is what we want to do, we all have that same vision of needing to have more housing that's affordable, attainable, whatever you want to call it, people can get into it, right. So, we need to have all those factors, all those factions of people, whether we think it needs to be, the housing needs to be here or there or wherever, we need to have them together having conversations and then we, as a County, have to figure out what ways we can support those efforts and make it go more efficiently so that we're not looking at taking ten years to build housing for people, ten years is too long, it's just too long. But just because a process, just because housing cannot be developed instantaneously does not mean that we shouldn't be starting now, right. So, it's a two-edged sword, it'll take longer than we want but it doesn't mean we shouldn't be starting now. So, thank you, and we do, we count on your support for that.

CHAIR KAMA: Yes?

COUNCILMEMBER HOKAMA: If I may --

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: --ask a follow-up, Chair? Thank you. And, you know, I think this term, you know, we've been fortunate 'cause I think the committee...Council has asked myself to Chair with Ms. Kama's Committee and, I think, with Ms. Sugimura's Committee, it's, for me, falling in place all our little duckies because the County is going to have to be forced to get out of its narrow, I would say, horse blinders perspective of review by project, individual project driven approaches, yeah. We're at a point now we need to be regional planning driven, okay, we need to set the wide parameters and have our people come in, those developers, and say, what part of the puzzle will you fit in the parameters we have set, okay. I think once we lay out some of those more definite parameters, private sector can respond smarter and faster with knowing what the County's positions are on the general parameters of where we expect housing to be, where we expect the bypass roads to be in advance because I hear the comment about, especially what we're going to be, the collector roads, how we want people to get through subdivisions, not get stuck in subdivisions, we agree with that. So, I think it just makes sense that we are now going to have to start promoting and thinking from a regional perspective, you know, we've outgrown being very narrow by being only narrow,



# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

single-project reviewers and then figuring out what happened because now traffic is worse than it ever before, okay, we forgot that regional perspective. I think with all the tools you have now and we'll ask you to join the Council 'cause, you know, our Committee, our Chair has supported it, is opportunity zones. How do we help that and make it work for attainable housing in those zones, because in that, we also have the transportation corridor project and funding sources, okay. This morning, Council had a great presentation of a master planning project. If I believe right, was what, 1,200, 1,400 units.

COUNCILMEMBER SUGIMURA: Fourteen hundred.

COUNCILMEMBER HOKAMA: Okay, you gotta think regional already when we look at that kind of numbers, okay. So, for me, the opportunity is there. We can plant the seed, and hum over the seed and pray for the good fruit but I would agree, we shouldn't be waiting around because you add that to 30-year mortgage, a lot of people going be in retirement by they pay off their house, if they get their house. So, this is what we look forward to your Department, you know, helping keep the energy to go after this opportunities that we know the Feds have provided because I'm with Ms. Lee, we don't take care housing, the impact on the social safety net gets greater and we have less cash to take care of that because of other needs. So, healthy communities becomes the bottom line at the end. Where do we put the cash, correctional center, housing, police, fire? Some of you say, what about the sewer, don't forgot sewers and cess...okay so we got a lot of needs, a lot of cash needs and we need your Department to help us find those opportunities. Thank you, Chair.

CHAIR KAMA: Thank you. Any other Members have any questions?

COUNCILMEMBER SUGIMURA: Chair?

COUNCILMEMBER KING: Down here.

CHAIR KAMA: Yes?

COUNCILMEMBER SUGIMURA: Thanks. So, I just, since Lori Tsuhako is here, I wonder if you could just explain that...I think Kelly and I both had that question about using the \$2 million First-Time Homebuyers and incorporating IDA and I think I sent you, or left you voice message and e-mail exchange regarding the possibility --

MS. TSUHAKO: Yeah.

COUNCILMEMBER SUGIMURA: --which is what Jason Economou also talked about in the previous presentation.

MS. TSUHAKO: Yes, thank you, thank you for your question, Councilmember. I'm trying to remember the details of that and I'm not remembering the details of that, but my recollection is that the individual development accounts were looked at when the program was being --

## **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER SUGIMURA: Developed.

MS. TSUHAKO: --developed and sort of, the guts of the program were sort of, the details were sort of being worked out, and one of the things that I recall hearing from the Program Specialist is that the IDAs were maybe meant for a different population of people who...okay, so the First-Time Homebuyers are for those people who are ready to purchase, so they have their commitments from the mortgage...from the lending institution saying that you would qualify for mortgage of x-amount of money and they needed just that infusion of the deposit in order to make the purchase of the home. So, they were already well along into the process of learning how to become homeowners 'cause they had been saving and, you know, they had some savings, they had the ability to pay. The IDA was targeted more at people who were not quite so far along. And so to combine the IDA with the First-Time Homebuyers did not make sense at the time because they were two different populations, the needs were different, yeah, so maybe the IDA was more applicable to somebody who was not far along in that process and who needed to learn the financing, learn the homeownership process, and mitigate the risk of foreclosure and that sort of thing. Whereas, the applicants for First-Time Homebuyers were already there, they had done their background work, they were ready to go, all they needed was that assistance with the down payment.

COUNCILMEMBER SUGIMURA: Okay. Thank you. And then, the discussion about, I wonder what Housing, numbers Housing uses, the number of houses that we need, was it by what date? Twenty, whatever? I always thought we were using numbers from DBEDT, Department of Business Economic Development and Tourism, which was a State agency and I kind of thought it was tied to funding sources at HHFDC would give us or different things, I'm not sure. So, if you could focus me, I think maybe, you know, just so that we're in sync with where we have to be for our targeting of, you know, homes for our residents. I don't know if you and Linda may...

CHAIR KAMA: Go ahead, Linda.

COUNCILMEMBER SUGIMURA: Maybe it doesn't matter, I don't know.

MS. MUNSELL: Thank you, Chair. I'm Linda Munsell, I'm the Assistant Housing Administrator. The, there are a lot of different studies that have been done on housing needs. Primarily, when we're talking about it, we are talking about the Hawaii Housing Planning Study, which was done in 2016. We're currently in the process of re-doing that. In that study, they were projecting that we needed something like 14,000 units to be produced between now and 2025, I believe, is what it was. Those housing units are actually broken down into the various AMI levels. So, we can actually project, and we've gone through our files to see what is just recently been constructed, what is currently under constructed, what is in the late planning stages, and then what is kind of, you know, which projects are still in the dream phase still, and we can project what those units, where those units are going to target which AMIs. And so, I know we always talk about 14,000 units. We're really not, the County is not, I'm more concerned with the 9,000 or 8,000 units that are in the lower AMI levels. For the most part, the studies all

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

say that with some assistance from the County, you know, making sure that the processes work, the upper AMI levels are going to be taken care of through the regular market process. So, you know, obviously, there's a much longer conversation that we can have about it but, you know, yeah, it's the, it's typically the Hawaii Housing Planning Study, it is the 14,000 units and very specifically, we need to be focused on which AMIs are we building for.

COUNCILMEMBER SUGIMURA: I like that. One last request --

CHAIR KAMA: Yes.

COUNCILMEMBER SUGIMURA: --is that I know that previously the Department sent over to us a list of all the affordable units that were in, under construction, and previously, we used to get a list, a more comprehensive list that had all. So, we would see, you know, what is under construction, you know, what are the challenges, but it was broken down, it was pretty comprehensive, it wasn't the abbreviated list. So, I wonder if you could provide that for us just so we have a picture of all the projects that are in motion 'cause there's actually a lot of, you know, projects going on. Thank you.

CHAIR KAMA: Was that a "yes?"

COUNCILMEMBER SUGIMURA: Yeah, so they'll ...

CHAIR KAMA: Okay. Thank you.

COUNCILMEMBER SUGIMURA: You can, right? I think it used to, you used to do it before.

UNIDENTIFIED SPEAKER: Yes.

CHAIR KAMA: Chair?

COUNCILMEMBER KING: Thank you. That was a great question about, I mean, getting that list. And if you could give us that list and break it down by AMI too --

CHAIR KAMA: Yes.

COUNCILMEMBER KING: --to see where we're at with addressing the various ones because that's one of the things I think is missing, you know, that Kaiwahine Project is probably the, one of the best projects to come along because it's addressing 30 to 60 percent, but everything else that we've been approving has been 80 to 120 so we are missing, and that's why I think you indicated that those numbers are like eight or 9,000, which is the majority of that 14,000 so thank you for keeping track of that. I just wanted to clarify what, when you talked about the vacancies. So, this might have been misrepresented by saying it's due to a lack of funding, it was a conscious decision not to fill those. So, they're not, you know, they're not really vacancies per se, okay. I just wanted to clarify that. And then I have kind of a big issue with the strategic goals and how they're worded and I'm going to, 'cause I went through this my very year on the Council, the idea of

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

setting goal, of goal setting. And when I look at, you know, for instance, your number one goal, leverage County financial resources and assets, including County and Federal grant funding, along with other assets, to increase affordable housing inventory. So, to me, that's the goal, increase affordable housing inventory. And we should measure it by how much we've increased that, not by how many dollars come in, because the ultimate goal, regardless of how many dollars come in, is to increase the inventory. And that's where I, the person, I get really frustrated with seeing the goals the way they're worded. Okay, the second one doesn't make sense to me, I don't know what that goal is, to attend more meetings, and to measure by how many meetings we attend. My, as a business person, my goal is attend less meetings and get more done, you know, so I'd like to see, you know, what is the goal for that second one. And the third one, the goal is to strengthen the community's social service safety net, so measuring that by how much we've increased that, you know, are we looking to add more social services, are we looking to measure the ones that we have and if they're taking care of the needs or something like that, but I think an ultimate goal should be to increase the number of lower income affordable housing. And this just, if we could just get to the point, and this is not just this Department but, you know, all departments, just measure what we're trying to do, not the way we're trying to do it, because all those objectives and the ways we're trying to do things are strategic tasks and objectives but the end goal is what we should be measuring, that's how we know if we're successful, if we're getting closer to that goal of 14,000 units and if we're decreasing the number of the lower end. So, anyway, that's just my request, is that we, you know, let's really delineate what the end goal is here, not a measure just how we're getting there but are we getting there. Okay. Thank you, Chair.

CHAIR KAMA: Thank you. Members, any...yes, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. This was a very interesting discussion and I was just thinking about, you know, who are those, we talk about 14,000 housing units that we need, who are these 14,000 people? I mean, I'm sure people that already have homes, you know, they're not on that list, but who are those 14 people... 14,000 people? And, you know, we're looking at 14,000 mortgages. So, we're looking at this whole process of, you know, all of, you know, whether they're all different, you know, different prices but 14,000 new mortgages. So --

CHAIR KAMA: Rentals.

COUNCILMEMBER SINENCI: --14, you know, who's going to be taking care of that, banks, the income of funding, jobs to support those mortgages, so I'm just, you know, it's a lot but I think those are some of the things that we need to think about in this process. Thank you, Chair.

CHAIR KAMA: Thank you. Yes, Keani Rawlins-Fernandez, yes --

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR KAMA: --please.

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for your presentation. Are any of the recommendations from the Housing, the TIG, County of Maui Affordable Housing Policy Plan Report or County of Maui Affordable Housing Implementation Plan being used in your Department's other strategic goals, so not this top three, but other strategies?

MR. ALMEIDA: Thank you, Chair. Thank you for that question. We have taken into account the information provided through the research and worked on in the TIG. We also look at the different housing studies that Ms. Munsell mentioned. We try and incorporate different aspects in trying to reach all the goals that are needed for all the different AMIs and all the different demographics in Maui County. So, we do take into consideration the information that's provided and that's one of the sources that we've utilized.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, thank you. Do you have any thoughts on increasing our Affordable Housing Fund and how is it currently being used?

CHAIR KAMA: Yes, sir?

MR. ALMEIDA: That is actually a very good question and something that I've posed and discussed in the past. One of the major impediments for developers to bring housing to Maui County is infrastructure. And whether it be through the Affordable Housing Fund or possible to set up a separate fund with another 2 percent that's put into it, like the Affordable Housing Fund has set up, that could be RFP'd to developers for 100 percent affordable projects for infrastructure, specifically, is something that at least I've had in mind and an idea that I've been, you know, hoping to gain traction with because I think that's key. If the County is not going to partner and bring the infrastructure into a lot of these projects, that might be a way for us to mitigate some of the impediments that developers have in getting affordable housing built. So, that is a very good idea.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, thank you. Regarding the five vacant positions, I understand they were intentionally not funded. What were those five positions?

MR. ALMEIDA: I can get that information to you. I don't recall off the top of my head. I believe it was Clerical and Housing Specialist positions but I can --

UNIDENTIFIED SPEAKER: HUD.

MR. ALMEIDA: --get the exact breakdown for you for each position.

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

CHAIR KAMA: Thank you. Any other questions, Members? If not, I would like to call the ...

COUNCILMEMBER HOKAMA: Chair?

CHAIR KAMA: Yes, sir, Mr. Hokama?

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER HOKAMA: Not a question, more of a request to the Department, because I think rural Maui County got a little short changed in the last Census. So, this is a national issue, of course, but I would ask your Department, especially your various components, whether it be immigration services, to assist that the County gets our residents counted properly for the new Census because it impacts the dollar amount per the Federal formula of what we're gonna receive, as well as designation of certain communities. 'Cause I cannot believe Lanai is out of rural designation, okay, because of a small component of the island skewed our numbers. So, I think the one way to help our Federal delegation is to ensure that we participate, as best \_\_\_\_\_ the County, to count our numbers accurately to ensure our funding, that we get the fair amount of Federal dollars in return. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Hokama. So, if there are no other questions and no objections, the Chair would like to call a short recess, for five minutes, 'till 3:15.

MS. MATTHEWS: Madame Chair?

CHAIR KAMA: Yes?

MS. MATTHEWS: Before you recess, would you like to defer this item?

CHAIR KAMA: Oh, yes, of course, please.

**COUNCILMEMBERS VOICED NO OBJECTIONS.**

**ACTION: DEFER.**

CHAIR KAMA: Thank you, thank you. The Affordable Housing Committee is now in recess. . . .(gavel). . .

**RECESS: 3:10 p.m.**

**RECONVENE: 3:18 p.m.**

CHAIR KAMA: . . .(gavel). . . The Affordable Housing Committee of March 13, 2019 will now reconvene. Thank you, Members, for being seated on a timely manner. It is now 3:18 p.m.

## **AH-8 COUNTY-OWNED PARCEL ON NORTH PAPA AVENUE (KAHULUI)**

CHAIR KAMA: So, Members, the last item on our agenda today is AH-8, it's the County-Owned Property...Parcel on North Papa Avenue. This initially was signed on December 15, 1990, allowing the lessee to utilize the premises solely for the student housing purposes for Maui Community College, and on May 23, 2016, the County and

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

the University of Hawaii, Maui College entered into a first amendment to lease to allow premises as a hospitality learning center and to also allow it to be used for transient accommodations as part of the educational experience. To date, the building on the parcel still sits vacant, is in disrepair and unoccupied. So, there's been a great deal of development over the last week in relation to this item and I attended a meeting at the State Capitol last Thursday regarding this, along with our legislative, Affordable Housing Legislative Analyst, and I'd like to be able to bring to your attention what was distributed to you, this two-page memo, a few moments ago, it says County-Owned Parcel on North Papa Avenue, for your information. The date on this is March 13, 2019. It should've been distributed to you all. You got that? Thank you. Yes, I'm so sorry about the paperwork that you all get buried in that hopefully we can go paperless at some point in time. So, this is a report that I want to share with you of the meeting that I attended but before I do that, I'd like to first of all introduce again who's with us this afternoon. So, from the Office of the Mayor, we have Saumalu Mataafa, the Executive Assistant. And then we have from the Department of Planning, Jordan Hart. Good afternoon, Jordan. Also, we have from the Department of Housing and Human Concerns, Linda Munsell, the Assistant Housing Administrator, and along with her is Buddy Almeida and the Acting Director, Lori Tshako, and Jeff is still with us, alive and well. And we have, also with us, David Tamanaha, the Vice-Chancellor for Administrative Services for the University of Hawaii. And if, without objection, I'd like to use this young man as a resource person pursuant to 18A of the Rules of the Council.

### **COUNCILMEMBERS VOICED NO OBJECTIONS.**

CHAIR KAMA: Thank you. So, now we get to talk about what we all have been talking about, low-hanging fruit. And so, we have with us today, presentations by the Department of Housing and Human Concerns, and Mr. Tamanaha is here to answer questions later on regarding the participation of the University of Hawaii, Maui College. And if we're all good, let's begin our presentation. Ms. Munsell?

### **. . . BEGIN PRESENTATION . . .**

MS. MUNSELL: Good afternoon, Chair, and Committee members. As you know, my name is Linda Munsell. I'm the Assistant Housing Administrator for the County of Maui. I really appreciate the opportunity to be here. We're pretty excited about the opportunity that's presented to us now on this property and I can tell you that this has been a very collaborative effort. For the departments, we've got a number of folks all working on this together. That includes the Department of Management, the Office of the Mayor, as well as Planning, Public Works, and, of course, ourselves. We could not be moving this forward without assistance from all of them. So, we're excited to be able to present this. So, our agenda today is to talk about this unique opportunity that we have at this point of time. I'm going to talk about that a little bit. I'm going to talk a little bit about the history of this property. I'm going to talk about its present status and then also present to you a picture of the Mayor's vision for the property going forward. So, I'm assuming that a lot of you are aware that the Governor has issued an emergency proclamation on homelessness. Essentially, what that proclamation does is waives certain requirements and the whole goal is to provide a fast track for projects that are

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

going to address people in homelessness. This proclamation actually expires April 13<sup>th</sup>. There's been talk of some extension. We don't know whether that will happen or not but that's what we're working towards. In addition to that, the legislator...legislation...legislators, sorry, has given us an opportunity to do, to get some funding. They funded an Ohana Zone Funding last year. It's intended to be targeted towards experimental projects. That also has a sunset, they do want to have those funds encumbered by the 30<sup>th</sup> of June. So, just to go a little bit farther into the Governor's proclamation, the Governor has declared an emergency for the purposes of establishing housing and shelter resources for homeless populations. It was initially issued this past December and, as I mentioned, it's going to expire on the 13<sup>th</sup> of April, unless extended. The proclamation grants a number of exemptions from a number of State and County laws, it's a very long list, I'm not going to go through them. This is just a representation of those but, suffice it to say, that we do intend to take advantage of some of the exemptions. For the Ohana Zone, this is a three-year pilot program this funding is supposed to support and I'm not going to go through the actual legislation on that but this is actually a pretty broad opportunity for funding. They use this funding for a number of things. Not only can you use it to do some renovations but you can also use it for wrap-around services, but the definition of what the Ohana Zone funding can be used for is very broad. And, again, I just want to mention again that this is a three-year pilot program and it's going to sunset and so that becomes important to us a little later on in this discussion. So, the dorms, how does all of this, proclamation, Ohana Zone, all those things, apply to the dorm property? So, I'm going to come back to that piece in just a little while. The first thing I'm going to do is talk about a little history, talk about the status and then wrap the Ohana Zone and the Governor's proclamation into the Mayor's future vision. So, what this, just to give you kind of a visual picture of where we, how we got to here. This property was actually leased to UH to use for student housing in 1980. The buildings were built with proper zoning and permits at the time of construction but in 1986, the County changed the zoning for this property from R-1 Residential to Parks, which again is going to become important as we get farther into this presentation as well. In 2008, the property was vacated because other student housing became available elsewhere. And then in 2012, UH had proposed to repurpose the property for use as a teaching hotel but, for various reasons, that fell through. A couple of years ago, in 2017, we actually began discussions with UH about the use of the dorms and whether we would terminate the lease. The prior Administration had chosen not to pursue that route but with this current change of Administration, those discussions began again and UH has expressed their willingness and interest in turning the property back to us, as well as partnering with us for some services in this project and I'll talk about that just a little bit. So, as you know, this property is located on the corner of Wahinepio and Kaahumanu Avenue. The structures were built in 1981. They consist of three residential buildings and one multi-purpose building, which contains laundry, a mail room and recreation hall. There's also 17 stalls on that property. This is an overview of that property and, as you can see, the building on the far left and the two buildings on the right are the residential structures and the building in the center is the community hall. Each residential building contains four units each for a total of 12 apartment-style units. These units have two bedrooms, one bath, a living room and a kitchen area. This is, I'm sorry that this is a little bit busy, sometime in the future, we'll try to provide a better, cleaner floor plan for you but the



## **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

idea behind showing you this graphic is simply that these are apartments, these are two-bedroom apartments. Often when we think about dorms, we think of single-room occupancy with shared bathroom and no kitchen facilities and that kind of thing but these buildings really are, these really are apartments. So these pictures are kind of to give you a feel for what the property condition is now. The picture on the left is taken from the parking lot, looking towards the community building on the left and the, one of the residential buildings on the right. The picture on the right is a view of some of the condition of the current community building that we have. These pictures are pictures of residential structures and kind of to give you an idea of what their condition is up close, okay. So, these pictures are all, you know, kind of to give you a frame for where we stand. I think that every, all of us, when we drive up Kaahumanu Avenue and take a look at those buildings, you know, there's some frustration built up and what we're hoping to do is launch into an opportunity to change that picture and change that conversation. So, the Mayor's vision for this property is actually to provide housing for the neediest of our families and we're trying to move people off the street and into housing. So, essentially we're talking about targeting the homeless population. We also want to provide wrap-around services to get them back on their feet and stable and that would mean that we're going to be partnering with homeless agencies, as well as partnering with UH. And the Mayor also has a vision of trying to maximize the density on this property. We don't know yet what that will mean but I'm going to draw you a possibility of what we might achieve here, so we're going to move on that. This graphic is something that you've seen before in this Committee. I think a month ago or so, we came and had a conversation with you, with Planning and Public Works, to talk about how projects are developed, but this is just that same visual graph and all the same things that we have to go through with this property in order to make it, to entitle to become a residential, put it into a residential use. So for this property, the land use is Urban. The community plan is Public/Quasi-Public. The zoning is Park. It is in an SMA area and it's not in an inundation/flood/tsunami zone. So, if we were to take this project, if we were doing it in the traditional sense of the way, what we would do is choose to RFP this project out. And what that, we would put an RFP description together, essentially it would be, we would be setting the parameters of density that we would like to see on this property, we would tell them what population we would like to serve with this property, we would lay out all of those parameters for a developer and then we would receive proposals back from them. So, if we published an RFP in July, we would get responses and we would actually be able to award this project probably in the fall, I would expect probably October of this year. That developer would then go through process of getting the entitlements corrected so that they can build. They would have to do an Environmental Assessment, they would have to complete the SMA Major Permit and they would then follow through with getting building permits for this project. On a basic time, on the standard timeline, we would expect to see that probably February of 2022, so you're talking about three years from now before they actually start construction. Depending on what they decided to build, we would imagine that we could have occupancy on this property in August of 2023, so that's like four-and-a-half years from now. That's the standard timeline. What this graphic is kind of to give you a visual of what I just walked through, the dates and the, forget the scale, we're not, you know, but the dates are kind of in there, but just to give you an idea and then keep this timeline in mind for what we're trying to achieve. What we're

## **AFFORDABLE HOUSING COMMITTEE**

### **Council of the County of Maui**

**March 13, 2019**

---

trying to do is we're going to break this project up into actually three phases. Phase I and Phase II are going to go concurrently. Phase I means that we're going to start to renovate the existing buildings. That results in 12 two-bedroom units which are suitable for families. We're also renovating the community building, which will allow us to provide those wrap-around services that we talked about. It will also contain the laundry and other amenities for the project. And, again, our focus is on homeless families. Phase II starts concurrently with Phase I. And Phase II is actually going through the entitlement process. We're not going to have the developer do that, we're actually going to start working on that ourselves. We're going to get the zoning and community plan amendments consistent with the planned use and then we're going to get after-the-fact permits for the renovations that we're going to do on the existing buildings. To do this, to do the initial buildings, we're actually going to take advantage of some of the exemptions that are provided in the Governor's proclamation, okay. In that same Phase II, we are going also be doing the planning for Phase III. So, Phase III, assuming that the EA and the SMA work out and we discover that we can do a new construction project, we are going to try and maximize the density of this property as much as we can. The vision, and again this is all dependent on a lot of planning that has not occurred, but this is our preliminary thought process for this property, that we might be able to build up to a maximum of two additional buildings on the property. We might go up to as high as four stories, which would provide parking at the ground level. We estimate, preliminarily, that we could actually do an additional 50 units suitable for families or other homeless individuals and that would give us a total of perhaps 62 units on this property. Again, the focus is going to be on the homeless and the neediest of our ohana. So, if you remember that graphic that I showed you before for the traditional way that we're going to do, we would do construction, that's kind of what you're looking at on the lower line here on this graph. We're actually going to compress this a little bit because we're going to ask for your assistance. So, I'm talking about the lower line, so we don't think it's going to take until August of 2023 for the lower line, although it might still. But the upper line is showing you the renovation for Phase I and because we're going to do some of these processes concurrently with that renovation, we're going to greatly compress that process. Fortunately, I have a great team here who is going to help me explain that if you have questions about those things but that's basically the idea. Again, back to the Ohana Zone, so we're going to take care, we're going to pull in some of the exemptions from the Governor's proclamation in order to do these things concurrently, get some waivers, which we will fix later, and then we have to have all of those things done correctly within the three-year Ohana Zone sunset, okay, that's where all those things tie together. So, we are, we do need some things from the Council to assist us in this project. We may need the Council to, well, I know we're going to need Council to help us enter into a memorandum of understanding with, depending on how the funding is structured, UH or HHFDC, we're still working on that end exactly. Again, depending on the funding and how quickly the Council would like to roll this forward, we may be asking you for some amount of funding just to kick start this. It depends on what kind of funding we get, whether from the State, we're hoping to get State funding for it. Some funds are going to be available either in 2019 or in 2020, depending on that will depend on when we can actually start. We'd like to start the sooner rather than later. And one of the things that we will be asking Council to assist us with is to initiate a Change in Zoning and a community plan

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

amendment for this property. One of the things, the barriers to moving forward on this is the fact that the property is no, is not entitled correctly. So, you'll notice that we did change the zoning back in '86, it's no longer Residential because we didn't occupy or use the property continuously, we did not retain the right to continue that use, so. Those are the things that we know right now that we are going to need assistance with from you. Okay. So, that concludes my part of the presentation. Certainly, I will be here to answer questions. I've also got the other team members here. As I said, it's been a very collaborative effort. So, we're open to your questions.

**. . . END PRESENTATION . . .**

CHAIR KAMA: I'm going to start with Mr. Hokama.

COUNCILMEMBER HOKAMA: Thank you, Chair.

CHAIR KAMA: You're welcome.

COUNCILMEMBER HOKAMA: I appreciate it. And thank you for your proposal. So, just let me be real candid upfront, too long, okay. People like me are just tired of the talk. We need to do the walk sooner than later and it's kind of interesting, Chair, you know, because I met with Mr. Pontanilla this morning about CDBG projects and I talked about what the County could look at. Unbelievably, we talked about this project and he reminded me that I brought this project up 15 years ago when UH was still thinking about building dormitories across of Maui Beach Hotel area. If I wait, according to this plan, it's going to be 20 years since, 'till I see potential housing on a site I've been talking about for 20 years then. So, couple of things. I'm not willing to...I'm willing to help move a project forward sooner than later. Two, I'm not willing to wait for State appropriations for another State agency's participation, okay, so I really don't need UH Maui for our property, this is our land. A couple things, yeah. Why aren't you coming to us, utilizing the State statute and our County ordinance on experimental housing? It's been on the books since the '60's, okay. The Mayor can come up with a proposal through an ordinance or resolution. Have us conduct a public hearing and that bypasses current State statutes and current ordinances that impede moving a housing project forward, okay, that's part of experimental housing. If we can reduce costs, we can make adjustments in the requirements, this is what is already allowed by County and State law. So, I'm looking at approval if we get something smart and we don't need to reinvent any wheel, we can just take from good projects, use what was recommended, already preapproved plans for certain housing unit types, I think we can do it in one year if we have the drive. We can start funding. We have a fund, Affordable Housing Fund, that the taxpayers of this County had foresight to support a decade ago or greater. So, it's not the money, it's not the land, we just gotta be saying we willing to do a project and go and do it. So, sorry, Chair, it was a little bit of a rant but we have the tools to make housing happen and I'm like you, I want to see, like Chair said earlier, I want a measure of the units we built, not the units we've been planning to build. And so that's my suggestion, Chair, find another way to skin this cat and let's go because we have tools available. Thank you.

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

CHAIR KAMA: Thank you. Okay, Mr. Sinenci?

COUNCILMEMBER SINENCI: Just a question about the additional 50 units, making it total of 62 units projected, was that going to be on that same site?

MS. MUNSELL: We looked at the footprint of the property and there are two additional graded building sites that we could potentially access for that. And, again, we haven't had a surveyor out or done the proper assessments of the property yet so we don't know what we're going to find. The idea of using the initial renovation is that we're not going to be doing any ground-disrupting work so that I would be a little uncomfortable if we were going to knock them down without having already done our EA and SMA work upfront. But, yes, there are two building sites potentially on that property that we could use to maximize that density.

COUNCILMEMBER SINENCI: Thank you. And just as a quick, I believe the other Members also received some e-mail correspondence from a Mr. Fishkin and he had just wanted to, informed us about the property next to Harbor Lights, that that had just come up on the market. Thank you.

CHAIR KAMA: Mr. Molina?

VICE-CHAIR MOLINA: Yeah, Madame Chair, I'll yield to Member Lee, she had her hand just before me so I'll ...

COUNCILMEMBER LEE: That's okay, go.

VICE-CHAIR MOLINA: You're sure? Okay, thank you. I might take a while. No, I'm just kidding. You know, I'm looking at, ask the questions more from the legal aspects, you know, someone had mentioned to me, look at the contract, okay. The contract says the lessor may recover from the lessee all damages, attorney's fees, and costs which may have been incurred by the lessor as a result of any default of the lessee hereunder, including the expense of recovery and possession. And as we know, this building's dilapidated, mold, cracked foundation, and, you know, it's basically uninhabitable. So, I don't know if maybe Corp. Counsel can comment on this. Is the lessee considered in breach of the contract? Because, you know, like Mr. Hokama was saying, maybe the County can do something, you know, using our funds but this building was left for us now to take over in this, you know, sorry, deplorable condition--and sorry, yeah, Mr. Tamanaha, I know you're just the man caught in the middle, yeah. So, I don't know, maybe an opinion from Mr. Ueoka.

CHAIR KAMA: Yes.

MR. UEOKA: Thank you, Chair. Mr. Molina, I'd prefer not to get into our legal defenses and things on the Council floor in open session but moving forward I can say that was one of the things our office did look at in if we were using State funds, as they mentioned, Ohana Zones or HHFDC funding, to do the renovations on the project, we kind of viewed

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

that as the State, well, the buildings are in disrepair, I don't think anyone can deny that, they would be funding the renovations and giving them back to us in, I guess, what's the word, good repair, you know, so we kind of viewed that as a justification. I believe the other issue was from Councilmember Hokama, was the timing of the matter but as far as legal was concerned, we felt that it's a little more of a moot point if the State was funding the renovations and returning it to us in good repair. Thank you.

VICE-CHAIR MOLINA: Okay. And, you know, it just surprised me that, you know, an institute of higher learning, to have this, you know, let this building go like that is just really disappointing. With regards to the history of how this came to be--and thank you, Ms. Munsell, for the timeline--the demolition aspect, I presume, we've put out some RFPs. How many bidders out there that would like to do this job to demolish this building? Do we have any information on that yet? 'Cause I know it's pretty, sounds like a pretty complex process to demolish this thing.

MS. MUNSELL: Yeah, we're not actually...sorry, Chair?

CHAIR KAMA: Yes, go ahead.

MS. MUNSELL: We're not talking about demolishing the current buildings. We're actually talking about renovating those buildings.

VICE-CHAIR MOLINA: Oh, okay. You know, it's bringing back to mind the post office situation, I don't know why, but I guess just my opinion, it might be better to, because it has mold, yeah, these buildings, and then if we renovate and I believe that was some of the concerns brought up with the post office, that, and, you know, demolishing versus rehabbing and building that already has existing mold and, oh, well. I'll yield to my colleague from Wailuku. Thank you, Madame Chair.

CHAIR KAMA: Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madame Chair. Linda, I know we have some paperwork here about the proclamation, the Governor's proclamation, et cetera, but it lists so many different statutes. What exactly do you have to do to become a part of a Ohana Zone or be classified or proclaimed a Ohana Zone project? Is that an application of some kind or ...

CHAIR KAMA: Yes, go ahead.

MS. MUNSELL: So, Ohana Zone isn't actually a place necessarily. We, it's not like the opportunity zones where they have designated certain areas that would be an Ohana Zone. The Ohana Zone happens wherever the County decides to put it but what it is is a mechanism also for funding. So, there is funding attached to that and we have an opportunity to take advantage of those funds.

COUNCILMEMBER LEE: How do you become a Ohana Zone? How do you get approval for that?

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

MS. MUNSELL: What we will do is submit an application for funding with Scott Morishige, with the State.

COUNCILMEMBER LEE: So, only a municipality can do?

MS. MUNSELL: My understanding is for Ohana Zones currently under the current proclamation or the current legislation is that they can only be done on State or County land. I also understand, though, that there is a proposal in the, in legislation that is suggesting that they might expand that to private property as well.

COUNCILMEMBER LEE: I, too, am concerned about the condition of the property there but assuming that you are able to move forward with this project, can't you use the community center as housing units as well? So, instead of 12, we might get 16, you know, something like that.

MS. MUNSELL: When we looked at this originally, we looked at several different models but the idea is that we're trying to address the homeless situation, in which case they really do need some wrap-around services. So, the community building or a building of that sort has to be available for us to provide those services.

COUNCILMEMBER LEE: I see. Thank you.

CHAIR KAMA: Yes, Ms. Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Mahalo for the update on this project. When I met with Mr. Spence, he seemed to be convinced that it would be far more expensive to renovate these buildings than it would be to demolish and build new ones. Would you be able to speak to the cost comparison?

MS. MUNSELL: We had done some preliminary estimates on the cost to repair the buildings. Obviously, when you start taking down dry wall and things like that, you don't know exactly what you're going to find but there's some pretty standard numbers that you can use in the industry to figure that out apparently. The advantage that we're gaining by renovating is the expediency, really. We can actually start that now. If we're going to do new construction, knock them down, then we have to go through all of these other processes, and I'll let maybe the Planning folks address that. Can you ...

CHAIR KAMA: Hello, Jordan.

MR. HART: Thank you, Chair. Jordan Hart, Department of Planning. So, we're going to be passing the ball around a little bit here, I think, just because of the way the things are working, but Corporation Counsel can provide a more thorough explanation for you on the how the proclamation works, which is what a portion of this project is being done under. Summary is that you can do these actions quickly in three years but by the end of three years everything has to be fully entitled. So, if you look at the proposed schedule, we would just be proposing to start construction of a new vertical building

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

right around the end of the proclamation period, which would mean this whole project would not have been covered by the proclamation action. So, the first phase is renovation and occupancy, which can be done within the proclamation time period, and can be primarily approved under, without really making use of the proclamation. But Phase II is the proposed EA that analyzes the new proposed structures, as well as does some after-the-fact approvals for the renovation component. The primary issue with the renovation component and why it's not completely permitted under existing regulations...I don't want to say completed permitted, but you can get an EA exemption for renovation of existing structures and you can get an SMA exemption for renovation of existing structures. Park, however, does not outright allow multi-family uses and so the Council is being asked to consider introducing a community plan amendment and Change in Zoning so that this property would be fully zoned for this proposed use. That's the roundabout way of trying to explain why breaking down the buildings first would just push the schedule out much farther. I would also encourage the Councilmembers to go, potentially do a site visit either independently or as a group, I did personally and I think that the buildings are in good shape. I'm not a building inspector but I do think as far as reusing material that we have that's of good value, I think that these buildings are worth considering.

COUNCILMEMBER RAWLINS-FERNANDEZ: The other reason Mr. Spence said that it would be better to rebuild was to make better use of the space. So, is that in the follow-up phases?

MS. MUNSELL: If we weren't trying to do something expedient, I would think that it would be better to knock them down and start over but you're talking four-and-a-half years before we occupy and we have a need now. And we would like to start that process now, get some people off the street and with some services and potentially into other permanent housing if this isn't going to be their permanent place, but it's a step in the right direction. The other challenge is, we don't actually know what we're going to find once we start those entitlement processes, the EA and SMA. And so this renovation, at least, at a minimum, we're going to have 12 units. So, I think we'd like to start there.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, okay, the recommendation in the letter that we got from Corp. Counsel was to demolish. How likely is it that we'll find, you know, stuff like, yeah, June 12, 2018? It wasn't your recommendation, it was based on UH's commitment to demolish the buildings, yeah. It wasn't, yeah, Corp. Counsel's recommendation, it was just in your letter. So, how likely is it that you'll find mold and asbestos and things that would then cost the County a considerable amount?

MS. MUNSELL: So, all of those things are taken into consideration. The, there was a hazardous material study done on two of the buildings by UH just a few years ago, looking, when they were planning to do their renovation and so we have that. We're pretty sure that there is no lead, well, we know that there's no lead paint in there unless there's, that's on the other buildings, but I doubt that. Those were built after lead paint was banned. There is a little bit of hazardous materials in some of the flooring but we know what to expect and we know how to handle that, it's not going to be extensive. It's not something that a contractor who has done renovations before won't have

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

experienced. We do know that there's going to be some mold in there. There were some roof leaks. However, that also can be treated, there is process for that. We do know that we need to bring these buildings up to Code and so we will be doing that as well, so we'll have an opportunity to look at all of those things. And, yeah, is it possible that we're going to find things that we're not expecting? Of course, that's always the case in a renovation versus a new construction but we're building that into our budget and our planning for this.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, does Act 209 funding allow for the building to be demolished or cover the renovations?

MS. MUNSELL: The trick with the Ohana Zone is that it has to be finished, it has to be occupied, it has to be in use before the three-year period is up, and new construction is not going happen in that period.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, and then, I guess, my last question is, is the Mayor going to terminate the lease?

MR. UEOKA: Chair, if I may? Thank you, Chair. Member Rawlins-Fernandez, I guess it depends, depends on which funding source we get. If we use County funding, yeah, we'll go into terminate the lease. If we're going to use, I think, Ohana Zone's funding to do the renovations, we may not need to or we probably will terminate the lease. We may or may not come to Council with it based on that, or the State will be paying for renovations through us, but we can see the timing on that. If we use HHFDC funding, that, what's probably going to happen is, UH will transfer, assign the lease to HHFDC so that we can use, and County will be doing HHFDC, using HHFDC money on the property. And at the end of construction, when everything is done, HHFDC will terminate the lease, you know, will terminate the lease and we'll get full control of the property back, but my understanding is to use HHFDC funding, they need to have an interest in the property so they'll have an interest in the lease but they fully expect to turn it back over to us at the end 'cause I believe they want us to run it at the end, so that will require an MOU, a memorandum of understanding, between us and HHFDC before we commence and we won't be needing Council approval for that. So, that's why it depends which way we go. Thank you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo. Mahalo, Chair.

CHAIR KAMA: Mr. Hokama?

COUNCILMEMBER HOKAMA: That's interesting on land that we own. So, couple things, hearing it, you know, it befuddles me, this Administration, if I'm hearing it right, is proposing a project that unless they win reelection, they'll never see this project done and you talking to members who's going to have to finish this term, get reelected, finish that term, get elected again, before they going to see this project have one constructed unit. That's kind of crazy, that is too damn slow, and yet you guys can propose this kind project to this Committee. What is the Department's response? Why aren't you guys coming to us with an experimental housing project proposal to cut time and move



# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

this thing forward to construction? Why aren't we talking about that kind of considerations instead of something that's going to take five years if we agree with the State? 'Cause I going tell you something, if I had to pick between a renovated house that had mold versus a new house, I don't have to go back to public school to know that answer. So, why aren't the departments coming up forward, Chair?

CHAIR KAMA: Yes. Anyone would like to answer that?

MS. MUNSELL: We can look to see if that would provide an advantage to us, for getting this to happen sooner. I'm sorry, I don't have that experimental housing ordinance, you know, here. I haven't looked at that but certainly we will leave this meeting and take a look at that and see if there is an advantage to doing so. Thank you.

COUNCILMEMBER HOKAMA: Well, I appreciate your comments and, again, you know, we have new faces, new positions, but Council has been talking about options for decades, Chair, okay, so it shouldn't be new to the departments.

CHAIR KAMA: Okay.

COUNCILMEMBER HOKAMA: Okay, it comes down to leadership and follow through and that's what we gonna be looking at in this new Administration. Thank you.

CHAIR KAMA: Thank you. Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Yeah, thank you. Thank you for bringing this. It's kind of exciting for me because I know during the last term we were hoping for something to happen but we could never get traction on it so although I hear, you know, my fellow colleagues talking about the frustration 'cause it's taking, you know, long, I didn't realize 15 years ago you looked at this and thought that something should happen, but here we are today, we can either, you know, hope for something else but I'm grateful that there is a plan. I think that during the latter part of the last Administration, we were asking, well, what is the plan, what is the plan, so here is a plan, I'm grateful. You know, we have David Tamanaha sitting here and we'd really love to hear what UH has to say about all our ideas and I believe that to do a project like this, although I don't think we have the numbers, I know that our relationship with HHFDC, with Craig Hirai, seems to have been, you know, like a pretty solid relationship so I hope that, you know, he has some ideas of how he can help us fund this. I don't even, I don't know, maybe we do have enough money in the Affordable Housing Fund and that would be great if we could just do it ourselves but I kind of think we're going to have to lean on our legislators and Craig Hirai and HHFDC to help, you know, take us through this process. And if we use their money, they have to have some ownership, so those are kind of the maybe frustrations that are, you know, my fellow members are talking about but it depends, I guess, on, you know, follow the money. I think it's, you know, something that we always hear so could --

CHAIR KAMA: Yes, absolutely.

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER SUGIMURA: --we hear from Mr. Tamanaha?

CHAIR KAMA: Mr. Tamanaha?

MR. TAMANAHA: Aloha, I'm David Tamanaha. I'm Vice-Chancellor for University of Hawaii, Maui College. Thank you for inviting me --

CHAIR KAMA: Thank you for coming.

MR. TAMANAHA: --Madame Chair. Aloha, Members. You know, this is a very exciting project. Although this thing says here, resource, I learned more sitting here about this project than ever before. So, I learned, actually, a lot more than maybe I can share but here's what I do know. In terms of some of the frustration, I get it, you know, we hear it from the community, we heard it from the County, we even heard it from our students and, in terms of how the facilities became somewhat derelict, it is very derelict, and it's an eyesore. It's never been the college's intent. I mean, back in 2009, the University decided to vacate. It's because of the dormitories that was built across the street from Maui Beach Hotel and we couldn't finance having students being in there at a low occupancy rate and we decided to vacate and close the dorms. Soon after, the college had an idea of renovating the facility into this hotel, a simulated hotel type of environment, would be a training center as well as operating as a hotel and it would generate revenues for our Hospitality Academy. We, it was, during an environment when the university was very supportive of the college, I mean, we were building the science facility, the new science facility, we were talking about renovating the old science facility and that's, in itself, I gotta say, maybe \$30 million worth of State general finance bonds and for us to acquire additional money is very difficult, to renovate the dorms as well because the university has to be fair amongst all ten campuses. So, we had an idea that we really wanted to renovate the dorms and the hotel industry helped us. They actually came up and financed, on their own, \$200,000 to come up with a conceptual plan to turn these dormitories into the simulation lab. Back then, it was Chancellor Sakamoto and Chancellor had this very optimistic approach where he had wanted to encourage all of the construction industry to get involved with, almost pro bono, developing this hotel concept 'cause we knew we wouldn't have easy time getting monies through the State Legislature. And he actually was able to get verbal commitment from many of the industry partners. What happened during that time, though, it was, it took a couple of years for us to develop the plans but construction industry changed, where they just couldn't do what they talked about verbally. And that's when we had to go back to the Legislature, ask for \$3.5 million in construction monies. We got that all done, we got plans done, and already we were looking at 2016 already, well, actually 2014. When we looked at the plans and the monies that we had, realizing it's not enough, \$3.5 million couldn't do all four buildings, so we had to go back to the drawing board again, ask our consultant to re-scope the project to just 2 million. We had to fit in 3.5 mill. Doing that took time again, and by the time we went out to bid, it was 2016. In 2016, we went out to bid, the climate in terms of construction was so competitive that the bids, all of the qualified bids, were slightly over, so we lost time again. And in 2017, we were talking about, okay, we can't do all four buildings but we're gonna do at least one building and instead of create this hotel simulation lab, we're just going to

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

focus on one building and build a training center and that's when the County came to talk to us to ask, would you folks consider releasing the buildings, releasing the property, to allow the County to build affordable housing. At first, I gotta be honest, our first response was going to be, no, we have plans, we want to keep the facility, we want to continue what we were going to do but it was of the advice from our System Administrator who looked at the campus and said, David, you have buildings on your own campus that needs to be renovated. You ought to try and get those monies to renovate your own campus building and reduce your own deferred backlog. So, that's when we decided, you know, we gotta be a good player, we gotta be a good partner. Let's give up the property, let's give up the, and allow us to build on our campus, so we actually building that training center on our campus. We moved everything to the campus. In terms of termination of the lease in speaking with Chancellor Hokoana, he wants to do whatever it takes, so we are going to cooperate in terms of whatever it needs to get done.

CHAIR KAMA: Thank you, David. Yes?

COUNCILMEMBER SUGIMURA: So, because of the relationship with UH Maui College and your State and HHFDC if they provide us funding, would that have to be through you 'cause it's State to State or does, those things don't matter?

MR. TAMANAHA: You know, I cannot really say. I do know that there's been discussions that I've not been privy to in terms of how this might actually work. And it's, actually involved our Associate Vice-President for the community colleges who's been in those meetings so I cannot tell you how it would work.

COUNCILMEMBER SUGIMURA: Oh, okay.

MR. TAMANAHA: Sorry.

COUNCILMEMBER SUGIMURA: More to come. Thank you. Thank you, Chair.

CHAIR KAMA: You're welcome. Yes, Mr. Molina?

VICE-CHAIR MOLINA: Chair, thank you, Madame. Just a follow-up question for Mr. Tamanaha. I'm just referencing a May 15, 2017 letter from you to the former director, Ms. Reimann, third paragraph it states, if the County of Maui feasibility study results in unfavorable determination regarding renovating or salvaging the old Hale Haumana dormitory building, the college will demolish the old buildings. Now, of course, now the, I guess, the County's feasibility study for renovation has, I guess, now, you guys won't want to, you're coming into this, you're agreeing with the County to go ahead and renovate instead of demolish 'cause according to this letter, it seems to say that if the feasibility study wasn't favorable towards renovating then you guys were going to demolish. And then, if the County of Maui agrees to continue leasing the unused parcel of land to the college, the college will include the area in our long-range plans for future development. So, I'm trying to get an understanding here. So, your future, can you divulge to us what that future long-range plans would have been if, it seems to say

# **AFFORDABLE HOUSING COMMITTEE**

## **Council of the County of Maui**

**March 13, 2019**

---

you were going to demolish if the feasibility study wasn't good but then...so I'm trying to just get an understanding about where the college is at now.

MR. TAMANAHA: So, that discussion back then with the former Administration was where, if, we understand they were doing a feasibility study to seek whether or not they could renovate those facilities and we were unsure as well 'cause we kind of viewed the facilities as having been very derelict. So, what we shared was, if the County had decided that it's not feasible, they cannot renovate, they're not going to touch the facilities, then what we asked that, well, the school would seek funds to demolish the facilities because we've already made a decision, we gonna build the training center on campus, but what we were hoping was that the County would keep the lease with the school so that we can incorporate the property in our long-range plans. We don't have anything designated in that area but we do understand from our planners that, in the future, should the school ever reach anywhere in the 5,000 FT student population, we will outgrow the amount of land we have so that's why we always wanted to see, well, you know, if the County would allow us to keep the lease, that would be great.

VICE-CHAIR MOLINA: Okay, alright, thank you for that clarification. Thank you, Madame Chair.

CHAIR KAMA: Members, are there any more questions?

COUNCILMEMBER HOKAMA: Are they willing to buy it?

CHAIR KAMA: I think that's a topic for another meeting, another discussion, but good question. But I just wanted to ask one question of the Department. So, with Mr. Hokama's urging, is it possible for the Department to come up with a prepared proposal for an experimental project to, after Budget some time or is that an impossible ask?

MS. TSUHAKE: Thank you, Madame Chair.

CHAIR KAMA: Yes.

MS. TSUHAKE: I don't think it's impossible. I think that it's reasonable, Mr. Hokama's request to look into it is a reasonable one, and that we should do our due diligence and try to see if we can figure something out.

CHAIR KAMA: Thank you. Did you have a question, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah. So, with the Governor's emergency proclamation, \$5 million was allocated to Maui and if we don't use it by April 13<sup>th</sup> of this year, then we lose that?

MS. MUNSELL: So, the Governor's proclamation is, only allows us to waive certain processes or laws. I'm assuming that you're talking about Ohana Zone funding.

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

**March 13, 2019**

---

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MS. MUNSELL: Okay. And what that was is I believe the State had allocated \$30 million total to be used for this purpose. And they weren't specifically allocated to any one location but we've been told that there might be \$5 million available to us. The question is how we might want to use that, and that doesn't preclude us from asking for more. Just because they're saying 5 million doesn't mean that we can't ask for more funding but we're trying to look at where the construction funding might be, might come from and there is a couple of different sources, which is why there's the question of whether we terminate the lease or we have a MOU or it gets transferred to HHFDC. But if we could actually use the Ohana Zone funding for wrap-around services, for instance, we might be able to get more than just one project. So, we're looking at construction funding from a different source and possibly using the Ohana Zone funding to provide the services and then also use additional, that, the rest of the funding for a different project.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo. Mahalo, Chair.

CHAIR KAMA: So, Members, if you have no other questions, and without objection, I'd like to defer this item.

**COUNCILMEMBERS VOICED NO OBJECTIONS.**

**ACTION: DEFER.**

CHAIR KAMA: Thank you. So, that was our last item of business for today and I would like to now adjourn this meeting. . . . *(gavel)* . . .

**ADJOURN: 4:15 p.m.**

APPROVED BY:



---

TASHA KAMA, Chair  
Affordable Housing Committee

ah:min:190313:alp

Transcribed by: Annette L. Perkett

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

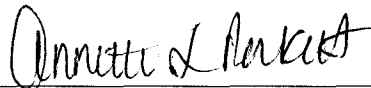
**March 13, 2019**

---

## CERTIFICATE

I, Annette L. Perkett, 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 8<sup>th</sup> day of April, 2019, in Haiku, Hawaii.



Annette L. Perkett