

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

MINUTES

May 15, 2019

Council Chamber, 8th Floor

CONVENE: 1:34 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Tasha Kama, Chair
Councilmember Michael J. Molina, Vice-Chair
Councilmember Alice Lee
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura

EXCUSED: Councilmember Riki Hokama

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)

Don Atay, Executive Assistant to Councilmember Shane Sinenci

Evan Dust, Executive Assistant to Councilmember Tasha Kama

ADMIN.: Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
Linda R. Munsell, Deputy Director, Department of Housing and Human Concerns
Rowena Dagdag-Andaya, Director, Department of Public Works
Scott Teruya, Director, Department of Finance
Michele McLean, Director, Department of Planning
Marci Martin, County Real Property Tax Administrator, Real Property Assessment Division

OTHERS: Jennifer Chrupalyk

Additional attendees (12) others in gallery

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

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

CHAIR KAMA: . . . *(gavel)**(inaudible)*. . . 2019 is being convened at 1:30 p.m., and I'd like to ask everyone to please silence their cell phones or noise makers. Sometimes that includes our lips, so if you could just bear with me. Thank you. I'm Tasha Kama, I'm the Chair of the Housing Committee and I'd like to introduce the Vice-Chair, Mr. Mike Molina.

VICE-CHAIR MOLINA: Good afternoon, Madam Chair.

CHAIR KAMA: Aloha awakea.

VICE-CHAIR MOLINA: Aloha.

CHAIR KAMA: Mr. Riki Hokama is not going to be with us today, he's on a trip representing the County. Ms. Alice Lee, aloha awakea, Alice.

COUNCILMEMBER LEE: Good afternoon. Good afternoon in Korean is annyeonghaseyo. Back by popular demand, Madam Chair.

CHAIR KAMA: Good afternoon again. And also too, good afternoon to Councilmember Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha awakea, Chair.

CHAIR KAMA: Aloha awakea also goes to our Co-Chair Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha auinala. Setting sun.

COUNCILMEMBER SINENCI: Auinala.

CHAIR KAMA: Aloha auinala also to Yuki-Lei Sugimura.

COUNCILMEMBER SUGIMURA: Good afternoon.

CHAIR KAMA: Good afternoon. So, Members, we are going to also...oh, before I forget, two of our members, Chair Kelly King and Member Tamara Paltin are not voting members of the Committee and therefore are not required to be here but may join us at any time that they feel that they're able to. Also with us we have from the Department of Housing and Human Concerns, Ms. Linda Munsell sitting in the Chambers. We also have with us from the Department of Public Works, Ms. Rowena Dagdag-Andaya in the Chambers also. Aloha. Also with us we have the Department of Finance, Mr. Scott Teruya, the Director. And our Corporation Counsel, Mr. Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

CHAIR KAMA: We have our Committee Staff, Ms. Leslee Matthews, our Legislative Attorney. Aloha. And we have Ms. Alison Stewart, our Legislative Analyst. Aloha, Alison. And our very important Committee Secretary Stacey Vinoray, aloha. And we have with us today Marci Martin from Real Property. Oh, welcome. Yes, Real Property. So, Members, if there are no objections, I would like to change the order of today's agenda items so I would like to...so, we have AH-18, A Bill for an Ordinance Amending Chapter 3.48 of the Maui County Code, Relating to Long Term Dedication for Residential Workforce Housing Rental Unit Projects and Repealing the Exemption for Low and Moderate Income Housing; we have AH-6, Expediting Building Plan Review Process by Developing a Catalog of Pre-Approved Plans; and AH-17(8), Presentation Relating to the Kauai Housing Summit Held on February 22, 2019.

UNIDENTIFIED SPEAKER: No objection.

CHAIR KAMA: Thank you. So, if there are no objections, we'll be taking them out of order.

. . . BEGIN PUBLIC TESTIMONY . . .

CHAIR KAMA: But in the meantime we're going to begin with public testimony. So, testimony is going to be limited to the items on the agenda, and to testify we ask that you would please sign up with our Staff out in the lobby. Testimony is limited to three minutes, and upon request, one minute to conclude to which I will kindly ask you to complete your testimony. When testifying, please state your name and who you are representing. And also, if you are a lobbyist, we'd also like to know that too. But first I'd like to check with our District Office, Mavis Oliveira-Medeiros with the Hana District Office, do you have any testifiers today, Mavis?

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

CHAIR KAMA: Thank you. I'd like to now check in with Denise Fernandez with our Lanai District Office. Denise, do you have any testifiers waiting?

MS. FERNANDEZ: Good afternoon, Chair, this Denise Fernandez --

CHAIR KAMA: Aloha.

MS. FERNANDEZ: --from the Lanai Office, and I have no testifiers.

CHAIR KAMA: Thank you, Denise. And also with our Molokai District Office, Zhantell Lindo. Zhantell, are there any testifiers in the office today?

MS. LINDO: Aloha, Chair. This is Zhan at the Molokai District Office and there are no testifiers.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

CHAIR KAMA: Thank you. So, Ms. Stewart, would you please call our first testifier here in the Chambers if there are any?

MS. STEWART: Yes, Madam Chair, there is one person signed up to testify today, and it is Jennifer Chrupalyk.

MS. CHRUPALYK: Good afternoon, Council. Thank you for opening this space to hear our voices. My name is Jennifer Chrupalyk, I'm known by my family name, Kahala Maui. And I wanted to speak today on the third item, which is AH-18. What I have to say for the longest I've been looking at your meetings to see where would be the right meeting to say exactly what I have to say and I haven't found the exact item number that would fit that description. However, I would like to convey the message that in looking for more units to build for long-term dedication and residential workforce housing and making new available rental units is not necessarily the solution for fixing our housing problem. We have plenty empty units. There's countless units all over. Every classified ad on every source, whether it be newspaper, media, Classified.com, Craigslist, Facebook, all of that, there's plenty units. But nobody can afford them because our minimum wage keeps getting pushed back. And I understand that we have problems with, like, local businesses being able to afford those kinds of wages, but we also have systems and ways that we can govern through the financial infrastructure of the corporations to be able to provide more people with a higher minimum wage where it won't necessarily affect the small business sector. And if we put our project focus on that and realize that it's an economic problem, not an empty shell unit, then you guys will save yourself a whole lot of drama when it comes to building on top of our grandparents' graves in the name of "oh, I need a house." Building new empty units is not the solution. I recognize that our problem entails two parts: minimum wage versus affordability, and tourist economy governance. Because we get plenty Airbnb's, and we realize that people have to go to renting their units as Airbnb's because local people cannot afford to rent it and these people are in danger of losing their property so they're going to take whatever they can to make their property...to keep their properties and make it work for them. Once again, if we focus more on our economic infrastructure and less on building, we would really get rid of a whole lot of problems. Thank you.

CHAIR KAMA: Thank you, Ms. Chrupalyk. Does any of our Members have any questions for the testifier? Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you, so the minimum wage issue is actually a State issue and it was not passed by this Legislature. I'm sure it's going to come up again in the continuing legislative session and I look forward to you supporting it.

MS. CHRUPALYK: Oh yes, definitely.

COUNCILMEMBER SUGIMURA: Yeah.

MS. CHRUPALYK: Thank you.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

COUNCILMEMBER SUGIMURA: And thanks for your testimony.

MS. CHRUPALYK: Thank you.

CHAIR KAMA: Thank you again. Are there any other testifiers signed up, Ms. Stewart? None? Is there anyone here in the Chambers that would like to testify? If not, without objections, Members, I'd like to close public testimony.

COUNCILMEMBERS: No objections.

. . . END OF PUBLIC TESTIMONY . . .

**AH-18 AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO LONG
TERM DEDICATION FOR RESIDENTIAL WORKFORCE HOUSING RENTAL
UNIT PROJECTS AND REPEALING THE EXEMPTION FOR LOW AND
MODERATE INCOME HOUSING (CC 19-80)**

CHAIR KAMA: Thank you. So, AH-18 is third on the agenda but I thank you for allowing me to change the order and we'll take up AH-18 right now. So, it is Amending Chapter 3.48 of the Maui County Code, Relating to Long Term Dedication for Residential Workforce Housing Rental Unit Projects and Repealing the Exemption for Low and Moderate Income Housing. So, right now our Staff is passing out a revised proposed bill that was just received from our Corp. Counsel that has passed and been approved by our Finance Director, Mr. Scott Teruya. So, the purpose of the bill is to create a new section in the Maui County Code under Chapter 3.48 relating to real property tax and the policy and procedures for the long-term dedication of residential workforce housing units, and to repeal Section 3.48.545 of the Code relating to the exemption for low and moderate-income housing, and to repeal Section 3.48.550 of the Code relating to claim for exemptions. Wow, that was a mouthful. So, if that was my mouthful, must be a head-full for all of you. But nonetheless, we have our Director of Finance, Mr. Scott Teruya, who's going to present to us on the proposed bill. Mr. Teruya?

MR. TERUYA: Thank you, Chair, and good afternoon, Members.

CHAIR KAMA: Good afternoon.

MR. TERUYA: Good afternoon, Members. Scott Teruya, Director of Finance on the proposed bill by Administration. You kind of covered most of it, the amendments...the reason for this bill actually comes from the prior year's item that came up on a West Maui project that was supposed to be affordable for 30 years and after about 10 years into the dedication of the project, they were probably going to try to get into fair-market rentals. In understanding what was going on during that time, this proposal is to fix or change the process of not...it being a dedication process of 30 years. Therefore, if you fail to meet your dedication or your term of your contract, so to speak, that the taxes would be back taxed and a 10 percent penalty. Under the current Code, there is nothing that the developer would have to get penalized on as far as tax purposes, so

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

this bill just simply requires this to be a dedication of 30 years or at the will of this body. And that if they fail to meet the objectives of the dedication, then it would be subject to rollback. So, Chair, that's all I have for initial comments and we happy to answer any questions that the Members have.

CHAIR KAMA: Thank you. Members, questions? Yes, Ms. Lee, followed by Ms. Keani Rawlins-Fernandez.

COUNCILMEMBER LEE: Thank you, Madam Chair. Director, could you explain why the Section 3.48.545, that whole section is being repealed or deleted in its entirety and under A, was there a need to delete that first part in A where it says non-profit or limited distribution mortgagor means, et cetera, and references the National Housing Act? Could you explain why you would delete that?

CHAIR KAMA: Yes, go ahead, Mr. Ueoka.

MR. UEOKA: Thank you, if Member Lee doesn't mind.

COUNCILMEMBER LEE: No.

MR. UEOKA: Okay, thank you, Chair. Thank you, Member Lee. So, 3.48.545 in an exemption from real property taxes, it goes on an annual basis, kind of like your home exemption. So, every year if you qualify you get the exemption. So, this section provides that if your...the first part just defines what a non-profit or limited distribution mortgagor is and it refers back to the National Housing Act. I think that was like, originally new deal legislation back in the '30s or '50s or something. But the part that people really go under a lot is under Section B on that second portion, it goes non-profit or limited distribution mortgagor or which is owned and operated by a person, corporation, or association, regulated by Federal and State laws, or by a political subdivision of the State or agency thereof as to rents, charges, profits, dividends, development costs, and methods of operation, shall be exempt from property taxes. So, that's what most of the people are getting the exemption under. This provision deletes that and in the latest version I gave you, 3.48.550, which goes in for the claim for exemption. So, they go hand-in-hand. So, they really should both be deleted. That was my oversight in the original draft, so this is the correction for it. But we're deleting all of that so that instead if you would like an exemption because you are doing low and moderate-income housing, which in this case means you qualify as a residential workforce housing unit per Chapter 2.96, which has certain restrictions involved, then if you dedicate for 30 years, which is in the draft, you guys are free to adjust that, then you get the exemption for the dedication period. If you do not fulfill your dedication period, like all other real property tax dedications, you will be subject to back tax, or rollback as they call it, which includes a penalty. So, I hope that helps.

COUNCILMEMBER LEE: Well, I still have two questions. One is having to do with the mortgage insurance. So, those who qualify for the real property exemption, tax

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

exemption, would no longer need to obtain insurance. I'm just reading off of this A. Could you explain that? Or is that relevant anymore?

MR. UEOKA: Chair, thank you. I don't believe, well, I don't know what's relevant or not. Typically, how this was treated is an applicant would come and show proof to the Department of Finance whether or not they hit these various benchmarks and if they did, then they would talk to Real Property Tax and they'd be exempt. However, as I mentioned earlier, most would come in under 3.48.545(b) because they were limited as to their charges, profits, dividends, rents, development costs, and methods of operation by the County or the State. So, it kind of is irrelevant at this point and it'll really be if you qualify as a residential workforce, if your project is ten or more units and qualifies as a residential workforce housing unit, all ten units, then you'll be eligible for this exemption assuming you sign up for the dedication period.

COUNCILMEMBER LEE: Okay, so, as far as enforcement goes, let's say the developer after 10 years, even though he dedicated the property for 30 years, after 10 years starts to charge market rate. How would the County be able to know that and enforce the agreements? Would that be for you or for the Director? Jeff?

MR. TERUYA: Thank you for that question, Member Lee. Chair?

CHAIR KAMA: Yes, go ahead, mister.

MR. TERUYA: Most of our...normally in the dedication a person who fills out the dedication is required to let us know. If we find out then we're going to investigate and then we're going to go back for back taxes. In the dedication, like I mentioned, the person applying for it, the onus is on them to let us know. If we find out, normally it's through complaints, Department on Housing, I'm not sure if the coordination between them is going to be able to let us know as well. So, I guess my question would be almost similar to yours is, how would we find out? It's probably going to be a word of mouth.

COUNCILMEMBER LEE: Well, I don't think that's good enough, Director. I think we need something to ensure that the people pay...well, are in compliance. So, maybe an annual reporting might be suitable for the developer to report to the Department of Housing and Human Concerns and then the Housing and Human Concerns can report to the Council annually. Because how many dedications do you think there are anyway?

MR. TERUYA: Chairman?

CHAIR KAMA: Yes, go ahead, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Quickly, I don't think there's going to be a whole bunch. Thirty-seven right now according to Mr. Teruya, and a bunch of them would actually qualify as non-profits also. Out of the 37, majority of them are non-profits. In regards to your question on reporting, got me thinking and in the definition of residential

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

workforce housing rental unit project, it does state that are subject to the restrictions set forth in 2.96.070 of this Code. So, in 2.96.070, there is a, like an annual recertification requirement and graduated income tenant requirement that's already in 2.96, so my assumption would be that...I'll go stronger than an assumption. My read of it is that they would need to comply with this annual recertification and work with the Department of Housing and Human Concerns.

COUNCILMEMBER LEE: Okay. So, they are required to report. So, I just wanted to make sure that the Housing Department reports to us, you know, if there's any delinquency or any problems with recertification. So, where are we at that?

MR. UEOKA: Chair?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: You know, again, it's up to you guys, wherever you want. But I would recommend you take a look in 2.96 because we're requiring to qualify for this, you have to follow 2.96. It might be cleaner if you just put it in 2.96, so the 2.96 projects will be required to report also. I think, you know, I don't want to speculate, but they're...Housing does a pretty good job at staying on top of the various projects once they're getting going. Thank you, Chair.

CHAIR KAMA: Thank you.

COUNCILMEMBER LEE: Madam Chair --

CHAIR KAMA: Yes?

COUNCILMEMBER LEE: --I...thank you for your advice but I'm thinking that we should make an amendment to this ordinance because this ordinance deals with real property exemption and 2.96 deals with so many other things, requirements. So, I think at some point I'd like to make an amendment to add the notification to Housing and the notification from Housing to the Council.

CHAIR KAMA: Okay, so, hold on to that thought, so when we actually do make a motion, if we do that today --

COUNCILMEMBER LEE: Okay.

CHAIR KAMA: --then you can go ahead and do that.

COUNCILMEMBER LEE: Alright, thank you.

CHAIR KAMA: Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair, and mahalo for taking this item up first on the agenda. And I support a lot of what Councilmember Lee spoke about

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

and I do support the effort in preventing a situation like Front Street Apartments from happening again. So, my question was what Member Lee had asked but it's also, so in Section 2.97.130, it also references a section that 3.48.545 that's being proposed to be removed. So, at what point would we ensure that they're...that we do good housekeeping and that the 2.97 doesn't reference a section that we're deleting?

MR. UEOKA: Chair?

CHAIR KAMA: Yes.

MR. UEOKA: Thank you. If it's repealed, we can send up a follow-up bill, but I believe the big one for 2.97 was they could also dedicate the property under 2.97 so during construction, sorry, they would be eligible for a real property tax exemption also. But anyone under 2.97, because, I think those were all 100 percent projects, so the rentals would likely qualify for this exemption under, you know, or I'm sorry, for this dedication if they saw fit. So, I think we could...we can address it in housekeeping and thank you for bringing that up.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. Ueoka. Okay, so in the proposed amendment it seems like it would give the Director of Finance sole discretion over all of the aspects of residential workforce housing. Would these developments need to have Council or public review for large changes such as cancellation of requirements or failure to observe restrictions?

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. That would actually have nothing to do with the Director of Finance, he would just be giving the dedication and therefore the tax exemption. If they fail to meet it, you know, the other requirements of 2.96, that would be under the Department of Housing and Human Concerns and they'd be following up, you know, in accordance with whatever our powers are per the deed restrictions and law. But the Director of Finance wouldn't have any authority to say, "yeah, this no count anymore," or anything like that. He's strictly going to confer with the Department of Housing and Human Concerns whether or not the property will be utilized for residential workforce housing unit projects and if he gets the green light from them, he'll go ahead and, well, I'm assuming he'll go ahead and issue the dedication and then move forward. But as far as enforcement of the deed restrictions and all of that, that won't be on the Department of Finance. That'll still be with DHHC. Thank you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Ueoka. So, in the proposal, should we clean that up a little bit to make it clear? Or?

CHAIR KAMA: Is it clear enough?

MR. UEOKA: Thank you, Chair.

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

CHAIR KAMA: Yes?

MR. UEOKA: Under D it talks about the Director of Finance shall confer with the Director of the Department of Housing and Human Concerns. And nowhere in here does it authorize the Director to do that. The only section is in H and that's more of like a force majeure type thing. If something terrible happens to the project like hurricane, fire, something happens where it's unusable as a residential workforce housing unit project, they're giving them time, it would give them a break from the deed restriction, or the dedication, so that they could fix it and they wouldn't be subject to rollback because it would be kind of be insult to injury where a fire renders the property unusable and then he comes in and says, "well, you're not renting it to low and moderate income housing people, so you're in violation of your dedication, we're rolling you back." So, the idea with that was to give them about 36 months max to rebuild the project and get it to go back into residential workforce housing units. It's not intended to give any other type of break where they go market or anything. So, that...

MR. TERUYA: ...*(inaudible)*...

MR. UEOKA: Yeah correct, and if you're in year '29 of your dedication and this happens, that '29 stops right there and you still have to fulfill those three years after you rebuild. It doesn't go away while you're rebuilding. So, the period keeps, or, I'm sorry, it stops running, it tolls for that period.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo for that explanation. So, I guess it doesn't...and I understand there's all kind of situations that would come up, but it would give the Director sole discretion to decide and I know a fire is like a good example. But are there other examples in which the situation would come up, or how would that determination be made?

MR. TERUYA: Chair?

CHAIR KAMA: Yes?

MR. TERUYA: We, like any other dedication program in the Real Property Division, it's pretty cut and dry. If you fail to meet the restrictions, you're going to be rolled back. We have very little leeway. I mean, if it's an act of God, obviously it would be. But other than that, short of that, even if you needed...even if one unit is rented at market it violates the dedication. So, it's very, very clear in my mind.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo, Director. Okay and then I'll just...I'll ask one more question if it's okay, Chair --

CHAIR KAMA: Yes, by all means, yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: --and then I'll yield the floor. So, I guess, back to the 3.48.545, if this language is removed, does this open the process up to any developer, meaning that any developer can also qualify for the fast-track affordable

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

workforce housing permitting process and would only have to pay a penalty of 10 percent of the back taxes and previous taxes owed if they did not end up meeting the residential workforce housing requirements after the property is developed?

MR. UEOKA: Thank you, Chair. Okay, I don't think by deleting 545 it necessarily creates anything else. However, if someone does dedicate under 367, 3.48.367, they'll be required to fulfill the deed restriction requirements under 2.96.070, which they signed up for. If they fail to meet those requirements, they'll be subject to tax, a rollback tax, which, under the current system, they wouldn't be. So, they'd be subject to that, but they'd also be subject to whatever specific enforcement we can seek as the County on these deed restrictions that, you know, there's mechanisms in place and the revamp of 2.96.070 did create a lot of other mechanisms in there. But as far as...I don't think anything automatically qualifies you for two point...was it, 2.97 fast track? Or the 2.96, the new fast track in 2.96 you're referring to?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

MR. UEOKA: I think you'd qualify for that anyway because to be subject to this dedication you have to be 100 percent, 10 or more units 100 percent, so you'd qualify anyway. But the deletion of 545, in my opinion, doesn't open up any doors.

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

CHAIR KAMA: You're welcome. Members...yes, Member, Councilmember Molina?

VICE-CHAIR MOLINA: Thank you, Madam Chair. For I guess either Mr. Ueoka or Mr. Teruya, you know this proposal is for ten or more rental units, was there any discussion about why no open it up even more for anyone that wishes to rent their units that's consistent with the rental guidelines of 2.96? Because I just feel maybe we shouldn't be so limited. Now, I don't know what the rationale was that for, but could you share that with us? And, you know, if someone had an ohana too, and they're willing to rent that ohana within the rental guidelines that's established in the workforce housing code, you know, why not give them the discount or exemption as well?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. That's a very good point, Mr. Molina. We did talk about that with Director Teruya and for now we just wanted to address the big housing projects because we felt the smaller and more individual projects there would be, like, more and more loopholes and stuff we'd miss by trying to do one sweeping legislation. So, the point was here to just catch projects, which is what 3.48.545 covered, and work with the Council later on to do a more individualized-type project where just a dedication for a long-term residential rental at certain rates and that thing. So, it...this was more just to solve the immediate need Director Teruya saw that happened with, as Member Rawlins-Fernandez mentioned, with the Front Street Apartments. So, this was plugging that hole and we do realize there is a greater need, you bring up

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

a very good point. But we wanted to take small bites and actually get something serviceable right now rather than open ourselves up to something we don't fully, or I shouldn't say understand, but something we couldn't fully vet. Thank you...

VICE-CHAIR MOLINA: Okay, so at this point it would be somewhat uncomfortable if we decided to amend this and...but what I basically, Madam Chair, just would want assurances from the Administration that we'll revisit this again and look at other, you know, options, if you will. So --

CHAIR KAMA: Okay.

VICE-CHAIR MOLINA: --okay, and then --

CHAIR KAMA: Mr. Teruya?

VICE-CHAIR MOLINA: --I...oh, go ahead Mr. Teruya.

MR. TERUYA: Thank you, Chair. In regards to your question, it is a good question and it's something that's going to come up in Member Rawlins-Fernandez's Committee tomorrow in addressing the TIG. That is one of the items that's coming up on the TIG's...tomorrow to create the TIG to have a long...maybe in that conversation, whether or not...how is that going to be addressed. Because when we talk about every single long-term housing unit, you need to know financial impact as well. So --

VICE-CHAIR MOLINA: Okay.

MR. TERUYA: --that might be very premature at this point to include that right here.

VICE-CHAIR MOLINA: Okay, and just a quick follow-up. So, with this current proposal as far as revenue loss for the County, have you guys had any, made any estimations at this point --

MR. TERUYA: Chair?

VICE-CHAIR MOLINA: --based on what's out there?

MR. TERUYA: Chair?

CHAIR KAMA: Yes, go ahead.

MR. TERUYA: Right now we're assuming that whoever's getting it will probably return to get it. The whole point, the biggest point about this is there's a...if you default, there's a financial obligation. That's really all the difference is.

VICE-CHAIR MOLINA: Okay.

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

MR. TERUYA: So, I'm assuming...and we're not trying to exclude anybody from the dedication. We just want to make sure that if you're going to do your commitment, you're going to fulfill the commitment and that's what this is for. I don't think there's going to be any more people getting it either way. But I'm assuming everybody who has it now would get it again.

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

CHAIR KAMA: Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a question about the verbiage on the amendment. The second part it says, and repealing the exemption for low and moderate income housing, is there a part B to this amendment and can you speak on that?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. We're just saying low and moderate income housing because that's the title of the current exemption for 3.48.545. That's the only reason why we said that. We...it...I know it sounds horrible and against all common sense, but what we're really doing is we're deleting that section but we're adding in a dedication process under this new 3.48.367. So, it's like Director Teruya said, it's just creating a dedication so there'll be a little bit more incentive to complete the entire dedication period.

COUNCILMEMBER SINENCI: Okay.

MR. UEOKA: Thank you.

COUNCILMEMBER SINENCI: Just a follow-up, does this have...and this doesn't affect like any of the short-term rentals or anything like that. This is just purely for affordable housing, yeah?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: That is our understanding, Mr. Sinenci.

COUNCILMEMBER SINENCI: Okay, thank you. Thank you, Chair.

CHAIR KAMA: You're welcome.

MR. UEOKA: Chair?

CHAIR KAMA: Yes, Mr. Ueoka?

MR. UEOKA: Sorry, someone wiser on 2.96 than me, I believe it was Deputy Director Munsell, shot me a text. Under 2.96.070B(2)C, it states owners or owner's

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

representative shall submit proof of compliance with income guidelines for rentals quarterly to the Department of Housing Concerns. So, addressing Member Lee's concern. So, we will be getting quarterly compliance reports.

COUNCILMEMBER LEE: Thank you, but we're still going to need it coming to the Council.

COUNCILMEMBER SUGIMURA: Yes.

CHAIR KAMA: Yes, Member Sugimura?

COUNCILMEMBER SUGIMURA: So, in relationship to that I think Ms. Lee just added something. Do you want to say it on the mic --

COUNCILMEMBER LEE: Oh, not yet.

COUNCILMEMBER SUGIMURA: --before I start? Okay. So, going through this I'm grateful that it's going to address some of the major problems that we are going through with, because of Front Street and that it sounds like we will then not have the problems that we are currently living because of Front Street. One of the...and you've explained a lot of this bill. And one of the things in I of the bill that you passed out, what is a paramount lien upon the property as provided by the ordinance? So, additional taxes and penalties due and owing as a result of failure to observe the restrictions on the property or any other breach of the terms of dedication, shall...what is a paramount lien?

MR. UEOKA: It's our real property taxes. It's the number one lien on a property.

COUNCILMEMBER SUGIMURA: Oh.

MR. UEOKA: We go ahead of mortgages and everything.

COUNCILMEMBER SUGIMURA: Okay, so it's the positioning? Okay. Well, that is our largest revenue source so I'm glad you take that position. And this will definitely, then, allow us to know when things are happening or not happening and thank you for recognizing the shortfalls that we were in and your expertise to solve that problem. Thank you.

CHAIR KAMA: You're welcome.

COUNCILMEMBER SUGIMURA: I look forward to you asking for our, the motion.

CHAIR KAMA: Thank you. Member Molina, do you want to share with the group?

VICE-CHAIR MOLINA: Oh, not.

CHAIR KAMA: Okay. I...

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

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

CHAIR KAMA: Okay. Okay, Members, the Chair will now entertain a motion to recommend passage of the proposed bill entitled A Bill for an Ordinance Amending Chapter 3.48, Maui County Code, Relating to Long Term Dedication for Residential Workforce Housing Rental Unit Projects and Repealing the Exemption for Low and Moderate Income Housing; on first reading; and incorporating any revisions made by the Committee today and non-substantive revisions; and the filing of County Communication 19-80.

COUNCILMEMBER SUGIMURA: So move.

MS. MATTHEWS: Madam Chair?

CHAIR KAMA: Yes?

MS. MATTHEWS: I wanted to confirm whether or not you're entertaining the motion for the revised proposed bill?

CHAIR KAMA: Oh yes. Yes, this is...so, what you've got today was the revised bill. There was an earlier bill that was sent, but you guys got the revision.

COUNCILMEMBER SUGIMURA: Yes.

CHAIR KAMA: So, the motion should be for the revised version, so yes.

COUNCILMEMBER SUGIMURA: So move with your revision.

CHAIR KAMA: Yes. Who second the motion?

COUNCILMEMBER LEE: Him.

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

COUNCILMEMBER LEE: Madam Chair, I'd like to make an amendment to the motion. I'd like to amend, and I'm not sure, Mr. Corporation Counsel, so help me with this. Amend Section 3.48.367, adding after K another sentence which would say that the Director of Housing and Human Concerns will notify the...will provide an annual report to the Council or quarterly report, quarterly report to the Council on whatever she texted you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Second.

COUNCILMEMBER LEE: How do you like that? I'm not sure...because I'm not sure of the verbiage.

MR. UEOKA: Yeah.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

CHAIR KAMA: Okay, so, yes, Mr. Ueoka?

MR. UEOKA: Thank you, Chair. It's the requirement under 2.96.070B(2)C. But, I guess, just like how you said that this isn't under 2.96, it's under 3.48, as time goes by I've noticed like, right now the current Director will know that there's a quarterly reporting requirement for the Director under 3.48.367L, but four or five directors from now might not necessarily know. And that's the problem when you put it under a section of the Code that that director doesn't typically work with. As you are familiar when you were director, I don't think you worked in 3.48 very often.

COUNCILMEMBER LEE: That's true.

MR. UEOKA: Yeah.

COUNCILMEMBER LEE: That's true, but are you saying, okay, are you saying we should put it under 2.96?

MR. UEOKA: That would be my recommendation. Or make the Director of Finance do the report to you.

COUNCILMEMBER LEE: Well, that's even better. Okay, so we can amend this one right here, instead of having the Director of Housing and Human Concerns report...

CHAIR KAMA: So, are you amending your amendment? Because there's an amendment on the floor that had already passed, it was seconded to amend 3...it was. Wasn't that correct, Leslee?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, and I seconded it.

COUNCILMEMBER LEE: I wasn't finished yet, but...

CHAIR KAMA: I know, but they already anxiously wanting to support you.

COUNCILMEMBER LEE: Oh, okay. Okay.

CHAIR KAMA: So...

COUNCILMEMBER LEE: Reverse.

CHAIR KAMA: Is everybody going to withdraw the amendment?

COUNCILMEMBER RAWLINS-FERNANDEZ: No objections, I withdraw.

CHAIR KAMA: Okay.

VICE-CHAIR MOLINA: No objections.

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

CHAIR KAMA: Okay, we good.

COUNCILMEMBER LEE: Okay, now --

CHAIR KAMA: Alright. So --

COUNCILMEMBER LEE: --amending the --

CHAIR KAMA: --amending the main motion.

COUNCILMEMBER LEE: --main motion. Okay, to add a section under K, after K, letter K, under 3.48.367 requiring that the Director of Finance provide a quarterly report to the County Council on the status of the dedications.

COUNCILMEMBER RAWLINS-FERNANDEZ: Second.

CHAIR KAMA: Okay...

COUNCILMEMBER LEE: And then just in case you're worried about the next director and the next director, God willing for the next nine years I'm going to track this. Thank you, Madam Chair.

CHAIR KAMA: Okay, so, Mr. Ueoka, did you get that amendment to the main motion? Okay.

MR. UEOKA: In concept, yes.

CHAIR KAMA: Okay. So, that was, then...who seconded that amendment? Okay, so, it was moved by Alice --

COUNCILMEMBER RAWLINS-FERNANDEZ: Member Lee.

CHAIR KAMA: --Councilmember Lee, seconded by Councilmember Keani Rawlins-Fernandez to amend the main motion to read to form. Can I say that?

MR. UEOKA: Yeah, I can work with Staff on --

CHAIR KAMA: Okay, okay.

MR. UEOKA: --wordsmithing it.

CHAIR KAMA: Thank you. So, all those in favor of the amendment, say "aye."

COUNCILMEMBER RAWLINS-FERNANDEZ: I have a question real quick.

CHAIR KAMA: Yes.

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: Sorry.

CHAIR KAMA: I'm sorry, yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: The recommendation was to put that amendment under 2.96? Because it's going under 2.48.367.

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

COUNCILMEMBER LEE: We want it in this one because it will be the Director of Finance.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, yeah. That's what I said.

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: . . .*(inaudible)*. . .2.48.367.

CHAIR KAMA: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, okay.

CHAIR KAMA: Yeah.

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

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Alright, just wanted to confirm.

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Ready for the question.

CHAIR KAMA: All those in favor, say "aye."

COUNCILMEMBERS: Aye.

CHAIR KAMA: All those opposed? Hearing none, seeing none, the motion has passed unanimously. Councilmember Sinenci, Molina, Lee, Rawlins-Fernandez, Sugimura, myself; one excused, Mr. Riki Hokama.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

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

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Hokama.**

MOTION CARRIED.

ACTION: **APPROVE AMENDMENT.**

VICE-CHAIR MOLINA: Madam Chair?

CHAIR KAMA: Yes?

VICE-CHAIR MOLINA: Now, we're back to the main motion as amended, yeah?

CHAIR KAMA: Yes.

VICE-CHAIR MOLINA: Okay.

CHAIR KAMA: And now, all of those in favor of the motion, the main motion on the floor, please say, "aye."

COUNCILMEMBERS: Aye.

CHAIR KAMA: All those opposed? Hearing none, the motion's passed with Councilmember Sinenci, Councilmember Molina, Councilmember Lee, Councilmember Rawlins-Fernandez, Councilmember Sugimura, myself, and excused is Mr. Riki Hokama.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

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

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Councilmember Hokama.**

MOTION CARRIED.

**ACTION: FIRST READING of bill and FILING of County
 Communication 19-80.**

CHAIR KAMA: So, Members, I just want to thank you so very much for passing this ordinance through. Thank you very much for Member Keani Rawlins-Fernandez having to leave early and requesting that we put this on the agenda first. So, I thank you all for obligating us to do this task. And thank you, Mr. Teruya, for a job well done and we'll see you over the next ten years. So, at this time I think I'm going to now...oh, it's done, right? We don't have to...we filed it already, right? Did we?

COUNCILMEMBER SUGIMURA: No.

CHAIR KAMA: Communication. We filed the County communication. Okay. So, we're done.

AH-6 EXPEDITING BUILDING PLAN REVIEW PROCESS BY DEVELOPING A CATALOG OF PRE-APPROVED PLANS (MISC)

CHAIR KAMA: Okay, moving right along here, AH-6, Expediting Building Plan Review Process by Developing a Catalog of Pre-Approved Plans. So, do we need to take a short break to get Ms. Andaya-Dagdag [sic] set up?

COUNCILMEMBER SUGIMURA: Okay, good.

CHAIR KAMA: Are you ready? You could sit here. Yeah. Join us, Ms. McLean. What is this? Okay. So, without further ado, if we might, Members, we're now going to take on AH-6, Expediting Building Plan Review Process by Developing a Catalog of Pre-Approved Plans. Acting Director of Public Works Rowena Dagdag-Andaya will give us a brief overview of preapproved building plans, the status of a catalog of preapproved plans, and how they can be used to facilitate the development of affordable housing in particular. And also joining her is our Director of Planning, Ms. Michele McLean. So, welcome --

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

MS. DAGDAG-ANDAYA: Aloha.

CHAIR KAMA: --and thank you for joining us today. And as we say aloha to our Keani Rawlins-Fernandez, thank you. So, Ms. Andaya-Dagdag, if you would please continue?

MS. DAGDAG-ANDAYA: Okay. Aloha, Chair and Councilmembers. Again, I'm Rowena Dagdag-Andaya, Acting Director of Public Works. And, I...this item regarding the preapproved, a catalog of preapproved plans, was something that was brought up back in, I believe, 2016 when the temporary investigative group regarding affordable housing convened and provided their recommendations to the County Council and to the Administration at that time. This idea was discussed in Committee and, I think, I was part of that discussion that day when it was brought to Committee and I looked at some of the information from the other counties, one of them being the City of Sacramento. And at the time, they had an infill program where an architect was selected to provide model house plans for purchase by owners and developers for a specific neighborhood. My understanding is that that process was used to streamline the process for developing single-family homes and it was...those plans were basically used for one of the historic neighborhoods and for redeveloping that neighborhood. So, there were two architectural firms that were selected and what they did was they created the house plans that were used for that specific neighborhood, people would, or homeowners and applicants would contact the architects and the architects would charge for the services. These would be creating architectural plans and the structure plans, and then if they wanted to customize the plans to meet their needs, their home needs, they could do that as well for an extra fee. I did...back in 2017, I called up the City of Sacramento and I couldn't get a response from them regarding that program, and when I finally contacted the architect, the architect's representative had told me that the city had actually kind of stopped that program. And when I go back to the website again today...or actually, I looked at the...that architect that I called and I saw a link to that infill house program, but unfortunately that link is broken. So, if I had more time, I would've tried to reach back to the City of Sacramento to see if they still had that program in place and get more information from them as to how it was working and perhaps use that as a model for a program that we would implement here at the County of Maui. I think one of the first things that we would have to do, though, is really have a good discussion with the architects association and the architect community because it would be incumbent on them to provide or develop the plans and potential homebuyers or applicants would need to reach out to the architects to see if their plans could be used. What we currently have at the County is something called a design registration process. And if you have, I believe, the handouts were provided to all of you. The process is outlined on this page and it's in our Code, in our Building Code under Section 106.6, there is a section entitled Design Registration and the design registration process has been used for several residential projects, Spencer Homes, Waikapu Gardens, has utilized the design registration process in both their building of homes in Kihei and in Waikapu. Maui Lani has also utilized that process in the past and most recently, the Kehalani Developments, they've been using the design registration process as well. What happens, and if you

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

can follow along with me on the handout, the first thing that takes place is that a design registration application is prepared, the plans are made, and then there's a fee of \$500 that's submitted to our Building Plans Review Section. So, if you can imagine something like Spenser Homes and there, I think there's about seven models in that neighborhood. So, there would be a set of plans for each model and someone from Spenser Homes would come in to the County and work directly with our Building Plans Review Section. They would schedule an appointment and they would go over the plans together and each plan would be \$500. The fee for reviewing it would be \$500. The second step is our Building Plans Review Section would review for completeness and that we would, or the Building Permit Section would process the fee. Next, the Building Plans Review Section would conduct only a Building Code review, and then provide comments to the architect or structural engineer. So, in essence, there's still a plan review there that takes either, you know, a couple of days or could take a couple of weeks, but it's only between...the plans review is only being done by our Building Code, or Building Plans Review Section. Once our Building Plans Review Section finds that the designs are in compliance with our Building Code, then a design registration number is given to that model, and the design registration number is put on the title sheet of the plans. For number five, we actually have the plans scanned into our database. There's a program called ApplicationXtender where the public can, and the private, you know, those in the public can actually review the plans. So, if you are familiar with our DSA website, we do have a search feature, a database, that allows you to search for building permits and the building permit link would actually show the plans and the building permit application for each home or commercial structure that's applied for. When the applicant is ready to utilize the plan, then they come in and a standing building permit form is applied for or used to apply for a permit application and at that point, we do have to send those plans out to the different agencies for review. So, this includes Fire Department, Planning Department, Water, Wastewater, and at times, even SHPD depending on where the location of the home is being applied for. So, the benefit of doing that design registration is that there's no...the plan review fee is only \$50, so you have that benefit of, you know, paying a minimal amount. But you still have to go through that plan review processing by the different agencies. So, I think even with the other process, the catalog of plans in the other counties, the one like Sacramento, they would get the catalog of plans, their building department would review the plans for compliance with the building code, but you still have to meet things like setback, water requirements, wastewater, any archaeological issues, you still have to go through that review. At this time, if you take a look at your sheet, we have issued a number of design registrations from 2012 to the present. So, designers have taken advantage of the process and, you know, if...I guess at this point if there is a push to have a catalog of plans to be used for affordable housing we'd, you know, we would most certainly be interested in revisiting that initiative, but we would also need to involve the architecture community in that as well. So, with that, if you have any questions, I'm here to answer them, or Michele, Director McLean can also help answer as well.

CHAIR KAMA: Thank you, Ms. Dagdag-Andaya. Members, questions? Yes, Mr. Sinenci?

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Ms. Dagdag-Andaya, for that presentation. So, just a couple questions. So, you said that we've, the County from 2012 to the present, we've got about 148 models that's plans that have been submitted to the County?

MS. DAGDAG-ANDAYA: Yes. And just to note the design registration process actually started years ago but the data that I have here shows what's been approved under our existing Building Code. So, one thing to note too is when the Building Code changes, then all of the design registrations that had been previously applied for would be cancelled. So, new sets or new registrations would need to come into play.

COUNCILMEMBER SINENCI: Oh, I see. Okay. So, this is on the DSA website, all of these models?

MS. DAGDAG-ANDAYA: We can help you find those models. I think what helps is we can, yeah, we can give you the numbers and then we can search through them that way. But when you go onto the DSA website, if you already know the building permit number, you can search using the building permit number, or you can type in a key word and it'll pop up all of the different plans from that neighborhood or from that development or from the applicant.

COUNCILMEMBER SINENCI: So, by doing this, you get to waive the design registration application fee of \$500. Is that correct?

MS. DAGDAG-ANDAYA: Yeah, actually, the, so, the design registration application fee is standard when the designer comes in to apply for that design registration number. If you're coming...say for example you were interested in a specific plan from Kehalani and you wanted to use that plan in another location, then one of the things you would have to do is work, you know, identify who the architect was or is that developed that plan, reach out to them and see if you can use their plan for that...for wherever you're building your home.

COUNCILMEMBER SINENCI: And they may charge you a fee?

MS. DAGDAG-ANDAYA: They may charge you a fee. Yes.

COUNCILMEMBER SINENCI: For using their plans?

MS. DAGDAG-ANDAYA: Uh-huh.

COUNCILMEMBER SINENCI: And then, so the...and then as far as affordability, well, you would just look at the plan that's most affordable for your budget, I guess, yeah? You also said, so, the plans are preapproved. However, for the specific site that you plan to build your house, you would still need to take the approved plans to all of the different departments to have them --

MS. DAGDAG-ANDAYA: Yes.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

COUNCILMEMBER SINENCI: --okayed by Fire, Wastewater --

MS. DAGDAG-ANDAYA: Right.

COUNCILMEMBER SINENCI: --all those things.

MS. DAGDAG-ANDAYA: Because you still need to be in compliance with other sections of the Code. So, even if you have that initial Building Code compliance, you still need to meet things like setback, water requirements, I mean, Water Department would have to take note of the number of fixtures, Wastewater if you have to do a cesspool versus hookup. So, those things also need to be reviewed.

COUNCILMEMBER SINENCI: And...

MS. DAGDAG-ANDAYA: Oh, septic. I'm sorry, septic. Yeah.

COUNCILMEMBER SINENCI: And just a follow-up, Chair. And so, those departments also require a fee?

MS. DAGDAG-ANDAYA: Some might require a fee.

COUNCILMEMBER SINENCI: Okay.

MS. DAGDAG-ANDAYA: Yeah.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR KAMA: Any other questions...

COUNCILMEMBER SUGIMURA: Chair?

CHAIR KAMA: Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. Recently we saw the passing of Hiroshi Arisumi and through that Dream City, right? So, I did this whole thing about learning about Dream City and what that was when it came up. And I think that the Arisumi's, plus other builders in conjunction with the closing of HC&S, the housing for the plantation workers developed Dream City. And I think what you're talking about is what they did at that time when they came out with, I think was 3,000 homes over a period of I forget how many years. But I encourage this and I wondered if you also have in the designs, because I think we always think of a home as three bedrooms, two baths, or garage, or something like that. But do you have smaller ones where you can accommodate ohana units or, you know, something we can look at towards developing for helping the homeless?

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

MS. DAGDAG-ANDAYA: Chair? I don't think we have, you know, I asked about that, well, what if we had a pilot project where it's just ohana units. And my understanding, I don't think we have plans that have gone through the design registration process. I'll need to...staff needs to go back and check, but lately it's been your single-family projects or single-family subdivisions that have been utilizing this registration process. But I would be interested in seeing if we can do a pilot with just the ohana smaller-type homes.

COUNCILMEMBER SUGIMURA: I'm interested in that too. Just, you can help more people when our land is so limited and valued. I wonder if Planning has a comment regarding this process.

CHAIR KAMA: Go ahead, Ms. McLean.

COUNCILMEMBER SUGIMURA: Thank you, Director. Thank you, Chair.

MS. MCLEAN: Thank you, Chair. Picking up where Rowena left off, unfortunately it wouldn't work for Planning to have a similar kind of registration process because we would have to look at the zoning of the parcel and that depends on each individual parcel. So, looking at the zoning, we would look at the size of the structure to make sure if it's an ohana that it's the size allowed by that lot size, or if it's a farm dwelling that it's allowed the size of the farm dwelling that's spelled out in the Code, the density that's allowed in different zoning districts, can this house, are there other homes on the property already, can this additional house be constructed, and what the setbacks are, as Rowena mentioned. Plus, we would also look at whether there are conditions on that zoning. There are zonings that have conditions that say, for example, no ohanas, or building height shall be limited to one-story, so we'd need to check things like that to see if any of those apply. And also if other permits are required like a flood development permit, SMA review, historic district. So, those are the things that we look at when we review any of building permit but...with these. But if you are looking to further incentivize and make things easier, faster, cheaper, we don't charge a fee for our initial review of a building permit, but if we need...if there are problems with the plans and changes need to be made, we charge for re-reviews. And that was sort of a carrot-and-stick approach to try to speed up the building permit review process because we would spend so much time back and forth, back and forth, back and forth to try to make sure that permits are, have everything we need on the first review. That saves the applicant time, it saves us time. But we do charge for the second, third, and fourth review. So, one option would be if it's a registered building permit that we wouldn't charge those re-review fees. So, that might be an opportunity for some savings. Or there's also the prioritization policy that was adopted in the Code for affordable housing projects that go through Housing and Human Concerns, but we could also do a prioritization, all departments, in fact, could do a prioritization for permits that follow the registration process. So, if it is the Council's thought that the registration process is going to be used for affordable housing --

CHAIR KAMA: Right.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

MS. MCLEAN: --you know, at least in part, then those are some other opportunities to at least make it less expensive and to speed it up. Thank you, Chair.

CHAIR KAMA: Thank you. Thank you.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: Any other questions, Members? Mr. Molina?

VICE-CHAIR MOLINA: Yeah, thank you, Madam Chair. Just follow up with Director McLean, how many, I guess, re-reviews do you do? Is that a common occurrence where you have to look at a project two times, three times, and so forth? You guys make a lot of money off of those re-reviews, I guess, with your fees that you have to charge the applicant?

MS. MCLEAN: It is much less common now that we charge for the re-reviews.

VICE-CHAIR MOLINA: Okay.

MS. MCLEAN: It really had an effect.

VICE-CHAIR MOLINA: Yeah.

MS. MCLEAN: It really did.

VICE-CHAIR MOLINA: So, it's more of a deterrent, yeah?

MS. MCLEAN: It was, if I recall correctly, and I would need to check back from when we first proposed that re-review fee to the Council, I think fewer than a quarter of building permits we were approving on the first round. And then sort of, you know, in equal categories of second review, third review, fourth review. Now, we're reviewing the majority in the first round, very few go for a third review. If we don't catch them the first time and they come in the second time we say, "oh, we're charging you." "What, you're charging us?" Again, if you have to come back again it's going to be even more, and then even more again. We approve most of them after just two.

VICE-CHAIR MOLINA: That's good to hear. Thank you.

CHAIR KAMA: You're welcome. Yes, Ms. Lee.

COUNCILMEMBER LEE: Thank you, Madam Chair. Ms. McLean, so, if the applicant has preapproval on design from DSA, do the applicants still go back to you multiple times?

MS. MCLEAN: I...the re-review fee process is relatively new; it's only been in place for maybe one fiscal year and we don't get all that many design reviewed plans. But I would have to check with staff to see with the design registered, excuse me, with the design

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

registered building permits that come to us if we, if it's common to need re-reviews for those. I just don't know; I haven't asked for that certain kind of application.

COUNCILMEMBER LEE: Okay, and also, I know that you instituted that expediting process, expedited process last year or the year before or a couple years ago, and by prioritizing, I don't know if it's a pink card or some kind of card, has that been working well?

CHAIR KAMA: Yes, go ahead.

MS. DAGDAG-ANDAYA: Chair, yes, I believe it has been working well. One of the first projects that we used it was the senior housing project in Kahului. I think it's called Kahului Lani --

CHAIR KAMA: Yeah.

MS. DAGDAG-ANDAYA: --across from Foodland --

CHAIR KAMA: Catholic Charities.

MS. DAGDAG-ANDAYA: --Kahului. Yeah. That one, I know staff had mentioned to me that by prioritizing that project, in fact, the developer, he, or one of the representatives from Catholic Charities said that the process went really smoothly for them. I mean, smoother than what they expected. So, we're happy with that. So, we had some good progress.

COUNCILMEMBER LEE: Do you have any idea how long it took?

MS. DAGDAG-ANDAYA: You know, it still took about, I want to say, between four to six months. I might be off by a couple months. But it was, you know, he, yeah, Catholic Charities did say that it was a smooth process for them. I believe we...they went in for permits sometime in March and then groundbreaking was later, like, November of that same year. Yeah, and it's a big project too.

COUNCILMEMBER LEE: I just want to say, Madam Chair, that I don't know where I got this from, but this proposed ordinance on fast-track permitting. Were you going to...did you pass this out?

CHAIR KAMA: I don't remember. Did we, Staff?

COUNCILMEMBER LEE: Anyway, I have this copy and I was thinking, you know, maybe 10, 15 years ago, it would not have worked because in order for there to be fast-track permitting, there has to be a commitment on the part of the departments and the directors on down, which there was no commitment before because you're...you can't legislate them moving faster. Because what's going to happen is you can say if it's not approved within 14 days, the application is automatically approved. But, the application has to be complete. That word complete changes everything, you know.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

Once they say this application is not complete, then the 14 days could be 400 days, it doesn't matter. Yeah? So, anyway, but with the new attitude of this, of the departments and Administration --

CHAIR KAMA: And Council.

COUNCILMEMBER LEE: --that makes all the difference in the...yes, and then of course, the Council, you know, the leadership of the Council.

UNIDENTIFIED SPEAKER: Yes.

COUNCILMEMBER LEE: But I just want to let you know, Madam Chair, that it takes everybody working together because honestly we cannot force them to move any faster because it's...that's the Executive, that's the Administration, and we're the Legislative body. So, anyway, we thank you for, you know, for this new spirit of cooperation and moving the projects forward. Because, you know, as you know affordable housing and the homeless issue is our top priority. So, anyway, I just thought I'd share. Thank you.

CHAIR KAMA: Well, that's why, Ms. Lee, we all have to hold hands so when we run, we run together and nobody's left behind, right?

MS. DAGDAG-ANDAYA: Chair, could I add one more thing?

CHAIR KAMA: Yes, you may . . .*(inaudible)*. . .

MS. DAGDAG-ANDAYA: So, thank you very much, Councilmember Lee, for that, for your comments because one of the things that we're doing as a department in working with other departments is measuring performance goals when it comes to providing that service of reviewing the applications in a timely manner. So, we are tracking the data and, you know, we support each other and so we are tracking the numbers as it relates to the time it takes for us to review plans.

CHAIR KAMA: So, Ms. Dagdag-Andaya, I have a question. So, when you talk about experimental housing, one of the things I think about is container homes. So, in the case of doing a demonstration or experimental housing with container homes, where does this fall in regard to the design registration? Does there have to be one? Or, Mr. Ueoka? Anyone?

MR. UEOKA: Chair?

CHAIR KAMA: Yes?

MR. UEOKA: I think the way our Code's currently written for container homes, you'd probably need exemptions and stuff, or a modification to the Building Code. So, I don't think they'd necessarily be able to be registered at this point --

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

CHAIR KAMA: Okay.

MR. UEOKA: --without other Code changes.

CHAIR KAMA: Okay. But that would be a potential or possible experimental project?

MS. DAGDAG-ANDAYA: Chair, I believe --

CHAIR KAMA: Yes?

MS. DAGDAG-ANDAYA: --it could, but Corporation Counsel is correct, there would be...we would need to make amendments to the Code or some...provide some kind of exemptions. You know, I'm still not quite familiar with that, but I know that's one of the items in your Committee --

CHAIR KAMA: Yeah.

MS. DAGDAG-ANDAYA: --is the experimental housing.

CHAIR KAMA: Yeah.

MS. DAGDAG-ANDAYA: So, we can take a look at that as well.

CHAIR KAMA: Okay. So, we're not going to rush it to look but let's just hold hands and look together. Thank you. Are there any other questions, Members? Okay, if not, let me see. Okay, so, Members, without objection, I would like to be able to defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused RH)

CHAIR KAMA: Thank you. So, we'll defer this item.

ACTION: DEFER.

**AH-17(8) PRESENTATION RELATING TO THE KAUAI HOUSING SUMMIT HELD ON
FEBRUARY 22, 2019**

CHAIR KAMA: And so, it brings us to AH-17(8), and we're going to invite Ms. Linda Munsell up here. So, please, come join us. Let's have a party down here. Linda, do we need to have a...do we need a break or something to help you get set up? Okay, we're going to take a three-minute break. But I know you'll take five. . . . *(gavel)* . . .

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

RECESS: 2:45 p.m.

RECONVENE: 2:48 p.m.

CHAIR KAMA: . . . *(gavel)**(inaudible)*. . . in 2019, we'll now reconvene. It is now 2:48 in the afternoon. And thank you, Members, for staying in place. Also joining us in the Chambers is Mr. Evan Dust, the Executive Assistant to the Affordable Housing Committee Chair, Tasha Kama. So, welcome, Evan.

MR. DUST: Aloha, Chair.

CHAIR KAMA: So, this afternoon, this will be our final agenda item. Is a presentation by Deputy Director of Housing, Linda Munsell and Evan Dust, on the Kauai Housing Summit, which was held on February 22, 2019. Without objections, I would like to designate Evan Dust as a resource person pursuant to Rule 18(A) of the Rules of the Council.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. So, at this time, Ms. Munsell, would you just please begin your presentation? And, Mr. Dust, when needed, you may add anything to it.

MS. MUNSELL: Thank you, Chair. Good afternoon, Committee Members, I'm really pleased to be here. My name is Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. And as you know, in February we had the opportunity to actually visit Kauai for their inaugural Summit on Affordable Housing. Kauai is a very exciting place for us to go and visit. They've got a lot of things that have been happening there and we like a lot of the new ideas that they're bringing to the table and that they've been implementing over the years. Technology here. So, I think that you guys received a copy of the presentation that I'm giving. You might have also gotten in your packet a copy of the presentation that was provided in Kauai. And I think that Councilmember Kama's Office supplied you with a brief summary. So, I'm not going to go through everything, I'm just going to try and do it very, very quickly. But the summit basically had two basic topics. The first one was what is affordable housing and what is the county's role, and then second, how does the county achieve affordable housing, which, of course, is the thing that makes us all very excited. Then they also had four breakout sessions. One was looking at housing policy itself, land and infrastructure, the state of homelessness on Kauai, and then there was the rental and program opportunities, which I forgot to put on my slide because none of us...there were only three of us at the summit, so we weren't able to attend that. Buddy Almeida, the Housing Administrator, he attended the housing policy section, I attended land and infrastructure, and Mr. Dust attended the state on homelessness. One thing that I want to make sure that I emphasize here is right from the very start of this summit, it was made really clear that the County of Kauai makes affordable housing its top priority. It was a theme that was started with the mayor who opened the session for us, and then it carried through the entire day of the

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

meetings. One of the things that the mayor noted was that very specifically the lack of housing affects the business environment and the County really does have to partner with the private sector and recognize that the economics of housing, of providing housing has got to be a partnership. The mayor also mentioned the role of the county Section 8 program and their other rental assistance programs which provides about \$6 million of rental subsidies in their county, and he noticed that in particular, the county was going to be focusing on its underutilized real estate and help address the land and infrastructure costs that was identified as a major roadblock to affordable housing. So, what is the role of...what is affordable housing and what is the county's role? And I know that you guys have heard a lot of this stuff already, so I'm not going to belabor it. But the panel for this topic included county staff and non-profit participants and they provided information that's very similar to what you've heard before, as I said. Essentially, affordability is based on income and what's affordable to one family isn't going to be affordable to another. The basic expectation, as you know, is that one family is...should be paying no more than 30 percent of their income for housing. And the way it's typically presented is using a chart based on the area median income, or AMI, and the AMI is provided by HUD every year for Kauai County as well as the other counties in the State, and then we calculate the for-sale price limits and the rental rates using the data that HUD provides. Some of the other parts, so, what is the role...some of the other things that their county does as well as Maui County is we participate in studies, we participate in panels, we do coalitions. So, this is just an example of several of those. The Hawaii Housing Planning Study, which was last done in 2016 is being updated. It is used to help determine the needs of the county for the various income levels and to actually project housing demand into the future. The study uses a lot of different factors including births and deaths and migration both in and out of the county. Just like Maui County, Kauai participated in the special action team on affordable rental housing, and that team was tasked with recommending actions to increase the supply of rental housing throughout the State. They also participated in the Hawaii State Framework to address homelessness and also the Hawaii Interagency Council for Transit-Oriented Development. Part of the strategic plan in that council was to facilitate the development of TOD projects including affordable and rental housing on State lands. Okay, so, the County has gotten all this information, they've participated in that, but how does, you know, when the rubber hits the road, how does Kauai actually achieve affordable housing? The panel for this section was actually consisted of county staff, they also had private sector for-profit developers, as well as non-profit developers. Some of the ideas that are presented here by the panel are similar, again, to some of them that we do, but some of them are also new. Kauai was the first county in the State to implement a 100 percent electronic plan review process. This saves a lot of time in the review and allows for simultaneous review of plans by agencies that are involved. Kauai also provides fee exemptions for affordable housing projects. They do theirs on a sliding scale depending on the income target for the project. And then the County, as I said before, throughout...well, because they make it a priority, throughout the entire organization they provide expedited review for all of their affordable housing projects. In addition to those things that the county is doing, they also make it priority to seek out public-private partnerships for properties where the zoning and the permitting are aligned with the County's goals specifically. They are not afraid to try new things as

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

well. So, they are very, they try to be very flexible when they are able to do that with developers, they don't shy away from new challenges. The...they are also very good we're noting in leveraging their resources. They leverage everything that they can bring to the table, that includes CDBG for off-site infrastructure, as well as their HOME, and are very good at trying to attract LIHTC funding for the program, for their projects. So, we're entering into the breakout sessions, this is the session that Mr. Almeida attended. Kauai, like Maui County, has an inclusionary zoning policy. This is our...but it has never been used. This is very similar to our Maui County Code 2.96 that we talk about all the time. The participants in this section actually spent a bunch of time quizzing Mr. Almeida on our policy. And so, Buddy actually was able to provide a little bit of the history on the ordinance and how originally the ordinance had been a 50 percent requirement and now is a 25 percent requirement. He also was able to tell them that no units were built under the 50 percent requirement but since that requirement has changed to 25 percent, we're starting to see projects being built. We've actually seen a lot of projects being built under the 201H program. And although that does require a 51 percent affordable component to it, it also provides exemptions to the developers so that they can lower their costs. The higher number of affordable units is offset by some of the exemptions and other things that they get from the County. Kauai's inclusionary zoning policy is a 30 percent requirement. They are currently in the process of amending that, and they've just completed a residential nexus analysis is what they've called it. And they're going to be using that study to justify the changes that they're going to propose to that ordinance. The next session was land and infrastructure. I'm the one, I attended that section. And interestingly enough, they spent a lot of time quizzing me as well. Mostly it was about the "Show Me the Water" requirement that we have in the County, as well as whether it was true that Maui County puts the cost of developing infrastructure on the developers. So, once we got past those things, then we started talking about...the entire rest of the session was spent in talking about where Kauai specifically should build housing. And the bottom-line takeaway from that section was that infill projects and projects closest to existing infrastructure--no surprise there--should be Kauai's priority areas for development. The strategy is intended to help control the cost of building new roads, decrease the traffic issues that are caused by building outside of the significant business areas, as well as trying to keep the cost of developing water and sewer infrastructure as low as possible. Universally, it was agreed that the cost of developing infrastructure is a significant barrier to building housing. And so building outside of those areas closest was...increased the cost exponentially. The third section that we were able to attend had to do with homelessness. I'll let Mr. Dust address that. But just to make a couple of comments on it, the people who were attending this section were a cross-section of folks who were interested in addressing the homeless issue and those people who were currently serving the homeless community, as well as folks that were seeking some information. They talked about the ohana zone initiatives and they also talked about very interesting opportunity or device that they're employing there, which is temporary employment opportunities for homeless individuals who wish to work. Not one...I've seen that in other places, I didn't realize that we were doing it in State, so that's pretty exciting. So, the bottom line, just our takeaways from this, both counties have a really steep housing demand. Both counties provide developer incentives and fast-track permitting, both of those things

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

were cited as critical to moving housing projects forward. We both have partnerships with local non-profit developers and financial resources. It's, I think that Kauai probably is really, does push those two, that envelope on both of those things much farther than we do here in Maui County, and those are things that we know that we need to address. They also have the same challenges that we have in infrastructure and homelessness. The differences are, you know, other than their higher emphasis on leveraging and the partnerships, is their electronic plan review. They also, because of the way they're structured, they're able to use their CDBG funds to leverage affordable housing projects. We don't do that in Maui County. Kauai County Housing Agency, again, their structure is different than ours. They are focused on housing, housing, housing. That's what they do and that's what they're good at. So, that's a very significant advantage that they have. I understand that maybe they're considering changing that. I would encourage them not to do so. And then also, there's really a countywide alignment, and this is across the entire county starting with the mayor all the way down to council, all the agencies, all the developers, and the public, they are all on board with this. They all see the need for affordable housing for the population living there in Kauai County. And that's all I have; I'll turn it over to Mr. Dust to add.

COUNCILMEMBER LEE: No questions?

CHAIR KAMA: Do you want to ask questions now or later? Up to you, you're...go ahead.

COUNCILMEMBER LEE: Okay, thank you, Madam Chair. Linda, yeah, some of the differences are pretty major because in our case the public is against, in most cases, affordable housing near them. That's one. And secondly, on Kauai, do the Kauai...does the Kauai government require developers of housing to provide their own water?

MS. MUNSELL: Not that I'm aware of.

COUNCILMEMBER LEE: Yeah.

MS. MUNSELL: I mean, they...I mean, that was the very first thing that they asked me, was "Show Me the Water," "Show Me the Water," "Show Me the Water." And, frankly, the facilitator of that section got tired of them quizzing us about that, they wanted to move on to their own. So, no, I don't believe that they, you know, or if there is some requirement, it's through a partnership to develop that.

COUNCILMEMBER LEE: Okay. Because that is the major problem for us. The other thing is you mentioned CDBG, but CDBG shares the money every year with all the three counties, right, or four counties? So, in other words, like, Kauai gets 5 million this year, Maui gets 5 million the following year, so forth. That was my understanding from talking to Joe Pontanilla.

CHAIR KAMA: Yes, go ahead.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

MS. MUNSELL: My...they get an allocation, CDBG gets an allocation of funding every single year. And, yeah, they come, it comes directly from HUD. We do get a rotation of funding for the HOME and the Housing Trust Fund. And that's about 3 million for the HOME fund and about, you know, 1.5 million for the HTF funds.

COUNCILMEMBER LEE: So, you don't think there's a rotation for CDBG funds?

MS. MUNSELL: Not that I'm aware of.

COUNCILMEMBER LEE: Yeah, okay, and then finally you mentioned something about them working on revising their housing requirement, which is 30 now and they're going up higher?

MS. MUNSELL: They have just completed a study and they haven't, I haven't seen the results of that. They're always happy to share with us. And so, when it is complete I'm going to get, I'll get a copy of it. My impression it was not going to go higher. They haven't developed one single unit under their current 30 percent requirement. Now, there could be things, other things surrounding that too. I haven't seen their inclusionary zoning policy, or I haven't reviewed that thoroughly, but it's available to us to look at. But the point was that they felt that their program was not successful and that's why they were quizzing us on how successful we had been with ours. And...

COUNCILMEMBER LEE: So, what did you tell them?

MS. MUNSELL: I wasn't there, but Buddy was there.

COUNCILMEMBER LEE: Oh.

MS. MUNSELL: But he did tell them that there...we had not developed anything when the requirement was 50 percent.

COUNCILMEMBER LEE: Yeah.

MS. MUNSELL: It's now 25 percent and I saw numbers recently that said how many units, we had done a, sorry, a presentation to this Committee recently that actually articulated or showed the specific numbers that we were developing under 2.96 at this point.

COUNCILMEMBER LEE: Okay. And you don't know that at...you don't know that offhand?

MS. MUNSELL: I didn't bring that number with me.

COUNCILMEMBER LEE: Okay.

MS. MUNSELL: Yeah.

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

May 15, 2019

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Without objections, I'd like to ask Mr. Dust to do his presentation.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you.

MR. DUST: Excellent. I'll thank Linda for giving a very comprehensive and complete presentation of the summit. The only thing that I would like to add is what was very clear in attending that summit was the unity of purpose. There weren't people really standing up and saying, "not in my backyard." It was more like, "okay, we know we need affordable housing, we know there's some places we'd like to see it happen, what do we need to do to make it happen?" Sort of along the lines of, Councilmember Lee, of your "can do." It was really that type of attitude and you had that message coming from all segments of the industry. Those who are with the agencies, those who were elected officials, those who were community leaders representing the public, and the development community.

CHAIR KAMA: Questions, Members? I have a couple of questions for you, Ms. Munsell. So, do you know of or have any intentions of having a housing summit for Maui County?

MS. MUNSELL: Thank you for the question. Actually, the intent or the hope is that we will have a housing summit in all of the counties, probably on a rotating basis. That was something, you know, in talking to their staff is that their hope is that it won't be a one of, but that we'll have an opportunity to do those, that kind of presentation in each of the counties and give each of...and give us all an opportunity to learn from each other.

CHAIR KAMA: Okay. So, my second question is the Kauai County Housing Agency, is it a separate part of the county? Is it its own authority or does it come under the County of Kauai Department of Housing?

MS. MUNSELL: It is called the, it is a housing agency, they're part of the county, I'm not exactly sure what their formal structure is, but they're county employees.

CHAIR KAMA: Okay. So, it also says that the Housing Agency has a position designated, the County Housing Development Coordinator or Manager. We don't have something like that in our County, do we?

MS. MUNSELL: I would have to look at their structure. What they have is a director, and then they have got development staff that work for them and they're dedicated to doing this. Unlike us, where we've got a director and a deputy and we're run the entire gamut, you know, everything from, you know, early childhood to taking care of our elders, they're focused on housing. I understand that they're talking about changing that structure, I think it's a financial decision. But, you know, I'm concerned

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

about...they've succeeded. They are our role model in success in developing affordable housing.

CHAIR KAMA: And what do you attribute that success? I know we heard earlier about the public, and the administration, and the council, and the private, and the public sector being in sync, so where do you think Maui falls in terms of falling in line? I mean, where are we...where is the line being crooked? And you don't have to answer today. Maybe we can work on it. Thank you. Members, do we have any other questions? Yes, Member Molina?

VICE-CHAIR MOLINA: Yeah, thank you, Madam Chair. Good afternoon, Ms. Munsell. Any, were there any discussions as far as their permitting process as it compares to ours? I mean, from the observations that you made, and Mr. Dust made, do they seem to expedite permits on a much expeditious manner than us?

MS. MUNSELL: Well, they've got two things going for them, they've got the electronic plan review process, right, that they've implemented. It's all done online. The other thing that they have is their fast-track permitting, which we stole from them directly. We have implemented that as well, and you heard about that, the little, the pink slips. So, yes, they're, you know, other than that one thing, I'm not sure, you know, and I don't know how much time that cuts off of their process. But I think, I would think it was significant. All the developers said that they loved it.

VICE-CHAIR MOLINA: It's interesting to hear that. Thank you.

CHAIR KAMA: Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. And thank you for that report comparing Maui County with Kauai County. I guess I had a question about our, you know, contracting resources here on island. I know we've got a, you know, a number of the larger construction firms and then we have the smaller construction firms. And then we kind of would want to see as far as planning our construction, maybe, you know, if we did have some larger infrastructural projects, you know, we would kind of, you know, okay, we've got some bigger infrastructure projects paired with some smaller housing projects. And so, I guess my question would be how do you feel as for those smaller construction firms that want to do maybe smaller affordable housing projects, is...do they need more incentives than just the 201H process to get them more involved? I mean, this is just a, it's a heavy question but whatever you can answer to.

MS. MUNSELL: Chair? You're a little outside of my area of expertise. I think that there are plenty of projects for both large and small developers here. A lot of the time if you're trying to develop a, especially affordable housing project, the financing is more challenging because, you know, when banks look at a, especially a rental project for instance, they're going to look at what is your income level that you're addressing, you know. What is your rent going to be? How much income are they going to develop from this project? Which means, how much debt can they carry? The larger the project, the more it costs to do and if we're driving down the AMIs for instance, which

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

is what we need, folks that are addressing the 80 percent and lower AMI levels, they're going to have to have financing assistance, and that process gets complicated. You're applying for financing from HHFDC, LIHTC, or Rental Housing Revolving Fund, you're probably getting gap funding from us, maybe you need some help with project-based vouchers, there's all kinds of things; and all of that becomes very complicated. But I think there's room in the market for both large and small developers and large and small projects. And with that's going to come large and small contractors as well, so.

COUNCILMEMBER SINENCI: Okay, thank you for that. Thank you, Chair.

CHAIR KAMA: You're welcome. Linda, did you mention in your presentation how many units the Kauai was able to build?

MS. MUNSELL: I didn't put it in my presentation, I'm not sure it was included in their...

CHAIR KAMA: Just curiosity.

MS. MUNSELL: Yeah. But they have a regular pipeline of projects. And a lot, you know, part of that also comes with the personnel that they have, right? They had a program, or a project coordinator, a development coordinator, who was very skilled at those things. He knew the ins and outs of development and he had his fingers in all of the financing and so a lot of this also has to do with the personnel you have in your department. And that is certainly one thing that we do lack right now. We have got a position open for a development, a project development coordinator that we haven't been able to fill yet. We are actively recruiting for that.

CHAIR KAMA: Okay. So, what is the status of the strategic plan?

MS. MUNSELL: We're in the process of working on that. Of course, there's a lot of different things that come into that, you know, all those studies that we talked about as well as the TIG, we're bringing all those things together. And so, as our Director, Ms. Tsuhako, indicated, we expect to have something by the end of the fiscal year.

CHAIR KAMA: Oh, by the end of the fiscal year, which is June --

MS. MUNSELL: June 30th.

CHAIR KAMA: --our next meeting is June 19th.

MS. MUNSELL: We'll have an outline...

CHAIR KAMA: Will it be ready by then?

MS. MUNSELL: We'll have an outline for you.

CHAIR KAMA: Okay.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

MS. MUNSELL: It may not have, you know, all of the details, you know, specific pieces on hand. Although, you know, it might. We're going to, you know, we've got some pretty good things coming in this, but I don't want to raise your expectations, this is her thing, so.

CHAIR KAMA: Okay.

MS. MUNSELL: Okay.

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

COUNCILMEMBER LEE: Madam Chair, Ms. Pursell...Munsell, I'm just combining all kinds of people's names. Now, I forgot the question. The question had to do with...oh, yes. The position that's open, the coordinator position, can you tell us how much it pays?

CHAIR KAMA: Go ahead, Ms. Munsell.

MS. MUNSELL: So, the position is an SR-24. Because we've had difficulty recruiting it, we have just gotten permission to hire above grade. And so, I think the position is paying something just over \$72,000, that's the...

COUNCILMEMBER LEE: Okay, so you couldn't find somebody at what price? At what pay level?

MS. MUNSELL: I'm not sure where the based SR-24 was, but currently it's at 72,000. So, we just did our first round of interviews at the higher salary. We did not come up with a candidate that we...

CHAIR KAMA: Sorry, Ms. Lee, but we're off topic, according to our Corp. Counsel.

COUNCILMEMBER LEE: Okay, thank you. She brought up the project coordinator, not me.

CHAIR KAMA: Okay, thank you, Mr. Ueoka.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Too bad the phone was there, no. Okay, Members, are there any other questions? Okay, if not, I would like to entertain a motion to recommend filing of County Communication 19-80.

MS. MATTHEWS: Madam Chair?

CHAIR KAMA: Yes?

MS. MATTHEWS: This item was actually listed for no legislative action.

CHAIR KAMA: Okay.

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

MS. MATTHEWS: Would you prefer to defer this item?

CHAIR KAMA: Yes. Okay, Members, sorry. Defer action.

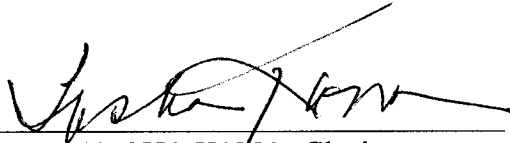
COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused RH)

ACTION: DEFER.

CHAIR KAMA: Thank you. Anyway, I was going to give it to the guys, just so that you know. So, the "ayes" have it. We're going to defer this. So, with no other business at hand, I'd like to thank our Corp. Counsel for being with us, and Mr. Dust, and Ms. Munsell, and this meeting of the Affordable Housing Committee is now adjourned. . . . *(gavel)* . . .

ADJOURN: 3:19 p.m.

APPROVED BY:

A handwritten signature in black ink, appearing to read 'Tasha Kama', is written over a horizontal line.

TASHA KAMA, Chair
Affordable Housing Committee

ah:min:190503:cs

Transcribed by: Crystal Sakai

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

May 15, 2019

CERTIFICATE

I, Crystal Sakai, 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 10th day of June, 2019, in Kahului, Hawaii

CRYSTAL SAKAI

Crystal Sakai