

# **AFFORDABLE HOUSING COMMITTEE**

**Council of the County of Maui**

## **MINUTES**

**May 3, 2019**

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

**CONVENE:** 1:32 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

NON-VOTING MEMBERS:

Councilmember Tamara Paltin (in at 1:42 p.m., out at 2:39 p.m.)

**STAFF:**

Leslee Matthews, Legislative Analyst  
Stacey Vinoray, Committee Secretary  
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 Tzuhako, Director, Department of Housing and Human Concerns

Linda R. Munsell, Deputy Director, Department of Housing and Human Concerns

Michael P. Victorino, Mayor, County of Maui

Michele McLean, Director, Department of Planning

Rowena Dagdag-Andaya, Director, Department of Public Works

Tyson Miyake, Deputy Managing Director, Department of Management

Jordan Hart, Deputy Director of Planning, Department of Planning

**OTHERS:**

Craig Hirai, Executive Director, Hawaii Housing Finance and Development Corporation

Dean Minakami, Development Section Chief, Hawaii Housing Finance and Development Corporation

Lui Hokoana, Chancellor, University of Hawaii Maui College

Scott Shapiro

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Autumn Ness  
Patricia Hunt  
Stan Franco  
Kehau Filimoeatu  
Jasee Lau  
Rick Medina  
Additional attendees (12) others in gallery

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

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CHAIR KAMA: . . .*(gavel)*. . . The Affordable Housing Committee...will now convene. It is May 3, 2019 and it is 1:32 p.m. I'd like to call this meeting to order, and I'd like to ask everyone if you would just please silence your cell phones or whatever noisemakers you may have so that we may have little intrusion. My name is Tasha Kama, I chair the Affordable Housing Committee, and Member Mike Molina is my Vice-Chair. And Members of the Committee are Mr. Riki Hokama.

COUNCILMEMBER HOKAMA: Good afternoon, Chair.

CHAIR KAMA: Good afternoon. Ms. Alice Lee.

COUNCILMEMBER LEE: Good afternoon.

CHAIR KAMA: Good afternoon. Ms. Keani Rawlins-Fernandez, good afternoon.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha awakea.

CHAIR KAMA: Aloha. Ms. Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Good afternoon, Chair.

CHAIR KAMA: And Mr. Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha, Chair.

CHAIR KAMA: Members Paltin and King are not here with us. They are not formal Members of this Committee, but they are certainly welcome to join us when they feel the need to. So, we have with us today, Members, our Mayor Mike Victorino.

MR. VICTORINO: Aloha, everyone.

CHAIR KAMA: We have with him the Department of Housing and Human Concerns, Lori Tsuhako, Director. I saw her earlier. Oh, there you are, and we have Linda Munsell, the Deputy Director.

MS. MUNSELL: Good afternoon, Chair.

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CHAIR KAMA: Thank you. And we also have with us, at least I have written on my sheet of paper in the front of me, the Department of Planning, Michele McLean. Is Michele here yet? Oh, okay, hey welcome. We also have with us the Department of Public Works, Rowena's in the galley [sic]. Aloha. We also have with us the Department of Management. . . .(acknowledging Tyson Miyake). . . Hey, it's good to see you. And we have with us Corporation Counsel, Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

CHAIR KAMA: Good afternoon. We have with us also the Parks and Recreation [sic], Ms. Karla Peters, or...oh hey there, good to see you again. And the Department of Finance, Mr. Scott Teruya. I thought I saw him, oh there he is right there directly in the front of me. Aloha, Scott. We have our Committee Staff with us. Ms. Leslee Matthews our Legislative Analyst, Ms. Alison Stewart, the Legislative Analyst, too. Is she here today? She'll be joining us shortly. And Stacey Vinoray, the Committee Secretary.

MS. VINORAY: Good afternoon, Chair.

CHAIR KAMA: Aloha. So, Members, today we only have one item on our agenda, the Chair is hoping that we will get through this agenda not rapidly but efficiently and effectively. And it is AH-8 County-Owned Parcel on North Papa Avenue in Kahului and County Communication 17-179, from the Director of Housing and Human Concerns, transmitting a proposed bill entitled A Bill for an Ordinance Authorizing the Mayor of the County of Maui to enter into an Intergovernmental Agreement with the Hawaii Housing Finance and Development Corporation Regarding the Construction of Emergency Housing at the University of Hawaii, Maui College, Dorm Site. The purpose of the proposed bill is to authorize the Mayor to enter into an intergovernmental agreement for MOU with Hawaii Housing Finance and Development Corporation or HHFDC to facilitate the development of housing on the subject property. But before we begin I'd like to open it up to public testimony. Ms. Matthews, do we have any testifiers signed up?

MS. MATTHEWS: Yes, Madam Chair, we do have testifiers signed up in the Chamber to testify and we have checked in with our District Offices. The District Offices do not have testifiers there.

CHAIR KAMA: Okay. So, testimony will be limited to the item on the agenda. To testify, you must sign up with our Staff. Your testimony is limited to three minutes and upon request up to one minute to conclude. If you are still testifying beyond that time, I will kindly ask you to complete your testimony. And when testifying, please state your name and who you are representing and if you are a lobbyist we'd like to know that too. So, Ms. Matthews, have we checked with our District Offices?

MS. MATTHEWS: Yes, Madam Chair, we do have our Lanai District Office on the line and our Molokai District Office on the line.

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CHAIR KAMA: Do they have any testifiers for us today?

MS. MATTHEWS: Madam Chair, there are not testifiers at the District Offices.

CHAIR KAMA: And our Hana Office?

MS. MATTHEWS: Our Hana Office, Mavis Olivera-Medeiros has been in communication with me and there are not testifiers at the Hana District Office.

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

CHAIR KAMA: Thank you. So, Ms. Matthews, will you be able to please call our first testifier here in the Chamber?

MS. MATTHEWS: Yes, Madam Chair. Our first testifier signed up to testify is Scott Shapiro testifying on AH-8 to be followed by Autumn Ness.

MR. SHAPIRO: Good afternoon --

CHAIR KAMA: Good afternoon, Scott.

MR. SHAPIRO: --everyone, Council. Good to be here again thanks for showing up as you always do, you guys are putting in a lot of hours. So, I wanted to talk a little bit about AH-8, kind of the contract portion of it. I'm in full support of this by the way I think it's a great idea. I'm just a little concerned about a couple of the areas within the memorandum of understanding and the actual ordinance. In the ordinance in the very first section it talks about HHFDC may have funds available through their DURF program. I'm just a little, you know, I just want to make sure that there are funds available before we go down this road that we're not spinning our wheels. And I'm sure that's taken care of, I just wanted to bring it up. Along with that there's only two other parts of the memorandum of understanding that I have questions or concerns about. In the MOU in Section 2 where it's the County's responsibility, 2G it talks about reimbursement of HHFDC costs, it says that the, sorry, let's see yeah Section G, that the County will secure the funds necessary to reimburse HHFDC for admin costs and other development costs mutually agreed to by the two parties. I just want to make sure that before this memorandum of understanding is signed that we know what we have to reimburse to HHFDC, is it all the 5 million? I don't know, hopefully not. And then the last part of the MOU is that this emergency declaration is about homelessness developing homes for homelessness or units for homeless people. In that same section, Section 2H I'll read this, it says the County agree that except for the manager's unit the project shall be affordable to households at 140 percent or below HUD area median income. So, that's almost market rate so that, that's my biggest concern is that, that's not even in there, it should be 30 percent or less. So, those are my areas that sounds like, looks like by the nods that you guys have looked at that, so I appreciate it, and any questions?

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CHAIR KAMA: Any questions for the testifiers? Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Shapiro, mahalo for your testimony today. I agree with you on your assessment about the 140 percent AMI, that's far too high, it's at market rate. I don't think anyone without a house would be able to afford that because if they could, then they would have a house. So, you started your testimony by saying that you are in full support of this. The MOU says that the County can either renovate or rebuild, which are you supportive of?

MR. SHAPIRO: I don't have enough information to give you that, I'm sorry. You know, I look at the parcel as eight acres plus there's land behind it, on the hill there's another, it's a big, it's a big chunk of County-owned land that we know is part of the park. But there's some adjacent land that is I think perhaps buildable, so to say, you know, let's just rebuild what we have there. I think we need to look at both, unfortunately. There was a study that was done...a couple of studies probably and this one's asking for another study actually too, to study more again what do we need? But I just can't answer that right now, I'm sorry, I wish I could. I think there's a lot of room there for development and to make it consistent it might be just as easy to start from scratch.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for your response, Mr. Shapiro. Mahalo, Chair.

CHAIR KAMA: You're welcome. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Mr. Shapiro, for being here. Under that same item or letter H agree to affordable thresholds, Housing and Urban Development, HUD area median income for 30 years, do you agree with that statement that affordability should be within that 30 year?

MR. SHAPIRO: No. I mean there should be...it should be in perpetuity.

COUNCILMEMBER SINENCI: Perpetuity?

MR. SHAPIRO: Yeah, I forgot to mention that. I...yeah it should be...I mean if we're...if the Government is funding this solely it should be in perpetuity.

COUNCILMEMBER SINENCI: Okay. Thank you.

MR. SHAPIRO: Yeah.

CHAIR KAMA: Yes, Member Molina?

VICE-CHAIR MOLINA: Yes. Thank you, Madam Chair. Good afternoon, Mr. Shapiro, and thanks for being here. And, you know, you've come before us you're a retired developer and I assume that you've looked at the whole project scope itself and you've seen what the condition is like with that project and there's been reports of mold and whatnot. And, Madam Chair, if I'm out of line with this question let me know. As a

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former developer would you prefer, well I guess you kind of did answer the question from Member Rawlins-Fernandez, would you prefer working on rehabbing a place like this that has mold or would you see it better as demolishing and then, you know, starting fresh?

MR. SHAPIRO: So, if the question was asked how would I do it? Which is a little bit different than the previous question, you know, how do I think it should be done. If I were to do it I would start from scratch 100 percent.

VICE-CHAIR MOLINA: So, basically demolish and start up again.

MR. SHAPIRO: Yeah, yeah. I've looked at the pictures, I've looked at all the inspections and I mean you could do it, there's so much termite damage and I've done rehabs and it should be knocked down I think.

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

CHAIR KAMA: Any other questions? Okay, seeing none, I just want to welcome Member Paltin to our meeting today, aloha.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you for the invitation.

CHAIR KAMA: Thank you, Mr. Shapiro. Ms. Matthews?

MS. MATTHEWS: Madam Chair, our next testifier signed up to testify is Autumn Ness to be followed by Patricia Hunt.

MS. NESS: Aloha, Committee. Thank you, Chair, for hearing this item. I, like Mr. Shapiro, am in full support of having housing in this area. Yes, I support as much density as possible, if you can shove a bunch of studio apartments in that area great. I do think that if this is a publicly funded, publicly owned, centrally-located project up to 140 of AMI and for 30 years is like not anywhere near good enough. A 100 percent of AMI sounds good, 80 percent AMI sounds good, but I passed out this graph to you guys so we can look at what this really means in reality. A 100 percent of AMI for people like me or whoever is going to rent these things means that they can be charged \$1,425 a month for rent for a studio. That's crazy for a publicly-funded project, I mean that's a 100 percent. A 140 of AMI is \$1,900 a month for a studio. A publicly-funded project should not be renting for that. Even if you go for 80 percent of AMI that's still \$1,100 for a studio. If we're looking at really providing solutions for homeless or borderline homeless people, housing-challenged people we're gonna have to go down to like 60, 70, 80 percent at least or else there's I would rather not even see this built, it's a waste of money so if you're going to go up to 140 percent. Let's talk about what that means for the workforce. I have this little thing I took it off my wall today, it's tacked onto my wall above my home office desk, you also have a copy of this. This is our work...if we're talking about workforce housing, at the current minimum wage of \$9.25 an hour somebody makes \$1,400 a month, that means at 30 percent of their income they can pay \$493 a month for rent. Someone who makes \$15 an hour can pay \$800 a month

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for rent. So, if we're talking about building homes for our workforce who are lucky to make \$15 an hour 'cause that's way above minimum wage we need to be looking at \$800-a-month units. So, that puts us at 50 to 60 percent of the AMI and if we're not doing that then we're not solving the problem and we're dumping public funds into something that's not a solution when we...so I'd rather not even see the money be spent so we can do it more creatively. HUD numbers are just numbers and they're not serving anybody if we don't use them realistically so we have to do better than that especially when we're using public money. I mean like I said if we're not going to do better and we're gonna dump a bunch of money into this project that no one can afford anyway, I'd rather us keep the money and find something that we can do better. Thank you.

CHAIR KAMA: Questions...oh yes, Member Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Ms. Ness, mahalo for your testimony. I'm going to ask you the same question I asked, Mr. Shapiro. So, you started your testimony by saying that you are in full support of this. Again, the MOU gives the County the option to rebuild or to renovate --

MS. NESS: I'm not a developer --

COUNCILMEMBER RAWLINS-FERNANDEZ: --which do you support?

MS. NESS: --strictly from looking at the numbers and how many people we have the possibility to house on this property, I would say you should probably start over and that way you can put as many small units in that area as possible. It's super centrally located, close to all kinds of amenities, 12 units I feel like we can put 20, 25, 30 small units in there and then maybe it'll pencil out better and all the prices can be lower or something so yeah, I'm in favor of rebuilding.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Ms. Ness.

CHAIR KAMA: Any other questions?

MS. NESS: Thank you.

CHAIR KAMA: Seeing none, thank you, Ms. Ness. Ms. Matthews?

MS. MATTHEWS: Madam Chair, our next testifier is Patricia Hunt to be followed by Stan Franco.

MS. HUNT: Sorry. Hi. Thank you, Ms. Chair Kalama [sic] and the rest of the Housing Committee. Sorry, I'm not a politician. So, I actually...not that you guys care but I had worked for a billionaire over in Oahu who I lost my job and was a philanthropist and my idea was to speak with these people and I'm still hoping that works out. I'm flying to California because these are people who basically could donate money to help Maui and a lot of other islands here with affordable housing. Now, being displaced

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and knowing what it's like to be displaced and I have met several other people, and this has been a horrible experience, far from aloha what I've had to deal with. I'm speaking about this all in favor which I don't have construction degree but let me tell you what I do have. I was in the state of Florida during some of the worst hurricanes ever and saw houses that were built, that were supposed to be up to code for hurricanes. Hawaii and Florida are very similar as far as the weather, granted Hawaii has been blessed with not having a lot of hurricanes and hopefully continues to stay that way. But I had seen massive destruction over the years in Florida where construction and builders basically failed a lot of people who spent a lot of money, millions and millions of dollars. With that being said I lived in the old college dorms, not the ones that you guys want to demolish which I'm all for because when you have black mold you can ask anybody with any kind of medical degree which I don't have but you can look up the information it's very toxic. So, I'm all for and I've seen pictures of the property, it needs to be knocked down and as far as the other two people who just spoke I agree with them and everything that they are saying. If you're going to do affordable housing let's do it right, let's do it where we can get people who actually are being able to afford affordable housing. It's not to the market where they can't afford to pay their rent. Some of these people can barely afford to put food on their table let alone a roof over their head. So, with that being said with these whole...I'm all for rebuilding. I wanted to talk to your Committee about these cube homes, they did this in Sweden and I'll be happy...unfortunately I kinda was thrown a monkey wrench the last two days so I didn't have the paperwork to present to you guys. I've sent stuff but I sent it to Kelly King and I made a mistake on that, so I would like to find out and I will send each one of you guys a copy of these cube homes. This developer was an American citizen, went to Sweden and actually built these homes very affordable and made it so that they had affordable housing, they didn't have homeless anymore in Sweden and these homes were built at a very low income and they were built with quality, not just...I've seen the new college dorms across from the library which I actually lived in after an accident and I saw where the builder came over from the mainland and basically there was raw sewage that was dumped in...

CHAIR KAMA: Thank you for your testimony and I just want to remind you that the testifying has to be on the item in front of you --

MS. HUNT: Okay.

CHAIR KAMA: --which is UHMC dorms.

MS. HUNT: This does have to do with this though because the dorm that was built that the college actually put up and then they sold to private housing, I lived in those buildings and that developer basically was done, it was put up very quickly but the problem was it was not done correctly. And I don't have a degree in construction, but I can tell you after living there and seeing the construction that was going on with the pipes and the leakage into the ocean, you want to make sure that whoever develops this, granted it's not right on the ocean but you want to make sure that whoever develops this isn't just gonna slap up a bunch of buildings, and it's going to be done with quality and care. So, I'll be happy to forward you guys some information on these Sweden homes, on these



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cube homes, but it's affordable housing and I agree with what both of these people said if you're going to do it, do it right, do it where it's affordable or don't do it at all.

CHAIR KAMA: Thank you for your testimony.

MS. HUNT: Alright, and I just want to say one more thing quick thing I apologize. I have been trying to get a meeting with Michele McLean that is over all this building...

CHAIR KAMA: This is not in reference to this, but I think you should take that up with her if you don't mind.

MS. HUNT: Okay. I'm going to, but --

CHAIR KAMA: And she should be here pretty soon.

MS. HUNT: --when you guys have this --

CHAIR KAMA: Thank you.

MS. HUNT: --housing I would highly recommend to make sure that the people who are also doing the permits and all that are also very much involved in this.

CHAIR KAMA: Thank you.

MS. HUNT: Thank you.

CHAIR KAMA: Ms. Matthews, who is our next testifier?

MS. MATTHEWS: Madam Chair testifier is, Kehau Filimoeatu to be followed...I'm sorry our next testifier is Stan Franco to be followed by Kehau Filimoeatu.

CHAIR KAMA: Thank you.

MR. FRANCO: Madam Chair and Members of the Council, I'm Stan Franco, I speak for myself. Aren't you glad you have me twice in the same day?

CHAIR KAMA: Sure.

MR. FRANCO: I went and talked with the Council Staff and they gave me a copy of like a cheat sheet on this memorandum. And it talks about a project vision to provide housing for the neediest of our families and to provide wraparound services. That sounds more like Housing First, as a project I'm not sure what this project is from the project vision. It says if possible the Mayor intends to maximize the density on the property by developing additional units. I don't know what that means. If we're going to have a plan for the project, have the entire plan for the project laid out so that we understand what is the population we serving, how many units we can get out of the project. I think the other, Scott we need to build from ground up this project. This

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project we know through our own appraisal that is not suitable to be rehabilitated. What I want to see, a complete idea of our plan for this property. One of the main things of the SMS Hawaii report was using County lands which are owned by us to maximize housing in those...and here's one that's really as I've said before nine, probably close to about nine acres that if we can maximize the use is centrally located, it's in the urban ground...growth boundaries, it has all the...not appliances but utilities available so this should be maximized. I hope maybe we can get a hundred units there instead of 12 units for instance. But we have to have this planned out and we have to know who we serving and is this a group that we need to serve at this level. Again, as was said we cannot do this at a 140 percent, we got to do it at probably 80 percent and below and even lower maybe, if we're talking about the neediest families. So, my plea to you is to look at a comprehensive plan, don't rush into this, I know the question about rushing because of the Governor's proclamation, but I'm not in favor of that and, you know, I'm in favor of housing anyway we can get it. So, I ask you to really consider this closely and not just jump into it right now the way it is. That's my thoughts.

CHAIR KAMA: Members, do we have questions for our testifier? Seeing none, thank you, Mr. Franco. Ms. Matthews?

MS. MATTHEWS: Madam Chair, our next testifier is Kehau Filimoeatu to be followed by Jasee Lau.

MS. FILIMOEATU: Aloha, ohana. Thank you for being here as the AH Committee, the AH Committee. And thank you for listening to me. My name is Kehau Filimoeatu, I am not a paid lobbyist, and an unpaid advocate. So, and I'm a recent retiree of the, our 911 emergency com center and I see this as affordable housing in a crisis 911 situation. We're looking hard at, you know, hard and wide and all I came about is today this Affordable Housing Committee it's a sad situation when all we have is one item. It is a crisis situation, but all we've have been able to do is kick the can down the road. Affordable housing or whatever we look at and I agree with the previous testimonies about what AMI, ABC and whatever you're looking at. The need is what mandates the allocation of resources, we don't need a 120 AMI stuff, we don't need housing that our people cannot afford, and we don't need that lepo building that has been sitting there vacant for years and years. The college doesn't want it, they want to give it to us, hey fine, we'll take it, but what I see is that we're taking it and then we're kicking it down the road. 'Cause we're going to let HHFDC take 'em and I would have hoped that we could have done it ourselves. So, like I said malama kuleana and our kuleana is taking care of our constituency base. Our people that have left the place because they could not afford to survive here, that is a shame. Mahalo.

CHAIR KAMA: Members, questions for the testifier? Seeing none, thank you, Mrs. Filimoeatu. Ms. Matthews?

MS. MATTHEWS: The next testifier is Jasee Lau to be followed by Rick Medina.

MR. LAU: Hi, my name is Jasee Lau from Kula. I'm glad you guys are talking about some

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emergency housing and stuff because there's getting ready be a family of four coming down from Yuki Lei's neighborhood that's going to need housing pretty soon. Thank you.

CHAIR KAMA: Thank you, Jasee. Ms. Matthews?

MS. MATTHEWS: Madam Chair, our next testifier signed up to testify is Rick Medina.

MR. MEDINA: Thank you, Madam Chairman. Members of the Council and Mr. Mayor, is that you?

CHAIR KAMA: Yes, that is.

MR. MEDINA: Glad you're here, saved me a trip. What I was going to talk about is affordable housing in general, not specifically because I read in the paper that this was going to be affordable housing discussion so I came to discuss affordable housing in general, do you mind if I do that?

CHAIR KAMA: Sure.

MR. MEDINA: Okay.

CHAIR KAMA: As long as you're pertaining to the topic, Mr. Medina.

MR. MEDINA: Well, in this case I would support this but to expand the situation on affordable housing to me is a greater effort for you guys to take care of. Because we haven't had affordable housing for the last six years, seven years. When I left the Council nine years ago, I left the Council quite some time ago. But, Alice and I left it in great shape, that's what I thought. Alice is back and I'm here to support her because I know she's going to bring back the ideas that we had several years ago. And the several ideas that we had several years ago was to conduct County government according to County law. If you simply follow the County government by reading the Charter you would know that affordable housing would be here. It wouldn't be suddenly we're making it up, you're just following the County Charter. The County Charter says you're supposed to provide the water, you're not supposed to pass this responsibility on to on to the private sector. If you did that, what happens? Nothing happens, we don't have affordable housing for the last five or six years. This is sorry, sorry recommendations but maybe a sorry thing that I have to say and that is you folks not doing your job, Mayor, you're not doing your job. You got to provide the necessary infrastructure necessary so that the developers can provide affordable housing. Now, if you transfer the responsibility to the private sector, what happens? Nothing, nothing happened, big mistake, right? Now, you understand why I'm here, I came out of my sick-bed and come over here just to tell you folks this. I been retired now for 25 years, Alice, when did I retire? Yeah, many years ago right, a long time, but I still remember what we did for affordable housing. And what we did was, Mr. Mayor, we kept up with the infrastructure necessary to build affordable housing we couldn't depend on the private sector to provide that. That was your job if you

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didn't do your job we don't have affordable housing. And that's all I'm going to say, thank you very much.

CHAIR KAMA: Thank you, Mr. Medina. Questions? Hearing none, Ms. Matthews?

MS. MATTHEWS: Madam Chair, we do not have any other testifiers signed up in the Chambers or at the District Offices.

CHAIR KAMA: Is there anyone in the galley [sic] who wishes to testify? None. So, without objection, Members, I'd like to close public testimony.

COUNCILMEMBERS: No objections.

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

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

### **AH-18 COUNTY-OWNED PARCEL ON NORTH PAPA AVENUE (KAHULUI) (CC 17-213, CC 19-179)**

CHAIR KAMA: Okay, now the good stuff starts. The good scolding we got from you all I want you to know we heard it. Because at one time many of us were on that side scolding the people who were sitting in these chairs. So, now we're in these chairs and we deserve the scolding, but I would hope that you'd would have waited for a few years until we got scolded. But four months into our job and you're going to see some pretty good results in the next few months about some of the things we're going to do starting with today's discussion. So, Members, joining us today we have Mr. Craig Hirai the Executive Director for Hawaii Housing Finance and Development Corporation. We have also Mr. Dean Minakami the Development Section Chief for Hawaii Housing Finance and Development Corporation. We also have Mr. Lui Hokoana coming down, the Chancellor for the University of Hawaii Maui College. So, without objections, Members, I would like to designate all of these persons as resource persons pursuant to Rule 18A of the Rules of the Council.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. So, I would like to proceed with the meeting in this way. I'm going to invite Mayor Victorino who will give a brief remarks relating to this item. Then he will be followed by Deputy Director Linda Munsell so that she can provide an overview of the project and the agreement under discussion, followed by any additional comments from Mr. Hirai, Mr. Minakami, or Mr. Hokoana. Then I'm going to open it up to questions for all of us to discuss about the project in general before reviewing the agreement itself. So, we will go through the MOU item by item, and then we also have the directors from the various departments who are available to answer other questions as well. So specifically, I think would be helpful if we received a point-by-point explanation of the County obligations listed in Section 2 Items A

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through O on Pages 2 to 6 of the agreement when we come to that space and place and time. So, also so I would like to invite, Mayor Victorino to please proceed with your very brief remarks.

MR. VICTORINO: I intend to make it as brief as possible, Madam Chair, thank you. I came down, we have all...we have enough experts in the room that I don't need to be an expert. But let me tell you three things first of all, number one my intent is to take families off the street and to build as many units as possible. But there are restrictions, there are rules, there are policies. Unless you the Council changes all of that it don't happen. SMAs, EAs, and EIS' are what is going to be required if we start to do some of the things you've talked about, but we'll talk about that later, I'll let the experts handle that. Secondly, Madam Chair, my vision was to build 75 units on this property, but I've been slapped across the head a few times by many experts in this room telling me it's impossible. We have sand dunes in the back which I'm not going to touch and if you'd like to call Auntie Claire and the rest of them down here please bring them down to explain, okay. My third item is this, I bring forth projects that I know are doable and can be done expediently. We don't have time to wait, we've talked too much it's time to walk now, it's time to get the action on the Committee and doing it right and doing it right for the people who most need it. The 140 percent on the...is a starting point, it has to be there, but I'm looking at 80 percent or less. And I've made instructions for that, am I correct? They know where I want to go but I have to follow these certain procedures, it's in your hands now and I thank you for your time and I believe the people of Maui County need to know the facts, not emotional or innuendos, but the facts and the experts are here to give you the facts. Madam Chair, that's all I have to say, I wish you good luck, thank you for inviting me, and I'll see you soon. Aloha.

CHAIR KAMA: Thank you, Mr. Mayor. So, Deputy Director Munsell, would you like to begin your presentation?

MS. MUNSELL: Thank you, Chair. Good afternoon, Chair and Committee Members. My name is Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. With me today you've had...been introduced to the folks from HHFDC, they're here to help as well as any other departments that of which we might need to call on. I want to really thank you guys for the opportunity to be here today to discuss this agreement. We really appreciate your time and we really appreciate the fact that you have scheduled this special meeting just to hear this MOU, this agreement between us and HHFDC. As you're aware I know the County owns the property on the corner of Kaahumanu Avenue and Wahinepio typically referred to as the UH Maui dorms. The property is currently leased to the University of Hawaii through the year 2035 but the buildings on the property have been vacant for a number of years and are not currently habitable as you've heard. Considering the status of the property the Mayor's intention of...and the Mayor's intention of prioritizing appropriate County properties for affordable housing, Mayor Victorino and UH have agreed to terminate the lease for this property and transition it into housing for our most vulnerable families. To facilitate that transition before you today is an ordinance authorizing the Mayor to enter into a memorandum of understanding

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between the County of Maui and the Hawaii Housing Finance and Development Corporation or HHFDC. The purpose of the MOU is to outline the roles and responsibilities of each party in regard to the project including the funding, construction and then when complete the management and oversight of the property. This agreement provides the County access to \$5 million of State funding for the renovation or replacement of the existing 12 units and the community building as well as pre-development costs for environmental studies and entitlements for possible additional rental units on the site. We really appreciate our legislators very much for supporting this project they have worked very hard through the last budget session to appropriate the money specifically for this project in the budget and that budget is currently on the Governor's desk for signature. The funding proposed is through the Dwelling Unit Revolving Fund commonly referred to as DURF funding. The DURF funds are typically provided as loans unless those funds are used by the State to make improvements on their own projects. In this case we are intending to transfer the lease of the property from the University of Hawaii to HHFDC and then using DURF funds to renovate or replace the UH buildings which have fallen into disrepair. Once the construction is complete the project will be transferred back to the County through a sublease for use as an affordable housing project. Admittedly this is a slightly convoluted process, but it allows the State funds to be used to renovate or replace the vertical construction without being repaid and it still gives the County control and ensures that the project meets the County's long-term goal of providing affordable housing. The lease and sublease arrangement will run through the term of the original UH lease which ends as I mentioned in 2035 and then it will terminate. Having looked at alternative options we really believe that the proposal in front of us is the most expedient and efficient option available to us and allows us to leverage County resources. In addition to the funding that we're talking about the MOU also provides the basis for expediting this project under the governance [sic] emergency proclamation for homelessness. In order to do so however this agreement has to be executed before the emergency proclamation ends on June 11<sup>th</sup> and that's why you all have agreed to be here today to make sure that this could possibly happen during that timeframe. Approving the MOU and utilizing the opportunities provided under the proclamation will allow us to begin transitioning homeless families into permanent housing in this facility with wraparound services much more quickly than would otherwise be possible. We hope that would happen as early as November of 2020. A lot of discussion has been surrounding the 140 percent AMI question for this project, the DURF funding has that we're going to be using for this like any funding has got certain requirements attached to it. In the case of this MOU, the agreement to take these funds actually creates a liability for the County. So, the requirements of this funding is that it has to be used for 140 percent AMI or below. The County can choose what AMI below 140 percent to which will use this project. As long as of course we meet our obligation that the project remain affordable at least for 140 percent or below for 30 years. We are going to do that. I know that there's concern that we're going to rent these units, you know, at the higher market rents, that's not the case, that's not our intention. But the agreement for these funds requires us to meet that minimum. I really appreciate the opportunity to be here today and to have this up for a conversation and certainly I know that you have lots of questions and we'll look forward to addressing those.

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CHAIR KAMA: Thank you, Ms. Munsell. Mr. Hirai, would you like to add anything to what, Ms. Munsell has said?

MR. HIRAI: Let me just, I'm pretty much am in agreement with what Ms. Munsell said. Also, I want to reemphasize that the affordability requirement is 140 percent AMI or below and you can set it as far below as you choose. Also, you can make it for more than 30 years if you choose. Those are our minimum requirements and we wanted to give the County as much flexibility as possible. Also, in terms of the 15-year lease I think Item 2I says, you know, the County will accept all improvements constructed on the lease premises upon expiration of the lease in 15 years. I mean that's what we're talking about. If we made you a DURF loan you'd have to repay the \$5 million, this way just take the improvements at the end of the lease. I think that's...I'm available to answer questions.

CHAIR KAMA: Okay. Thank you. Mr. Minakami, do you have anything you'd like to add? Mr. Hokoana, is there anything you'd like to add?

MR. HOKOANA: Just to add that we're amenable to ending the lease with the college and deferring to our partners here at the table.

CHAIR KAMA: Thank you. So, Members, if you would indulge your Chair I have a few questions I would like to ask before I open it up for all of you if you would indulge me.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. So, I have a few questions and I'd like to probably address it to you first, Ms. Munsell, and if you can't you may pass it on if you...so June 11<sup>th</sup> deadline relates to the expiration date for the Governor's housing emergency proclamation and Ohana Zones funding but this project is to access DURF funds so why would those same time constraints apply?

MS. MUNSELL: Chair?

CHAIR KAMA: Yes.

MS. MUNSELL: The MOU actually serves two purposes for us. It not only is an agreement that allows us to access the DURF funding, but it also solidifies our opportunity to...by entering into this agreement it solidifies our intention to take advantage of the Governor's proclamation on...for homelessness. And what that means is rolling forward once this MOU has been executed we can actually then go ahead and finish the process. We would otherwise have to enter into a number of contracts instead of just this one and this just allows us to do that more quickly.

CHAIR KAMA: Thank you. So, I have another question. So, looking ahead what do you envision as a final outcome for this parcel, what type of housing, number of units, target population served, wraparound services provided?

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MS. MUNSELL: Thank you, Chair. The Mayor's vision for this property is to maximize the density on it. In consultation with the other departments it has been determined that the maximum number of units that could be supported here is probably about 62. So, currently the...and this is based on the water and the current footprint of disturbed property. So, if you look at this eight acres that we're discussing, about four of it has actually been developed and the other four is mostly sand hill and has been as far as I know undisturbed. We are talking about reusing the footprint of the current property for our total vision for the property. Unfortunately, before we could do additional units on this land we would need to go through the EA and the SMA as well as a bunch of other processes which significantly delays the opportunity to start turning dirt here. We're probably looking at the summer of 2023 is what our projection is with no guarantee that we would actually be allowed to increase the number of units on this property once the assessment has been done. Our target population for the first 12 units will be people who are transitioning from homelessness. The overall property we need to make sure that it will support itself, so I would suspect that we will have a broader range of incomes in here. It would be targeted at the 80 percent and below. Did I miss any of your questions? Oh, I'm sorry and the 12 be finished...under this proclamation if we're able to do this the proclamation allows us expedite this process so we would still go through the EA and the SMA and the community plan stuff but because we're not disturbing the ground we'll be able to do that in parallel rather than in serial so we would expect the first 12 units to be occupied in November of 2020.

CHAIR KAMA: Thank you. I have another question, actually I have a couple more. So, in the exhibit in the MOU, in the MOU it has Exhibit C1 through 3 so is that there because it's supposed to be an example or a sample in the MOA or is that...what are those three forms? C1 through 3, it's just a sample?

MR. MINAKAMI: Yeah, so those are just sample worksheets which would be submitted --

CHAIR KAMA: Okay.

MR. MINAKAMI: --by the department for reimbursement from the DURF funding.

CHAIR KAMA: Okay. Thank you. So, I guess this is for you too, Ms. Munsell, SSFM International submitted a contract in 2017, 2017-139.000 to the Department of Housing and Human Concerns on November 21, 2017 for an agreement for professional services to provide structural and civil engineering services for this project. What is the status of that contract?

MS. MUNSELL: Chair, we...in the last Administration they had gone to...out to...for proposals to have the structural assessment done of these buildings. When the proposals came back they ended up being significant higher than the money that was provided to us for that. Instead we had contracted with a professional property assessor who came in and did an analysis of the project. To be perfectly honest, the last Administration was not...would have liked to maximize the use of the property in a different way than this Administration is trying to do. And so, they had determined that they didn't want to go through the process of doing the full assessment in the end



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because of the cost. The situation in front of us today is different, what we have is an opportunity to actually put some people into housing much more quickly. We have funding available to us to do that. So, we are now in the process of doing the assessment that, the thorough structural assessment that we had not done under the prior Administration. So, that's where the status of that is.

CHAIR KAMA: Thank you. So, right now that's the questions I had for you. So, I'd like to now open up for questions from the Committee. Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. My question was can we make amendments to this MOU?

MR. HIRAI: It's not a matter of legality or principle, it's a matter of timing. My Board has approved this MOU because we thought we needed to approve it before submitting it to you folks. If you make a material amendment, we will have to take...we could have to take it back to our board for approval. That's all, I mean it's just basically a timing thing.

COUNCILMEMBER SINENCI: Okay. Thank you.

CHAIR KAMA: So, Mr. Hirai, is the answer yes or no?

MR. HIRAI: The answer is yes but --

CHAIR KAMA: Time constraints.

MR. HIRAI: --yeah, but the timing constraints will...may come into play.

CHAIR KAMA: Okay. Thank you. Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Ms. Munsell, now how much is it for the design and construction? Is it 5 million or is it less?

MS. MUNSELL: Chair?

MR. HIRAI: Councilmember Lee, what we are focused...what we HHFDC are focused on right now is House Bill 1259 which is the capital improvement project budget for the State of Hawaii. We have...in there you'll see that we have an appropriation for the first year of the biennium of 42 million for DURF and 25 million in the second year for DURF. There is on Page 151 and 152 a proviso in Section 6 saying there is appropriated out of the Dwelling Unit Revolving Fund the sum of 5 million or so much thereof as may be necessary for Fiscal Year 2019 to 2020 for reasonable costs relating to entitling and rehabilitating or replacing four existing structures with at least 12 permanent rental housing units with support services on the site owned by the County of Maui in Kahului, Maui and identified as tax map key (2) 3-8-007:117. Such appropriation may also be expended for predevelopment costs relating to environmental studies, planning and entitlements for the development of additional rental housing units on

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this site. The sum appropriated shall be expended by Hawaii Housing Finance and Development Corporation pursuant to a regulatory agreement between the Hawaii Housing Finance and Development Corporation and the County of Maui for purposes of this act. That is what HHFDC is operating under assuming which I will assume...I'm assuming the Governor will sign this into law, it becomes for us law.

COUNCILMEMBER LEE: I was just wondering if you had a estimate already if that was the design and planning and construction costs. I was wondering where the wraparound services costs come from, and then if it is a \$5 million estimate for the renovation of 12 units, then we're looking at 380, 390,000 per unit?

MR. HIRAI: Let me defer to Ms. Munsell on that.

COUNCILMEMBER LEE: Okay. Thank you.

MS. MUNSELL: Chair? So, the wraparound services are actually coming from a different source of funds. We have applied for Ohana Zone funding through the State for two years of operating and support services for the folks once we've moved them in so that's a completely separate set of funding. As far as the use of the \$5 million, as I said we're in the process of contracting for a architectural and structural assessment of those buildings and at that point we'll have a better feel for whether we would be able to renovate or whether we actually need to replace the structures. Once we have that assessment then we will take it to bid and then we'll have contractors actually tell us what the cost of those will be. As far as the specific areas...costs of each one of those items, I don't have that yet, but we will shortly.

COUNCILMEMBER LEE: And then I was wondering with 12 units are you going to have a mixed population like men, women, families, children all kind of mixed up together?

MS. MUNSELL: Chair? The current plan is to house families in these units. When we develop the larger project, it is also possible that we'll have a mix of different sizes of units, not just for families but also for singles and others.

COUNCILMEMBER LEE: I'm wondering on affordability, those in transition meaning perhaps transition in jobs, transition in housing, you know, from the streets to the...to an apartment, I'm wondering how they're going to afford it, you know, for a whole family. Have you thought about that?

CHAIR KAMA: Yes, Ms. Munsell?

MS. MUNSELL: Chair?

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: Or are they going to become Section 8, you know, residents?

CHAIR KAMA: Yes, go ahead.

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MS. MUNSELL: So, as far as the rent or the cost of rent for the actual families in these units, it would be based on any income that they might actually have. So, the guidelines say that they should spend 30 percent of their income so if they've got a \$100 of income then they would be spending a third of that as their part of the income for this property. For the first two years we're receiving assistance through the State, as I said the Ohana Zone to make sure that the property can support itself operationally.

COUNCILMEMBER LEE: No, I was just thinking not so much operationally but more of the residents to be able to afford these units especially if you're focusing on families it might be worthwhile to consider reserving Section 8 vouchers for these 12 units so that I mean if somebody is making a \$100, come on, you know, how do you pay for food and transportation and everything else yeah. So, if you want to really make it work and hit the targets you're after, you may...you might have to reserve some vouchers. That's all the questions I have for now. Thank you.

CHAIR KAMA: Thank you. Mr. Molina?

VICE-CHAIR MOLINA: Yeah. Thank you, Madam Chair. Good afternoon, Mr. Hirai, Mr. Minakami, Chancellor Hokoana, and Ms. Munsell. Let me just first start off by saying that I do have some concerns about the language in the MOU. You know, by leasing out the property to...which is our property to the HHFDC it just appears that the County is potentially making a lot of concessions as it relates to the rights of the property. And for example the MOU requires the County...I guess...I presume in exchange for the 5 million to terminate the existing lease, create a new one, satisfy funding for contracts, indemnify the State and HHFDC, obtain performance bonds, provide pollution liability insurance, pay administrative and development costs to the State and I hope that's all I have. But maybe I don't know if maybe, Ms. Munsell can share why are we...at least it appears on paper why are we willing, the County of Maui to give up so much for this proposal? 'Cause it just seems like the State is almost telling us what to do with our own property. Can I get some comments from the Department?

CHAIR KAMA: Mr. Molina, if you would...

VICE-CHAIR MOLINA: Mr. Ueoka?

CHAIR KAMA: It's...Jeff?

MR. UEOKA: Thank you, Chair. Member Molina, I did review this MOU. It is one of the more...it's a standard document from HHFDC. The idea behind terminating the lease is...the current lease is with UHMC so in order as Mr. Hirai mentioned in order for us to get a not loan from HHFDC to pay for it, it has to be "HHFDC's property" that the \$5 million in DURF funds are being used on. So, we terminate the lease with UHMC, we enter into a lease with HHFDC therefore the \$5 million in DURF is going on to a HHFDC property. They then sublease it, HHFDC immediately subleases it back to the County and we'll be responsible for contracting for the construction and doing all the work. It is our property, we did apply and ask them for this funding so it's not really

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they're telling us what to do or how to use our property, there was a plan formulated, we asked them, they obliged and now we're asking the Council for permission on entering into this intergovernmental agreement. As far as all the indemnification language, I guess the State wants to be protected in that they're more like of a pass through in a sense on this project. And in regards to the pollution liability insurance coverage that's our contractor that we hire needs to name them as insured. They do recognize that the County is self-insured and they understand that we will be trying to make sure they're protected and we're protected by our contractors when we actually sign up with people. So, I do understand when you read it initially it does seem like we're giving up a lot, but it's just to make sure that at the end of this it's not a \$5 million loan to the County, it's a \$5 million grant in a sense that at the end of it when the lease terminates everything and the improvements comes back to the County so at the end of 15 years this County will own the property, the lease will be gone, and we'll have the improvements. Does that clear it up for you, Mr. Molina?

VICE-CHAIR MOLINA: Yeah, I guess somewhat. And, you know, for me it's like so how much would these concessions that we're giving, how much is it going to cost us, you know, in return for the \$5 million and so forth? So, I don't know, maybe the Department or...has an assessment been done?

MR. UEOKA: I...Chair, if I may?

VICE-CHAIR MOLINA: There's a cost to everything as, you know, any tradeoff.

CHAIR KAMA: But what the Chair was going to do after you all finish your questions was to go through the MOU.

VICE-CHAIR MOLINA: Okay.

CHAIR KAMA: Through the section that talks about the County's obligations and go through each of them from A to O I think and then if you all had any questions along the line --

VICE-CHAIR MOLINA: Okay.

CHAIR KAMA: --we could respond to that as more methodical.

VICE-CHAIR MOLINA: Okay.

CHAIR KAMA: So, anybody else have any questions?

VICE-CHAIR MOLINA: I'll go ahead and wait for that. Thank you.

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

COUNCILMEMBER HOKAMA: I'm like Mr. Molina I have concerns with this MOA. Telling me to lease my own land, that's a good one. So, besides getting potentially \$5 million from the State 'cause I look at it as like lease payment okay, they using our land. So,

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maybe for Mr. Hokoana, you folks went in for an EA already for something the University had wanted to contemplate at one time? Chancellor, is that a good understanding of our side?

MR. HOKOANA: I'm not able to answer that question, but I do know we had done some initial work on what it would cost, and we had received...the original idea was to create a training hotel at that spot. But because the economy had changed we had an appropriation for about \$2 million and when we had, did our work we had anticipated it would cost about \$2 million. The bids came back at \$5 million so we decided at that point not to pursue that...pursue doing it at that site, we will do it on campus now. But we did not believe we had the necessary resources to renovate that structure. So, if we were going to keep the...if we were going to maintain the structure it was our intention to tear down the structures and to leave it unused until we developed it into our long-range development, included in our long-range development plan. So, the opportunity to work collaboratively with creating a housing program there, we are excited about that opportunity for them to be very close to the college and providing wraparound services, specifically training services to the population. We recently from the State government received money to fund the position in HINET that will work with clients who are on welfare and providing social work and then bringing in support services into this one-stop center that we've developed at the college that will open this fall. So, this is a...it's the timing we think is perfect, the opportunity to serve a population that we don't necessarily get to serve consistently or get to serve because they come in at different places is an...we find it as an excited opportunity to work collaboratively to support that community.

COUNCILMEMBER HOKAMA: Okay. So, if I can ask.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, since the university, our understanding is you did some type of environmental study yeah, an assessment, whatever it be? The site is already disturbed ground, we built structures on it so why wouldn't their assessment be good enough for what we want to do? Why would we need to another more in-depth study for the project?

MS. MUNSELL: Chair?

CHAIR KAMA: Ms. Munsell?

MS. MUNSELL: My understanding of what they did was they did a cost assessment, they didn't do the Environmental Assessment. So, in our case we're talking about looking at whether we're going to renovate or rebuild on the current foundations, the current footprint without doing ground disturbing activities. Once we are past that, we start disturbing ground I think that we need to the EA first and that delays the project significantly.

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COUNCILMEMBER HOKAMA: Okay. So, it doesn't matter who does the project we're going to need an EA?

CHAIR KAMA: Go ahead, Ms. Munsell.

MS. MUNSELL: Chair? Yes, we are doing an EA either way.

COUNCILMEMBER HOKAMA: Have you started?

MS. MUNSELL: No.

COUNCILMEMBER HOKAMA: Departmental-wise?

MS. MUNSELL: We don't have the funding yet. That's what we're talking about today.

COUNCILMEMBER HOKAMA: I swear we gave funding one term ago or something. I mean this is my third term I talking about this project. And I'm hearing that it's going to take another two three terms to finish construction. That's 12 years for me. I'm done at this time, Chair. Thank you.

CHAIR KAMA: Thank you, Mr. Hokama. Any other questions?

COUNCILMEMBER SUGIMURA: Chair?

CHAIR KAMA: Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. So, the...from what I've been hearing if we do build on the 4.4 acres which is what the UH dorms lot is, the total space of...the total acreage that the County has is eight acres. So, in our discussion by listening to what the Mayor said and what you've presented the additional 50 units would be on the...if you go towards 62 units if that was the number I heard in discussion would be on the additional four acres of this eight-acre lot not the UH or...UH was only the first four acres correct?

MS. MUNSELL: Chair?

CHAIR KAMA: Go ahead and answer that, Ms. Munsell.

MS. MUNSELL: Thank you for the question. Actually, no it would be on the UH property. So, there is...they're the current buildings that are existing, there are also two other areas which had been graded significantly and looking at those footprints and again it's preliminary but looking at those footprints and doing assessments of other projects that would be similar, by increasing the height of the units built on there it's a possibility to get an additional, up to the additional 50 units.

COUNCILMEMBER SUGIMURA: I see. And to do this project I'm sure you're going to be hiring an architect or we'll be doing an environmental, well a archeological impact

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study and we'll do whatever SHPD requires us to do. It will be part of our development plans right? Okay good. And so, you're saying to do right now the 12 units so that we can start tomorrow so to speak, and to do the additional 50 how does the Department plan to do that? If you decide to do the 62 units?

MS. MUNSELL: Chair?

CHAIR KAMA: Yes, Ms. Munsell?

MS. MUNSELL: So, part of this process, the Governor's proclamation allows us to expedite the first 12 units and this funding that we're asking for you to help us receive will actually pay for the studies associated with that second phase. So, depending on how the assessment comes back will determine how we will proceed on the current 12 but at the same time we will also start on the second phase which is doing the EA, the SMA, the Change in Zoning and other things that are going to be required for Phase 1 regardless but also will allow us to go into the additional units to increase the density.

COUNCILMEMBER SUGIMURA: Okay. And the emergency proclamation, the...this is why we're hearing this MOU today is because we're trying to get to June 11, 2019 because that's when the emergency proclamation will end with the Governor and we would lose the ability to have the wraparound services?

CHAIR KAMA: Go ahead, Ms. Munsell.

MS. MUNSELL: No, what we actually lose are two things, the opportunity to do the, expedite the units so if we miss this opportunity that means the first 12 we have to do the SMA, the EA and all those things before we start or we have to have that contracted before then. And it's a timing...it's a time...it depends on what the folks here want. I understand the idea that you would like to go from start to finish in the usual manner. The trick is that the EA and SMA make may come back that we cannot ever increase the density on these...on this property and what we gain by doing it this way is that we will have at least the 12 and it will happen very quickly.

COUNCILMEMBER SUGIMURA: Excellent. Okay. Thank you. I'll wait.

CHAIR KAMA: Thank you. Okay, Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair Kama. Okay, Ms. Munsell, is the County able to apply for DURF funds directly or is it a requirement to have the HHFDC administer the State funding? Mr. Hirai?

CHAIR KAMA: Go ahead, Mr. Hirai.

MR. HIRAI: The DURF fund is one our constituent funds so if you we're going to...you could apply to us for that, but it would still be administered by us. We administer the Dwelling Unit Revolving Fund and typically with the County it's a loan.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification. Ms. Munsell, on Page 6 of the MOU and, Chair Kama, stop me if we're going to go through this but --

CHAIR KAMA: Can I stop you now?

COUNCILMEMBER RAWLINS-FERNANDEZ: --in response to Member Hokama and Member Sugimura it sounded like there was conflicting information. So, it says the proclamation, the MOU is entered into which suspends a number of statutory provisions including but not limited to EA, EIS, procurement, wages, hours, unemployment, public works, County. But you said that the EA would be required either way.

MS. MUNSELL: Chair?

CHAIR KAMA: Yes, Ms. Munsell?

MS. MUNSELL: Thank you. Yeah. The...and that's a...it's a very interesting, the language is very interesting. It suspends those requirements, it does not exempt us from those requirements so at the end of the three years we still will have had to complete the EA and the SMA, and the Change in Zoning and gotten the permits for these buildings or we have to abandon the project. And that's not the idea that we want to have going, we want to actually develop long-term affordable units on this property.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. That's all I have, and we'll go through the MOU --

CHAIR KAMA: Yes, we will.

COUNCILMEMBER RAWLINS-FERNANDEZ: --together. Mahalo, Chair.

CHAIR KAMA: You're welcome. Any other questions? If not, can we go ahead and review the MOU? So, if everyone would like to please turn with me to Page 3 where it says, County obligations and where it says the County agrees to the following: A, Contract with Service Provider. Procure and contract with a service provider for the investigation, planning, design, renovation, construction, ownership and operation of the project. Any comments, Members?

COUNCILMEMBER SINENCI: Yes.

CHAIR KAMA: Yes, Mr. Sinenci?

MEMBER SINENCI: I was wondering if changing the language from renovation to demolition would cause a significant time delay?

CHAIR KAMA: Mr. Hirai or Ms. Munsell, either one of you? The verbiage.



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MS. MUNSELL: The...Chair?

CHAIR KAMA: Yes.

MS. MUNSELL: The DURF funds actually require us to have units on this property so if we were to simply to demolish then...I mean it's possible that in the process after our assessment we'll discover that demolition is what we need to do in the process of replacing these units. So, I think it's implied.

UNIDENTIFIED SPEAKER: It also allows for construction and by including construction we meant new construction if so desired.

COUNCILMEMBER SINENCI: Thank you.

CHAIR KAMA: You're welcome. So, if there are no other comments, can we continue on to item B, Identify Scope of Work. Together with the service provider identify the necessary scope of work for renovations of the existing housing facilities and/or construction of new facilities for development of the project. Any comments, Members? Going on to item C, Submit DURF Funding Request to HHFDC. After DURF approvals have been obtained, submit requests for payments from DURF funds to HHFDC (no more than once a month), accompanied by the worksheets, invoices and information supporting the withdrawal, in forms attached hereto as exhibit C, and hereby incorporated by reference, or as otherwise approved by HHFDC; supporting information shall include the DURF funds budget, amount of the DURF funds paid to date, amount of the payment requested and amount of the DURF funds budget remaining. Comments, questions? If not, can we go on to item D? Obtain a Right-of-Entry from the University for Planning. Prior to the cancellation of the University lease, obtain a right-of-entry from the University as necessary for site investigations and planning of the project. Comments? None. Going on to E, Cancel Existing University Lease/Issue New Lease/Agree to the Right of Entry/Agree to Sublease/Issue Sublease. Cancel the existing university lease, issue a new lease to HHFDC in a form acceptable to HHFDC and the County, agree to the right-of-entry. and upon completion of construction, agree to the sub-lease from HHFDC and maintain and operate the project. After the sublease, issue, a sublease to the service provider or other County designee operation of the project as applicable. Comments? Item F.

COUNCILMEMBER HOKAMA: Chair?

CHAIR KAMA: Yes, sir?

COUNCILMEMBER HOKAMA: That's just legal gobbledygook for me yeah.

CHAIR KAMA: Okay.

COUNCILMEMBER HOKAMA: Maybe Mr. Ueoka, can give us the layman's understanding.

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CHAIR KAMA: So, would you like to respond to that, Jeff?

MR. UEOKA: I'll give it a shot. Thank you, Chair. So, basically what's going to happen is we'll cancel the lease with UH then we lease the property to HHFDC so we can get the DURF funds for the property. And then what HHFDC does is they sublease it back to us so that we can do the work, operate the project and do everything there, and after the sublease issue a sub-sublease which will be to our service provider, the person who's actually going to run the operation at the newly constructed 12 units and the wraparound service facility. I think that's what the topic is, so it is complicated but it's basically so that we can get the 5 million from HHFDC without having to repay it as a loan down the road.

COUNCILMEMBER HOKAMA: Can we make them the sublessee? And give 'em back to them?

MR. UEOKA: My understanding was HHFDC want...doesn't...wants it to be our project, they want the County to be able to run it the way the County wants to, so they want it to be our project, that was their desire in doing all of this.

COUNCILMEMBER HOKAMA: But you giving me their terms and conditions, it's not what I want.

MR. UEOKA: Yeah, it's this body's option to accept or...authorize or not authorize the Mayor to enter into this MOU with the State.

COUNCILMEMBER HOKAMA: Could HHFDC be the operator of the project? Have you folks done a project on another site?

MR. HIRAI: We wouldn't operate it, we would typically lease it out to an operator. I mean we typically on our projects we'd lease it out to a developer operator.

COUNCILMEMBER HOKAMA: Okay, I'm good for now, Chair. Thank you.

CHAIR KAMA: Thank you, Mr. Hokama. We're going to continue reading unless you've all read this and you're all good with it and then we'll just make a recommendation. I mean I just wanted to make sure you all read it and you all understood it. 'Cause I don't want you all to be led down a rabbit hole and that if stuff comes up in a year or two don't forget we were all here, we all did it together. Yes, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I think under H we had the testifier and my concern is the 30 years of median income for 30 years keeping it in...can we expand that one? I know, Mr. Hirai mentioned that or is that part of the contract?

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: Thank you. Mr. Sinenci, it's...this is their standard language, the 140 percent or below and 30 years. However, because it is going to be owned and operated by the

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County and you guys are our policymakers you can make it for less than 140 percent AMI if you guys choose to do so and we'll own the property and the project and the buildings and everything at the end of 15 years. So, it's up to this body so it doesn't need to be in here because you guys can make that determination separately.

COUNCILMEMBER SINENCI: After 15 years?

MR. UEOKA: Yeah, after 15 years. This is the I guess the floor in a sense, 30 years is the floor you guys can make it as high as you want on your own because it will be a County-owned project.

COUNCILMEMBER SINENCI: Okay. Thank you for that clarification.

CHAIR KAMA: Yes. Mr. Molina?

VICE-CHAIR MOLINA: Yeah. Thank you, Madam Chair, so procedurally today I'm under...of the understanding that you're going to go through this letter by letter, right?

CHAIR KAMA: Until we get to letter "O".

VICE-CHAIR MOLINA: But now you're willing to change now the process?

CHAIR KAMA: Only if you all think that you've already read it and you want to go through, but I want to go through it item by item. If that's okay with all of you?

VICE-CHAIR MOLINA: Yeah that's fine 'cause I got --

CHAIR KAMA: Yeah.

VICE-CHAIR MOLINA: --questions for F and G so if we can.

CHAIR KAMA: Okay. So, Mr. Sinenci, did you get clear on your answer and are you okay with that?

COUNCILMEMBER SINENCI: Yes, I did. Thank you, Chair.

CHAIR KAMA: Okay. So, just wanted to make sure that it doesn't have to stay at 140, they put in here for that language but for us this Council has already gone on record that the population that we want to serve is the 60 to 80 percent and everybody else is going to fall in line too but that's who we want to target in.

COUNCILMEMBER SINENCI: Thank you. . . .*(inaudible)*. . . --

CHAIR KAMA: So, that is who this is going to target.

COUNCILMEMBER SINENCI: --put it on record. Thank you.

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CHAIR KAMA: Put it on record, thank you. Yes, Ms. Lee?

COUNCILMEMBER LEE: As usual I have my own alphabet coming up. I just wanted to check with HHFDC if this is a standard MOU, that you've done this with other counties or service providers or is this something we're breaking new ground?

MR. HIRAI: We do similar memorandums of understanding with other counties and other State agencies. But some of the language here tends to be used again and again.

COUNCILMEMBER LEE: So, --

MR. HIRAI: As, Mr. Ueoka said.

COUNCILMEMBER LEE: --one last...okay one last question.

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: Was this HHFDC's proposal or was this the County's request?

MR. HIRAI: We were trying to figure out a way to do this, you know, so that it wasn't a loan.

COUNCILMEMBER LEE: Well, who started the...

MR. HIRAI: The short answer is I believe it was the County's request yes.

COUNCILMEMBER LEE: County's request. Okay. Thank you. Thank you. Now, I'm ready to go on. Thanks.

CHAIR KAMA: Okay, thank you. Okay, we good? So, we're going to continue with item G, alphabet G. Reimburse HHFDC's Costs. Secure the funds necessary to reimburse the HHFDC for administrative costs and other developmental costs mutually agreed to by HHFDC and the County. Letter...

MR. MINAKAMI: What this item is for is that we're ready to assist the department in any way with studies or whatnot. It's just that we would be reimbursed for example if we assist them in contract for design or master planning we would expect to be reimbursed for those costs and now that the DURF funds have been appropriated it would be out of the DURF funds. So the F and G were...we weren't sure of the timing of the DURF appropriation and how the project would proceed so if this had moved along very quickly we might have started work on some design work and we would have had, need to have a source of funding ahead of time to start the work but now that the DURF funds are appropriated F and G they almost go away.

CHAIR KAMA: Yes, Ms. Lee?

COUNCILMEMBER LEE: Yes, a follow-up question sort of. This...when you talk about costs, one of the requirements of this MOU is that we must proceed with all the necessary

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entitlements for this property and so what if we're not able to get zoning or an EIS approved within three years or an EA or SMA, what happens? Who bears that cost?

CHAIR KAMA: Ms. Munsell?

COUNCILMEMBER LEE: Is there some kind of contingency?

MR. MINAKAMI: Well, basically the project would not start construction until the entitlements are in hand, I believe that...

COUNCILMEMBER LEE: Oh I thought you said parallel processes --

MS. MUNSELL: Sorry...

CHAIR KAMA: Go ahead, Ms. Munsell.

COUNCILMEMBER LEE: --yeah--corresponding...

MR. HIRAI: I'm going to defer to Mr. Ueoka.

MR. UEOKA: Thank you, Ms. Lee. We're going to utilize the waivers provided for or the suspension provided for by the Governor's proclamation, so we can move parallel so not to delay the project. Zoning, I really hope we can get for our own County project from the County Council, if it doesn't happen I...the MOU doesn't really address it, but it will be problematic as we'll have 12 units on property that doesn't have the necessary entitlements. So, we really hope that we can work everything out as going forward but I don't see a penalty provision in here regarding...

COUNCILMEMBER LEE: Oh good. I'm sorry I brought it up.

MR. UEOKA: Yeah.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Ms. Lee, I think Planning is in the house, would you like us to bring Planning down here?

COUNCILMEMBER LEE: No, Madam Chair.

CHAIR KAMA: Okay.

COUNCILMEMBER LEE: Because it...once we apply for these various processes it's out of our hands, it takes on a new life and it depends on the community's reaction and the bureaucrat's reactions. So, it's not just Planning it's a lot of other people who will be touching this project.

CHAIR KAMA: Well, just for your zoning you might want to.

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COUNCILMEMBER LEE: No. Thank you though. Thank you.

CHAIR KAMA: Okay. Want to take of you, Ms. Lee.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Okay. Continuing on. We're on item H, Agree to affordability thresholds. Agree that except for a manager's unit the project shall be affordable to households at 140 percent or below the U. S. Department of Housing and Urban Development or HUD area median income for 30 years from the date of the completion of renovation of the last building in the project, and agree that the fee simple title of the lease premises shall be encumbered with HHFDC's affordability restrictions to secure compliance with this requirement. Questions? Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: So, we heard this afternoon 2023 the last building is that a good target year? So, 30 years after '23.

MS. MUNSELL: So, we anticipate that these units are going to be finished in 2020 and it would be the third phase that would end in 2023.

CHAIR KAMA: So, the first 12 units will be done in 2020?

COUNCILMEMBER HOKAMA: Well, that's what we need to know it says renovation of the last building in the project.

CHAIR KAMA: Twenty twenty-three.

COUNCILMEMBER HOKAMA: That what it says in H. So, we talking only about the 12 units and not the other 50?

MR. UEOKA: Yeah. Mr. Hokama, my understanding is and correct me if I'm wrong, Ms. Munsell, but the 12 units should be completed by 2020. That other building is the other 50 units, the last building of the extra 50 units would be, if we move forward would be completed by...

COUNCILMEMBER HOKAMA: So, this 30-year time clock is based on what then?

CHAIR KAMA: The last unit.

MR. UEOKA: It would probably start at 2020 but again it's our property, our buildings, after the 15 years our property, our buildings, Council is in full control over anything above 30 years.

COUNCILMEMBER HOKAMA: Okay. You keep bringing up 15 years yeah and we don't see 15 years in this document.

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MR. UEOKA: Mr. Hokama, in here it talks about the lease between HHFDC and the County on Page 2 Item B3, enter into a lease with the County in a form acceptable to HHFDC and the County to be executed prior to start of any project, construction, renovation work, and there's a...

COUNCILMEMBER HOKAMA: So, after 15 years the County has, what is our advantage now? We have the right to sell? What is our --

MR. UEOKA: After 15 years...

COUNCILMEMBER HOKAMA: --15 years.

MR. UEOKA: Well, basically the lease expires with HHFDC. So, we take over the project, we own the buildings now, they...their lease is expired, we own everything completely. We have all the rights of it. And then we still have the 30-year restriction on it per this agreement, but again as I mentioned earlier if you guys want to go longer than 30 that's up to you, 30 years is the floor. So, the advantage is at that point you own the buildings, you still have a requirement on it of 140 percent or below AMI and 30 years for that, but you own everything at that point.

COUNCILMEMBER HOKAMA: And we can sell it?

MR. UEOKA: We can look into the feasibility of that at the time, but it would be sold with these restrictions on them is my understanding.

COUNCILMEMBER HOKAMA: No, I understand, but we can sell the project.

MR. UEOKA: Potentially, yes.

COUNCILMEMBER HOKAMA: Okay. 'Cause why would I want to wait 30 years and then have to deal with renovation, termite, dry rot and everything else?

MR. UEOKA: It's up to the Council, Chair. Thank you.

CHAIR KAMA: Thank you, Mr. Ueoka.

COUNCILMEMBER HOKAMA: No, no, I'm just asking because I'm trying to make sense of this terms, what is good terms for the County. Maybe we should sell after 15 years. So, what we are assuming then that this is a for-rental project only, not nobody gets to buy from this project?

MS. MUNSELL: That's correct, this is a rental project.

COUNCILMEMBER HOKAMA: All 62, potential 62 units?

MS. MUNSELL: Chair, yes that's the intent for this project.

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COUNCILMEMBER HOKAMA: Is there an agreed upon minimum units or percentage for the Chancellor and his program needs whether it be for faculty or student needs that there is no agreement with Maui College?

MS. MUNSELL: Chair?

CHAIR KAMA: Mr. Hokoana?

MR. HOKOANA: No. And yeah, no, I'll just say no.

COUNCILMEMBER HOKAMA: Okay. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Hokama. We are now on...

VICE-CHAIR MOLINA: Chair? Sorry. I have a question. Follow up please.

CHAIR KAMA: Oh, yes, Mr. Molina.

VICE-CHAIR MOLINA: Question for the Department, help me understand, so the Department's intent is to go the rehab route, right? Not demolish? Is that true?

CHAIR KAMA: Yes, Ms. Munsell?

MS. MUNSELL: Thank you. Thank you for the question. That is not our intent. We don't know yet how this project is going to proceed. The assessment, we have an architect and a structural engineer who have walked through the project as well as a CIP engineer for the County and they've looked at the property and they believe that it is possible to renovate; however, we are not going to put families at risk so the thing that they need to do is actually do a thorough investigation as to the structural integrity of these property, this property and then do an assessment on what it would cost in order to make that an appropriate place for us to put families. And then based on those two things the assessment itself and the cost to do whatever repairs that they determine need to be done then a decision will be made as to whether we actually renovate, whether we build new in some fashion, demolish and reconstruct or whether we simply replace with some kind of modular units. So, that's to be determined as yet. What we're trying to determine today is whether or not we'll accept the funding in order to roll forward with one of those possible scenarios.

VICE-CHAIR MOLINA: Okay. Yeah, the reason I ask, Madam Chair and Ms. Munsell, is the last meeting we had on this, I came up with the impression when the Deputy Director of Planning mentioned to us that it seemed it would be okay to rehabilitate the place, at least initially before the study and now with HHFDC under these terms they would have oversight for the first 15 years and would the County still be responsible for maintaining whether we rehab the project or rebuild from the bottom? Maybe, Mr. Ueoka can add some clarification to that?

CHAIR KAMA: Yes, Mr. Ueoka?



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MR. UEOKA: Thank you. Mr. Molina, so while we are giving a lease to HHFDC they're immediately subleasing it back to us. The County will be controlling and managing it, the 15-year lease...well the lease expires with them in 15 years --

VICE-CHAIR MOLINA: Right.

MR. UEOKA: --and that's when get full ownership of the buildings back. That is the understanding right now. It's purely a mechanism so the \$5 million does not...is not a loan because its HHFDC's leased lands that...

VICE-CHAIR MOLINA: So, we have to insert that language to make it appear like this is not a loan then?

MR. UEOKA: Yeah. It's a lot of humbug for the \$5 million but it's for \$5 million, it's just lease sublease so that's the idea behind it.

VICE-CHAIR MOLINA: Okay. And going back to the 30 years that Member Hokama mentioned so why wasn't it put like in perpetuity, affordable in perpetuity rather than the 30 years?

MR. UEOKA: This is their base language --

VICE-CHAIR MOLINA: Okay.

MR. UEOKA: --the area median income, 140 percent, and the 30 years. Again, after 15 years the buildings are the County's, you still have to hit the 30 years and after the 30 years the County can decide what it wants to do at that point. Perpetuity is a long time that's why.

VICE-CHAIR MOLINA: Okay.

MS. MUNSELL: Chair?

CHAIR KAMA: Ms. Munsell?

MS. MUNSELL: This agreement --

VICE-CHAIR MOLINA: Alright.

MS. MUNSELL: --actually creates a liability for the County. You know, we are required to keep it affordable at a 140 percent or below for a minimum of 30 years. If we change this MOU to say forever, forever then the County is forever on the hook to repay the \$5 million if we don't keep it according to their requirements. So, the 30 years is actually after that we can do whatever we want, we're no longer on the hook to the HHFDC for repayment.

VICE-CHAIR MOLINA: Thank you.

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CHAIR KAMA: Yes, Ms. Lee?

COUNCILMEMBER LEE: You know, the HB 259 is like \$42 million, have you thought about doing a second phase so that you could, we could tap into more funding instead of just five? We can always re-sublease it to you again.

CHAIR KAMA: I think for today's discussion, Ms. Lee, we just want to stick to what's in the front of us --

COUNCILMEMBER LEE: Okay.

CHAIR KAMA: --the 5 million.

COUNCILMEMBER LEE: Alright, captain.

CHAIR KAMA: Thank you. Onto item I, Accept improvements. Accept all improvements constructed on the lease premises upon expiration of the lease. Comments, questions? Moving on to J, Obtain necessary governmental approvals. Be responsible for obtaining necessary permits, approvals and entitlements which may include a Chapter 343, Hawaii Revised Statute (HRS), Environmental Assessment, exemption from zoning pursuant to 201H-38, HRS, a Special Management Area use permit and building permits to allow for continued operations of project beyond the term of the proclamation within the time period provided for in the proclamation including extensions. No questions? Initial K, Assume liability and indemnify HHFDC. Assume sole and complete liability for and indemnify, defend and hold HHFDC and the State of Hawaii harmless from and against any loss, liability, claim or demand for property damage, personal injury and death arising out of any act or omission of the County and the County's contractors under this MOU to the extent permitted by law and subject to approval by the Maui County Council. This provision shall survive the expiration or earlier termination of this MOU, notwithstanding any other provision to the contrary.

COUNCILMEMBER SUGIMURA: No questions.

CHAIR KAMA: Okay. No questions. Okay. L, Obtain payment/performance bonds. Obtain payment and performance bonds naming HHFDC and the State of Hawaii as additional co-obliges for the proposed renovation and any new construction work relating to the housing facilities at the leased premises.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR KAMA: Yes, Member Rawlins?

COUNCILMEMBER RAWLINS-FERNANDEZ: I just wanted clarification on your process.

CHAIR KAMA: Yes.

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COUNCILMEMBER RAWLINS-FERNANDEZ: So, what we're doing right now is just a review?

CHAIR KAMA: Of...yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Right and so if we have proposed amendments we wait until after?

CHAIR KAMA: No. You could actually submit them...well, Mr. Ueoka, can you clarify that first if there are any amendments to this MOU? Or is this MOU almost in stone? And for us to either accept or reject.

COUNCILMEMBER RAWLINS-FERNANDEZ: I think what Mr. Hirai said is that this was approved by the HHFDC's board --

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: --and if we do make any amendments to the MOU he would have to go back to his board for approval. But, Mr. Ueoka.

CHAIR KAMA: That's right.

MR. UEOKA: Chair, Member Rawlins-Fernandez is correct it's a timing issue because we'll need them to review it, you guys will need to review it and it'll have to be all done and signed by the June 11<sup>th</sup> or we miss the Governor's proclamation. So, not saying it can't happen, let's be cognizant of the timing though if we do, do things. Thank you.

CHAIR KAMA: Yes, Ms. Lee?

COUNCILMEMBER LEE: When does the board meet again?

MR. HIRAI: We sent, we just sent out the agenda for next Thursday's meeting today. For that's our regular monthly meeting. We'd have to call a special meeting because I think the regular June meeting is after June 11<sup>th</sup>. It's the second Thursday in June.

COUNCILMEMBER LEE: So, the next Thursday meeting would not make it under the Sunshine Law posting requirements?

MR. HIRAI: No, because we posted the agenda today.

COUNCILMEMBER LEE: Yeah so, that's why I'm saying...

MR. HIRAI: We will not make it for next Thursday.

COUNCILMEMBER LEE: Yeah. Right. But you would have to call a special meeting?

MR. HIRAI: Yes.

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COUNCILMEMBER LEE: You have like an executive board?

MR. HIRAI: No, no we'd have to call a special meeting, I mean...

COUNCILMEMBER LEE: For the whole entire board?

MR. HIRAI: It's not unheard of I mean but we would have to call a special meeting.

COUNCILMEMBER LEE: Alright. Thank you.

CHAIR KAMA: I just want to add that if you want to consider that then you have to consider our meeting processes also that might add on more time to that if that's a consideration. So, Ms. Fernandez, do you have something else to say? Did you want to do something or say something?

COUNCILMEMBER RAWLINS-FERNANDEZ: I'd like to amend the entire contract where it says renovation to demolition. I do not think that it is smart for the County to renovate this. We've already had a report that talks about the liabilities involved with the black mold, the asbestos, the cracked foundation, we have pictures of it. The direction of renovation is not something I would support at all.

CHAIR KAMA: Thank you. Ms. Munsell? Would...oh yes, Mr. Ueoka.

MR. UEOKA: Thank you. I think that language was in there to give us flexibility. I understand what you mean, Member. I should remember, but I don't, I'm not sure if this money was included in the FY '20 Budget as a grant, is in the grant revenues...

COUNCILMEMBER RAWLINS-FERNANDEZ: Ms. Munsell is shaking her head.

MR. UEOKA: Okay. So, we probably will need...well actually I don't know because now that I'm thinking out loud, would we...I think we would need to recognize some type of money coming in even though it's reimbursement with them and perhaps when we do that you guys could proviso the or we could send it up, when we get our plan we could send it up with how we're going to spend it rather than amending this document so we could move forward. But Council would have another shot at it theoretically to make sure it's a overall project that you approve of.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Ueoka. And in bringing up the budget I'm really disappointed that we didn't discuss this because the Council was so ready to fund something, a big project to really address the houselessness issue, affordable housing and this was not brought up. So, yeah, that's all.

CHAIR KAMA: Thank you, Ms. Rawlins-Fernandez. Ms. Lee, did you have a question? No, no, no you look like you're going to jump to your mic. Okay.

COUNCILMEMBER HOKAMA: Chair?

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CHAIR KAMA: Yes?

COUNCILMEMBER HOKAMA: So, today is mostly whether or not we want the State's \$5 million or not? If we use the County's, I guess last term we passed a County affordable mechanism, County affordable housing mechanism that is separate from the State. So, if we use that mechanism and for this project except for spending our own 5 million does it delay the project any longer? I don't think so.

MR. UEOKA: If I may, Chair?

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: Thank you. Yeah, if you're not looking at funding we could use the fast track 2.97 'cause this is an affordable rental housing project, but I think because we were able...if we are able to utilize the Governor's proclamation we're just going to come in for a Change in Zoning and stuff, the standard method through the Council 'cause it's County property. And the SMA and EA permits and everything through a process. We really didn't necessarily need the 2.97 or 201H unless that 50 units really changes things.

COUNCILMEMBER HOKAMA: Well, this County doesn't really need the \$5 million either from the State. Okay. We have the wherewithal to make it happen on our own. That's the point I'm making. And I'm, you know, my colleague, my neighbor to the right of me brought up a good point, we spent County money already to come up with one determination whether to renovate or demolish. Okay. We gave money, Council gave good money to get one answer, so we wouldn't be here this afternoon thinking about renovation versus construction. So, I guess we pissed that one away. So, if you need the Council to make a departmental decision that's fine with us, we'll make the call. 'Cause I think most of us know what we want.

CHAIR KAMA: So, today's agenda item was to authorize the Mayor to enter into a governmental agreement which is to have a MOU with HHFDC and that's what going through this MOU was all about. So, what is the pleasure, do you want to continue going through it or do you all want to...yes, Mr. Molina?

VICE-CHAIR MOLINA: Thank you, Madam Chair. Just want to add my thoughts in follow up to Mr. Hokama's comments, you know, the 1980 lease stated that under item E3 maintenance and repairs that the lessee, the State shall at its own expense, keep and maintain all buildings and improvements of every nature whatsoever now or hereafter erected, constructed or installed on the demised premises. In short, the University or the State violated this section of the contract by allowing the buildings to, you know, fall into --

CHAIR KAMA: Fall into disrepair.

VICE-CHAIR MOLINA: --the condition it's in. And sorry, Chancellor Hokoana, I know you weren't there, but, you know, I'm just stating what I see. So, the State was at fault

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and they neglected the property and should have paid for correcting the damage that they caused to this property without telling the County what, you know, we can and cannot do with the property. So, at this point it just seems like it's more trouble going through this current proposal and no offense to the Administration and I got to give the Administration credit they're trying, you know, and the Mayor so kudos to you folks. Maybe like Mr. Hokama's proposing alternative where maybe the County just take this over, possibly terminate the original lease with the State and we just start clean on our own. This Council appropriated additional funding into the Affordable Housing Fund, the Mayor added a million, we added two more...or one more percent so, we're putting more monies into this fund.

CHAIR KAMA: And we refused \$20 million.

VICE-CHAIR MOLINA: Yeah. Yeah. But as I was saying we've put already more money than what was already in so that's a possible alternative too 'cause there's a lot of questions with this current proposal. So, I'm just stating my opinion, Madam Chair, so 'cause it looks like it...this proposal maybe more trouble than it's worth and I leave it up to the rest of my fellow colleagues on this Committee to decide whether we go with this or not. Thank you.

CHAIR KAMA: Thank you, Mr. Molina. Yes, Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. I still would like to work with HHFDC if we have an opportunity, maybe not going through this route, but in the future. So, that's a lot of money \$42 million and the only problem is, is if we use the DURF fund in the future it'll always be a loan, it'll be a loan because we're not, you know, exchanging lands and leases and so forth. So, if we applied for any DURF funds it would always be a loan in the future. Is that correct?

MR. HIRAI: Typically be a loan yes.

COUNCILMEMBER LEE: And how difficult is it to get a loan, I mean like is it highly competitive?

MR. HIRAI: Depends on funding availability, yes.

COUNCILMEMBER LEE: So, everybody and his neighbor is fighting for this funding?

MR. HIRAI: Correct. Well, yes it depends on funding availability.

COUNCILMEMBER LEE: Yeah. Okay. So, in order to...if one borrows money from this fund what's the interest rate and what are the terms?

MR. HIRAI: I don't know off the top of my head, but it's pretty reasonable as I recall.

COUNCILMEMBER LEE: Okay. Well, you may be hearing from us in the future. Thank you.

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CHAIR KAMA: Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I would like to see us support this to happen 'cause it sounds like all the ducks are in, you know, aligned and it's just we need to come to some kind of understanding, and I appreciate the fact that the Administration has brought this project forward and it was talked about last term, there was kind of not an emphasis at that time like it is now. The funding that's available or has been presented through DURF is not a loan, it is a grant and I wonder if we didn't do this today and we say okay, we're going to use our own funds what does the County have to do that's different than what you've presented so far?

CHAIR KAMA: Ms. Munsell?

MS. MUNSELL: I guess, you know, there's a couple of things, you know, there's the...our ability I think a little bit to work with the State I know that our legislators have gone through great lengths to appropriate this fund specifically for us. I also know that the problem that we're facing with affordable housing in this County is very large. Last fall when I did preliminary numbers of the costs to develop the vertical construction of the units that we need to develop in the next few years for the 80 percent and below is someplace between 3.5 and 4.5 billion with a B dollars. Every single one of the County's assets in my opinion needs to be leveraged to the maximum to...in order for us to achieve that. In this project what the County is bringing is our own land and we're receiving some resources from the State in order to do the first 12 units plus planning for an additional 50. And of course, then the County is going to be putting resources in there. I'm, I understand that this is complicated and it's not the most straightforward thing that could be proposed here and yet this will give us 12 units that are paid by another entity that we don't have to pay for ourselves. And I get it, we don't really know whether we're going to renovate or demolish or whatever, we don't know that. But we do know that we could at least get 12 units and, you know, will it be different, the process? Potentially. You know, we also have at risk the Ohana Zone funding that we've applied for, so there's a lot of things that are happening here. This renovation or reconstruction or replacement of the 12 units is also wrapped into our ability to receive funding for operating a facility that will house 12 families that are currently in transitional housing and have no place to live right now. So, this is an opportunity to provide permanent housing with services in partnership with a number of agencies including UH for some people that are exceptionally vulnerable. Obviously, it's up to this Council, you know, how they want to proceed. So, I'll, you know, certainly leave it to you, but and I get it, I understand where your questions are, but what we're approving now is only the opportunity to use these funds or to receive these funds, we're not making any determination on, you know, how, you know, what that's going to look like exactly. But if we turn this down I guess that would concern me.

COUNCILMEMBER SUGIMURA: Thank you. So, on, to tie it to the Ohana Zoning...the Ohana Zone, the Governor's proclamation so if we don't do this agreement with the MOU with HHFDC and we decide to just do this ourselves would we be eligible for the Ohana Zone wraparound services?

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MS. MUNSELL: Chair?

CHAIR KAMA: Yes, go ahead, Ms. Munsell.

MS. MUNSELL: The Ohana Zone it's a three-year deal, you know, it's a three-year funding opportunity that we have the ability to access. If we don't have a project, you know, the County doesn't have to have its own project, I mean there are other entities out there who have applied for Ohana Zone funding for the County, but I'd like to maximize the amount of funding that comes to our Department, or our County through that process as well. But, yeah if we don't have a project that can be completed and occupied within that period we will lose out on the Ohana Zone funding.

COUNCILMEMBER SUGIMURA: Thank you. That's added benefit. Thank you. Chair, can I ask something, your phone, can I ask Staff to move that phone away from the Chair 'cause every time, Mr. Ueoka you can't see each other, right?

CHAIR KAMA: Oh, I just saw him now.

COUNCILMEMBER SUGIMURA: He's a vital component of our meetings. So, thank you, Leslee.

CHAIR KAMA: So, at this time...yes, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair, I just had a --

CHAIR KAMA: An epiphany?

COUNCILMEMBER SINENCI: --clarification question for Mr. Ueoka. So, you're saying that when the funds if approved would eventually come back through us, the DURF funds and we could I know, I realize that we cannot make changes to the MOU now, but we could technically if the DURF funds come back to us and we could proviso those funds for the project?

MR. UEOKA: That would be...

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Chair, thank you. It'd be a little different, it'd be a budget amendment and it would be...we need to appropriate the money to spend it, you know, that's just the way our County budget works and the Mayor would probably get a feel from you guys on how you would like to proceed, send down the budget amendment. As you guys know you can't alter budget amendments, but things can be worked out to make sure that they pass friendly between yourself and the Administration. So, yeah it could be worked out where the language is made so that the Council is satisfied with how the DURF funds are being spent and how the project will move forward. Thank you, Chair. It's possible.



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COUNCILMEMBER SINENCI: Okay. Thank you.

CHAIR KAMA: So, Ms. Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: I just want to quickly follow up on Member --

CHAIR KAMA: Oh okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: --Sinenci's question. Right, we can't as a Council, Mr. Ueoka, we cannot amend the operations budget but CIP, this would be a CIP. This would not be a CIP?

MR. UEOKA: I think it would come in under grant revs.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that clarification.

CHAIR KAMA: Yes, Ms. Lee?

COUNCILMEMBER LEE: Mr. Hirai, how long ago did discussion start on this project? Do you remember?

MR. HIRAI: Month or two. No more than a couple months.

COUNCILMEMBER LEE: Fairly recently then?

MR. HIRAI: Yeah.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: So, if you have no more questions, the Chair is going to call for a break.

COUNCILMEMBER SUGIMURA: Okay.

CHAIR KAMA: Okay. Let's all come back at 3:40. Okay? Thank you. Recess. . . .(gavel). . .

**RECESS: 3:29 p.m.**

**RECONVENE: 3:42 p.m.**

CHAIR KAMA: . . .(gavel). . . The Affordable Housing Committee of May 3, 2019 will reconvene it is now 3:42 p.m. in the afternoon. I think, Members we left off on alphabet J would be our next alphabet if you all want to continue doing the alphabets, but if not, Chair is ready unless someone has more discussion they'd like to add.

COUNCILMEMBER SUGIMURA: Chair?

CHAIR KAMA: Yes.

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COUNCILMEMBER SUGIMURA: If I could. So, I'm going to assume that we're going to talk about this and I just want to look at this for what it is, and this is a \$5 million if I could say a gift from the State called DURF funds and maybe the process looks complicated because it's County, you know, property --

CHAIR KAMA: Come go, come go, go come.

COUNCILMEMBER SUGIMURA: --whatever, whatever, but it's \$5 million that the State HHFDC is trying to give us so that we can start what we've been talking about which is the affordable housing that we need for our working families. The number of houses that they are is of, you know, we talk about that, that we need and I think that what was said in the discussion if I could just pull some of the discussions together is that we can demolish, we can renovate, we can whatever but this is about receiving the \$5 million DURF funds. And what we decided to do it in the long run the Council can decide based upon the assessment that we get, and I want to support this, it's...and yeah we have other affordable housing funds, we can use it for the rest of the project or for another project but this is a \$5 million gift that somebody's trying to give the taxpayers so I want to support it. Thank you, Chair.

CHAIR KAMA: Well said. Yes, Mr. Molina?

VICE-CHAIR MOLINA: Yeah, Madam Chair, thank you. Yeah it is a gift, but it is a gift of taxpayer money, right? Anyway, but yeah, I mean I appreciate the concept and I've had time to think about it during the break and if the intent today is just to accept the 5 million so be it. But, one of the points I brought out earlier about the violation of the lease and the damage. So, in the meantime okay say we accept this 5 million, now is this 5 million contingent upon the County...what do we do in the meantime? Is this all part of the County fixing the damage that the State caused? I don't know if Mr. Ueoka can comment on it.

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Mr. Molina, the...one of the first things we do is we'll terminate the lease with UH and then we take over control of the buildings and everything and we'll start working to rehabilitate it using State funds basically.

VICE-CHAIR MOLINA: So, is that, that 5 million that we would be...that would be all inclusive of that?

MR. UEOKA: Yeah. It's the same building so we'd be using the State's \$5 million to fix up the dorm buildings which were the subject of the UHMC lease.

VICE-CHAIR MOLINA: Okay.

MR. UEOKA: State money fixing up the State issue on County land.

VICE-CHAIR MOLINA: Alright, thank you.

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CHAIR KAMA: Okay. Any other questions? Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Okay. So, in this MOU we cancel the lease with the UHMC which means that they would then not demolish? Because right now the understanding is that they would demolish, they would pay for all the demolition and if we cancel that then they would no longer be responsible for that. Is that a correct understanding?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Chair? Thank you, Member Rawlins-Fernandez. You know, I don't know if there's clearly a requirement that UHMC demolish in the lease, there's language in there and there's a lot of other legal premises, I'd rather not get into our defenses or possible weaknesses in our case. But yes when we terminate the lease UHMC will walk away and we'll take over the property. But whether or not there's a requirement in there I don't want to make bold statements from our side. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, Mr. Ueoka, in the communication that we received from UHMC they did say that they were willing to demolish. Chancellor?

MR. HOKOANA: We were okay to demolish if we were going to maintain the lease until 2035. Because we felt that was our responsibility, so our statement was if we're to demolish we would retain the lease until 2035.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification. So, okay I guess there's things that we can't say in open session. Okay. So, I would be willing to go along with this with amendments, lots of amendments, substantial amendments that I guess the HHFDC would have to go back to the board and they're all regarding, you know, replacing renovation with demolition.

CHAIR KAMA: How does that fit into your time schedule, Ms. Munsell? Mr. Hirai?

UNIDENTIFIED SPEAKER: *...(inaudible)...*

COUNCILMEMBER RAWLINS-FERNANDEZ: Well, maybe not because it's one of the options?

COUNCILMEMBER SUGIMURA: Chair?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mr. Hirai, so in the MOU it gives an option for either renovation or...

UNIDENTIFIED SPEAKER: Construction.

COUNCILMEMBER RAWLINS-FERNANDEZ: Right. So, would that be considered a material change to the MOU so much so that you would have to go back to your board for approval?

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CHAIR KAMA: So, Member Fernandez, would it be okay if Miss...

MR. HIRAI: Excuse me I'm looking at my board's for action.

CHAIR KAMA: So, while he's looking for that is it okay if Ms. Sugimura asks her question?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

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

COUNCILMEMBER SUGIMURA: So, just a statement that I heard before is that the way that the MOU is written allows us to do construction or renovation, right?

CHAIR KAMA: Either or.

COUNCILMEMBER SUGIMURA: So, it kind of...well we'll wait to hear from Mr. Hirai but I think it already...

MR. HIRAI: I would say, Councilmember, that it depends on what the amendments are. My board authorized certain terms in the MO...which were put into the MOU so long as it doesn't affect the terms in the for action I wouldn't have, necessarily have to go back to the board because unlike this body they did not approve the MOU itself, they approved the terms of the MOU. So, depends again on how substantial a deviation it is. The short answer is I don't know right at this moment until we actually see it and have a chance to go over it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay so it's something, Mr. Hirai, that you could go over and let us know before consulting with the board?

MR. HIRAI: Excuse me, I didn't...

COUNCILMEMBER RAWLINS-FERNANDEZ: In reviewing it whether it's material or not it's something you could determine without going to the board?

MR. HIRAI: No. I'd probably have to go over it with my AGs to see whether I have the authority to do it myself or go back to the board.

COUNCILMEMBER RAWLINS-FERNANDEZ: Would that be a faster...

MR. HIRAI: Well, we don't...if I have the authority to do it, if it's not that substantial a change we wouldn't have to go back to the board but if the AGs determine that it is a substantial enough change which they might we'd have to go back to the board.

CHAIR KAMA: So, Mr. Hirai, if Member Rawlins-Fernandez submitted to you some amendments would you be able to gloss over them to determine that? If you had the authority without getting your board involved?

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MR. HIRAI: I would have to consult with my AGs so...

CHAIR KAMA: You'd have to.

MR. HIRAI: Yeah, so that would take a few days. I mean I can't do it right here, right now.

CHAIR KAMA: Thank you. Thank you. Yes, Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just wanted to make reference to the, I guess the ordinance Section 2 authorization that the Council hereby authorizes the Mayor to execute the MOU provided the final MOU is in the same, substantially the same form as the draft MOU, all other necessary documents relating to the MOU and any amendments thereto.

CHAIR KAMA: Where are you reading from, what page?

COUNCILMEMBER SINENCI: Of the bill for the ordinance authorizing the Mayor.

CHAIR KAMA: Oh, the ordinance.

COUNCILMEMBER SINENCI: On page, it continues on to Page 2. If I may, Mr. Ueoka, can you explain that section?

MR. UEOKA: Thank you, Chair. Chair?

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. So, basically what this says that when we submitted this document to make for this Committee's posting we didn't have, this was just a draft MOU still. HHFDC hadn't reviewed it completely when we had to submit it to Council. That's why, so we said substantially the same form as the draft MOU. You're giving us authority to sign all other necessary documents relating to this that needs to be signed like construction docs and, you know, whatever else and any amendments thereto if we need to amend the MOU at a later time Council is authorizing us to make amendments to it. It's just standard, this is the standard language that we use in our IGA forms.

COUNCILMEMBER SINENCI: Okay. Thank you.

CHAIR KAMA: Okay. So yes, Miss...are you good?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes. So, should I start with my amendments?

CHAIR KAMA: I think what Mr. Hirai has said and correct me if I'm wrong again that you would have to submit those to the AG's Office for review before you can say yea or nay.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Right but, Chair, we would have to vote on them to see if it's something that this Council would want Mr. Hirai to go back to his board to consult.

CHAIR KAMA: So, these...so the assumption then is that you're okay with the MOU, but you just want some amendments to it? Is that what you're saying, Member Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

CHAIR KAMA: Okay. Members, what is your...yes, Mr. Molina?

VICE-CHAIR MOLINA: Madam Chair, if we took action on accepting the money and Member Rawlins...I guess I'm not sure if we have to vote on the amendments here or just submit to Mr. Hirai for just comments. I don't know, maybe Mr. Ueoka can chime in. We take action 'cause this is just Committee and it still has to go to Council for final action.

CHAIR KAMA: Yes.

VICE-CHAIR MOLINA: Can we operate in that fashion, you know, take action on accepting the money, just submit the amendments for comments from HHFDC regarding the amendments.

MR. UEOKA: Thank you, Chair. Again, you guys control your own destiny on a lot of things procedurally, but what you're adopting today would be a bill for an ordinance with the authorizing the Mayor to enter into the MOA as attached as an exhibit to this ordinance. You guys could work with Mr. Hirai between now and first reading and see and if it is doable and do floor amendments at first reading, but again that's up to this body, you know, there are options, you can work with Council Services they're excellent at those things.

VICE-CHAIR MOLINA: Alright, thank you.

CHAIR KAMA: Member Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. I really would like to hear the proposed amendments.

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: Because if it's acceptable to this body we can move the whole thing forward today. Thank you.

CHAIR KAMA: Okay. So, Member Rawlins-Fernandez, would you please go ahead and share your amendments with us?

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COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. And I want to preface my amendments with just a little bit of rationale behind them. According to the UHMC Dorm Project Inspection Report there's extensive damage to the existing structures including multiple cracks in the foundations of the buildings A and B, asbestos found in the flooring and in the black felt under the roof shingle, moisture damage, visible indications of mold present in all attic area and mold growth in the interior of the buildings A, B and C, termite damages to the outside and even the joints of all the buildings and that non-standard repairs would be needed for various plumbing, electrical issues in the building. This report includes photographs which you have a hard copy of, it's in this presentation with the green slides, PowerPoint slides. So, this report includes photographs that clearly show the damage and the renovation should not be even considered. If Councilmembers...okay so if you can look at the hard copy that was distributed that's also on Granicus then you'll see the photos that show the extensive damage.

CHAIR KAMA: Ms. Rawlins-Fernandez, did you...so you're making an amendment to a what? We didn't make a motion, so where's the main motion so that you can make your amendments to?

COUNCILMEMBER RAWLINS-FERNANDEZ: I was prefacing my motion.

CHAIR KAMA: Okay. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: The rationale. Okay. I move to strike the words "convert such facilities or" on Page 1 in the fourth whereas clause. Add the word "demolition" after the word "design" on Page 2 in the second whereas clause. And strike the word "renovation" in the same clause. Strike the words "renovation" and add the words "demolition and" after word "project" on Page 2 under B3.

CHAIR KAMA: Member Fernandez, I'm going to call for a recess please. . . .(*gavel*). . .

**RECESS: 3:59 p.m.**

**RECONVENE: 4:02 p.m.**

CHAIR KAMA: . . .(*gavel*). . . The Affordable Housing Committee of May 3, 2019 will now come to order, it is now 4:02 and we left off with the Chair needing to entertain a motion to recommend passage of the proposed bill entitled A Bill for an Ordinance Authorizing the Mayor of the County of Maui to Enter into an Intergovernmental Agreement with the Hawaii Housing Finance and Development Corporation Regarding the Construction of Emergency Housing at the University of Hawaii Maui College, Dorm Site.

COUNCILMEMBER SUGIMURA: So move.

COUNCILMEMBER RAWLINS-FERNANDEZ: Point of clarification, Chair?

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CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, I...it was just brought to my attention the clarification on my amendments that were conditional upon accepting the MOU --

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: --cannot be made because it would be earth moving activity, demolition would be --

CHAIR KAMA: Oh, I see.

COUNCILMEMBER RAWLINS-FERNANDEZ: --and so therefore this project would not be able to be funded by this. So, just that point of clarification.

CHAIR KAMA: Thank you. So, we have a motion on the floor, is there a second?

VICE-CHAIR MOLINA: Second.

CHAIR KAMA: It's been moved and seconded the motion. Discussion? Do we have any discussion? Amendments? Yes, Ms. Lee?

COUNCILMEMBER LEE: Apparently this information just came to light so could we have Corporation Counsel explain, you know, the difference with demolition and moving earth and renovation and not moving earth?

CHAIR KAMA: Mr. Ueoka, will you try to explain moving the earth without moving the earth?

MR. UEOKA: Thank you, Chair. I just...my understanding is if you go full demo you're going to have to dig up the foundations, EA's triggered automatically. We're going to have to do an EA at that point. No, it doesn't seem like there's a way around it at that point. So, it'll delay it and we'll miss all of our timing from what I understand. Thank you.

COUNCILMEMBER LEE: But what if demolition is required, then what?

MS. MUNSELL: So, Chair? There's a difference between if we demolish and start over, that's definitely ground disturbing activities. If we...turns out that we can't renovate the buildings and again that's still an issue to be discovered, we could rebuild using the same pads. So, demolition in the way that we're being discussed is removal of all of that. So, this...we're talking about replacement, possible replacement using the same footprint or the same --

CHAIR KAMA: Foundation.

MS. MUNSELL: --foundations for the units. If that's, and again if that's possible. One of the things we will discover through the assessment that we're planning to do.



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COUNCILMEMBER LEE: Your definition of replacement could involve demolition then?

MS. MUNSELL: It could include the demolition of the vertical structure, yes.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Yes, Member Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, I just wanted clarification on your last statement, you said demolition of the vertical structure not the foundation? Okay. So, in your...so, let's say we move forward, hypothetically we move forward with the MOU, we accept the funding, we do another study and that study tells us that the foundation is too cracked to move forward on, what then?

MS. MUNSELL: So, it's not...sorry, Chair.

CHAIR KAMA: Yes, go ahead, Ms. Munsell.

MS. MUNSELL: What it is, is a structural assessment of the units it's not a study that is not actionable. So, the...it's a structural assessment of the property, we've already had a structural engineer in there looking at the property, they have looked at that specific issue and I haven't spoken to the structural engineer, but I understand that they feel that it can be repaired and shorn up. Now, it could be and again this is yet to be determined that that's not the case in which case that will be decision point that we'll need to make then. But again, accepting the funding is not tying us into a particular action. We still need to make a decision as to what that future action will be.

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: We still have first reading.

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: People can change their minds.

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: They can change their mind now. You know, it's really there's so many unanswered questions it's difficult to make a decision that I think everybody would be comfortable with because it's if this, if that, if this, if that and yet we have this major timeline we're up against. So, I'm just suggesting to my colleagues and to you to just take a vote, take a chance one way or the other and then see what happens.

CHAIR KAMA: So, are Members ready for the question?

COUNCILMEMBER SUGIMURA: Yes.

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CHAIR KAMA: All those in favor, say “aye.”

COUNCILMEMBERS VOICED AYE.

CHAIR KAMA: All those opposed say “nay?”

COUNCILMEMBER: RAWLINS-FERNANDEZ: No.

CHAIR KAMA: Thank you so we have one, two, three, four, five “yeas”...six “yeas” and one “no.” Mr. Sinenci yes; Mr. Molina yes; Ms. Lee yes; Ms. Sugimura yes; and I’m yes. And Ms. Rawlins-Fernandez no and Mr. Hokama no? Thank you. Motion passes.

**VOTE:**

**AYES:** Chair Kama, Vice-Chair Molina,  
Councilmembers Lee, Sinenci, Sugimura.

**NOES: Councilmembers Hokama and Rawlins-Fernandez.**

**ABSTAIN:     None.**

**ABSENT: None.**

**EXC.: None.**

**MOTION CARRIED.**

**ACTION: FIRST READING of bill and FILING of County Communication 19-179.**

CHAIR KAMA: Thank you, Members. So, that is all we have on the agenda for today. I thank all of you for coming in on your day off, I thank all of you for extending your time, and thank you and have a great, great week. Thank you.

COUNCILMEMBER SUGIMURA: Thank you.

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CHAIR KAMA: Aloha. And now if without adieu I would like to adjourn this meeting.  
Meeting adjourned. . . . *(gavel)* . . .

**ADJOURN: 4:09 p.m.**

APPROVED BY:

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TASHA KAMA, Chair  
Affordable Housing Committee

ah:min:190503:ck

Transcribed by: Cheryl von Kugler

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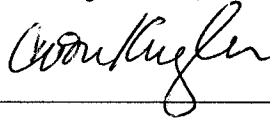
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CERTIFICATE

I, Cheryl von Kugler, 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 29<sup>th</sup> day of May, 2019, in Kihei, Hawaii

A handwritten signature in cursive script, appearing to read "Cheryl von Kugler", is written over a horizontal line.

Cheryl von Kugler