

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

MINUTES

August 7, 2019

Council Chamber

CONVENE: 9:32 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Tasha Kama, Chair
Councilmember Michael J. Molina, Vice-Chair
Councilmember Alice Lee
Councilmember Keani N. W. Rawlins-Fernandez (in at 9:37 a.m.)
Councilmember Riki Hokama (in at 9:35 a.m.)
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura

NON-VOTING MEMBERS:

Councilmember Tamara Paltin
Councilmember Kelly T. King

STAFF: Alison Stewart, Legislative Analyst
Stacey Vinoray, Committee Secretary

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

Evan Dust, Executive Assistant to Councilmember Tasha Kama
Don Atay, Executive Assistant to Councilmember Shane Sinenci
Kate Griffiths, Executive Assistant to Councilmember Kelly T. King

ADMIN.: Mimi DesJardins, Deputy Corporation Counsel, Department of the Corporation Counsel
Lori Tsuhako, Director, Department of Housing and Human Concerns
Linda R. Munsell, Deputy Director, Department of Housing and Human Concerns

Seated in the gallery:

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

Michele McLean, Planning Director, Department of Planning

Rowena Dagdag-Andaya, Director of Public Works, Department of Public Works

Sananda "Sandy" Baz, Managing Director, Office of the Mayor

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

OTHERS: Stan Franco
Mike Moran, President, Kihei Community Association
Cassandra Abdul (left prior to testifying)
Simon Russell, Owner, Farm Maui
Jasee Lau
Scott Shapiro
Jennifer Karaca
Kehau Filimoeatu

Ray Phillips, Hale Kaiola, LLC
Doyle Betsill, Hale Kaiola, LLC
Mike Munekiyo, Munekiyo Hiraga
Will Spence, William Spence & Associates

Additional attendees (13)

PRESS: Akaku--Maui County Community Television, Inc.
Susan Halas, The Maui News

CHAIR KAMA: . . .(gavel). . . The meeting of the Affordable Housing Committee will now come to order on August 7th at 9:32 a.m., and I'd like to ask each and every one of you to please silence your noisemaking devices whatever that may be. At this time we'd like to take roll call. Good morning, Mr. Sinenci.

COUNCILMEMBER SINENCI: Good morning, Chair. Aloha Poakolu.

CHAIR KAMA: Aloha Poakolu. Good morning, Mr. Molina.

VICE-CHAIR MOLINA: Aloha, Madam. I cannot top that from my colleague from Hana but aloha.

CHAIR KAMA: Seeing as how we're going to now say good morning to Ms. Alice Lee.

COUNCILMEMBER LEE: Well, Madam Chair, if you are traveling in China or thereabouts you can say ni hao.

CHAIR KAMA: Tea now.

COUNCILMEMBER LEE: Ni hao.

CHAIR KAMA: Ni hao. Ni hao.

COUNCILMEMBER LEE: Ni hao.

CHAIR KAMA: Okay, ni hao. Ni hao, Ms. Tamara Paltin.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER PALTIN: Aloha kakahiaka, Chair.

CHAIR KAMA: Aloha kakahiaka to you. And Yuki Lei Sugimura, thank you for being here.

COUNCILMEMBER SUGIMURA: Good morning, Chair.

CHAIR KAMA: Good morning. And we see that our Chairman of the Council has just approached us, Ms. Kelly King. Good morning, Chair.

COUNCILMEMBER KING: Good morning. Good to see you this morning.

CHAIR KAMA: It's good to see all of you here this morning. It's good to see everyone in the Chambers also. So, my name is Tasha Kama and I am the Chair of the Affordable Housing Committee. And I'd like to just note the presence of the Department of Housing and Human Concerns Director Lori Tsuhako.

MS. TSUHAKO: Good morning, Madam Chair.

CHAIR KAMA: Good morning. Also, her Housing compartment...partner is Linda Munsell. Good morning, Linda.

MS. MUNSELL: Good morning, Chair.

CHAIR KAMA: And we have also with us with Corp. Counsel Mimi DesJardins. Good morning.

MS. DESJARDINS: Good morning.

CHAIR KAMA: And we have our Legislative Analyst Alison Stewart. Good morning, Alison.

MS. STEWART: Good morning, Chair.

CHAIR KAMA: And our Secretary Stacey Vinoray. Good morning, Stacey.

MS. VINORAY: Good morning.

CHAIR KAMA: So, Members, this morning we are going to be discussing AH-17, the Strategic Plan Presentation by the Department of Housing and Human Concerns. And also AH-17, a Presentation on Hale Kaiola Project in South Maui by Hale Kaiola, LLC. So, Members, this morning it is my intent with your consent to defer both agenda items since the purpose is to receive and discuss the presentations by the Department for AH-17 and Hale Kaiola, LLC for AH-17 because no action on these items is expected this morning. No objections?

COUNCILMEMBERS: No objections.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

CHAIR KAMA: Thank you. I suspect that testimony would benefit from receiving the presentations first, and many of the questions that testifiers may have are likely to be addressed in the presentations. Therefore, I would like with your consent to ask for the presentations to be given on each agenda item before opening for testimony.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. No objections. So, if you desire to testify and are in the Chamber please take this opportunity to sign up with the Staff but would be also taking testimony from the District Offices at the designated time on our agenda.

ITEM AH-17(10): STRATEGIC PLAN PRESENTATION (DEPARTMENT OF HOUSING AND HUMAN CONCERNS (RULE 7B)

CHAIR KAMA: AH-17, the Strategic Plan Presentation. Pursuant to Rule 7B of the Rules of the Council, the Committee will receive a presentation from the Department of Housing and Human Concerns relating to the strategic plan for housing. At the April 4, 2019 meeting of the Governance, Ethics, and Transparency Committee, Ms. Tsuhako expressed the Department's commitment to developing a strategic plan outlining the needs, priorities, resources, and actions to be taken for addressing Maui's, Maui County's current and growing housing crisis. So, once again I'd like to introduce Ms. Tsuhako as, from the Department of Housing and Human Concerns and allow her to do her presentation. And then, Members, after the presentation we'll have questions.

...BEGIN PRESENTATION...

MS. TSUHAKO: Good morning, Madam Chair and Members.

CHAIR KAMA: Good morning.

MS. TSUHAKO: Deputy Director Munsell and I are here, we're happy to be here and we thank you for the opportunity to share and discuss the Department's strategic plan for housing. Four months ago as I sat here in these Chambers asking for the support of the Council and for my nomination to become the Director of Housing and Human Concerns, I felt fairly certain that our community would be able to develop and build significant numbers of housing units over the next five to ten years. We had done a cursory overview of the estimated needs and the projects that were on paper to be built. I really thought that our efforts would be geared toward ensuring housing at the greatest level of economic need would be developed. So, in other words it looked like we would come close to the total number of units that we needed but that the distribution among the various area median incomes would not match our needs. Since that time however with the Deputy Director's assistance, we've culled through the various projects in their current state that are stalled or unlikely to be developed in the next five to ten years. When these projects and the units they propose to be built are excised from the equation, our shortfall becomes more daunting. It also gives

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

us a more realistic picture of the task that is before us. The need for affordable housing is clear. We need housing for our residents, for our families. We need housing to create a sense of neighborhood and community. We need housing to create a...to support and diversify our economy. We need housing period. The Mayor is committed to this effort. All of you are committed to this effort. Community advocates, many of whom are in our gallery today are committed to this effort, and really I'm here to say today that it will definitely take all of us collectively to solve this problem. So, what we'll share with you this morning is a plan that's focused on action items that are within the Department of Housing and Human Concerns' control and influence to do. We will also discuss the Countywide efforts being made to overcome the barriers that preclude us from developing additional units of housing.

CHAIR KAMA: Ms. Tsuhako, thank you. I'd like to just interrupt for a moment. I just want to recognize Member Riki Hokama and Keani Rawlins-Fernandez who have joined us this morning. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Chair.

CHAIR KAMA: Aloha. You may continue, Ms. Tsuhako. Thank you.

MS. TSUHAKO: Thank you, Madam Chair. So, the objectives are, of our strategic plan are to look at the available data that we have about what our County's affordable housing needs are. The Department wants to strategically focus on a few goals that we can achieve in a relatively brief period of time and concurrently engage in long-term systemic interventions to increase the inventory of affordable housing units in the County. So, before we go any further, let's review some of the terminology that we'll be using today. So, what is affordable housing? Affordable housing units are units with monthly mortgage or rent payments including utilities that would require no more than 30 percent of the monthly household income for a household earning a specified percentage of the HUD area median income. So, the area median income for Maui County is 83,300 for a family of four. Eighty percent of AMI is \$66,640. So, just to give you a clue 'cause sometimes the numbers associated with the AMI sort of float around. So, somebody who's making 30 percent of our AMI might include a fast-food worker, somebody who works at Jack In The Box or McDonalds for \$26,000 a year. Someone making 50 percent of AMI, one of them might be a preschool teacher at the preschool that we drop our children off to, making 36 or \$37,000 a year. Eighty percent of AMI is \$67,040 [sic] a year. The elementary school teachers make about \$60,000 a year. Sheriff and police officers may make about \$66,000 a year. Someone earning 100 percent of AMI, 83,800 might include an electrician or a dental hygienist. And those earning 100 percent or excuse me, 120 percent of AMI might be a registered nurse who's paid about \$90,000 a year. Folks earning 140 percent of AMI might include electrical engineers who earn about \$106,000 a year. So, that gives you some idea of what that actually looks like in terms of income. Workforce housing is housing that is affordable to those who earn between 80 and 140 percent of area median income. And affordable housing is housing that's affordable to those who earn less than 80 percent of AMI. So, the Department used these four basic data sources in order to come up with the data that we'll share with you this morning. So, the Hawaii

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

Housing Planning Study of 2016, the Affordable Housing Policy Plan Final Report by SMS which was completed in August 2018, the TIG group's October 2016 report, as well as the Department's Status Update of Maui County Affordable Housing Projects which was generated in July. So, the data says that in total we will need about 14,000 units by 2025, in order to meet our community's needs. The graphic shows you the distribution of those units in terms of starting from the left, 141 percent of AMI moving to the right, down to less, people earning less than 30 percent of the AMI. Can you go...okay. So, as I said in the introduction, when we first looked at this data four months ago, I thought that we would have pretty much close to the total number of units that were needed, and I thought that our challenge was going to be look at the distribution of those units among the AMI and change it. Because we expected that our total production would be close to the 14,000 but that most of the units that were being planned and produced would occur on the left side of the graph, meaning at higher MIs. And that a fewer units would be produced on the right side of the graph, at 80 percent and below of AMI. So, we looked at the list of projects that the Department holds. The list also includes projects that have been talked about for many years that are still on the books. But some of these projects, for example Honuaula Gardens and Kula Ridge have for one reason or another stalled. So, let's switch. So, we wanted to look at what the reality is. The reality is when we remove those projects that have been on the books for a long period of time and don't appear to be going anywhere, we remove those proposed unit numbers from our calculations, the reality is that we're very short. If you follow the graphic, we appear to be doing pretty well on units that are built for people at 141 and above AMI. There's a steep drop in the area median income between 101 and 140. The third in the middle of the graph shows you that we're still behind in production for units at 81 to 100 percent of the AMI. And then as you go further right on the graph, you'll see that the need far exceeds the number of units that are projected to be developed. This next graphic kind of puts things into perspective. So, this graph shows the needs for housing in each of those various AMIs, the number of units that have been completed recently or are under construction right now, as well as the total including the projects that are pending some action. What it shows is our total need lingers around 14,000 units. The number of units that are under construction or have been recently completed are about 3,200, and that our projected shortfall is close to 6,000 units. Excuse me, it's close to 9,000 units. So, if we need 14,000 units of housing by 2025 to keep up with the need and we anticipate the creation of about 6,000 units, we're looking at a deficit of 9,000 units. The units that are planned predominantly are anticipated to be built in the higher AMI levels than what we currently need.

COUNCILMEMBER KING: Chair, can I just clarify one thing? I just wanted to find out if this, these numbers include affordable rentals that are currently being built?

MS. TSUHAKO: Yes.

COUNCILMEMBER KING: Okay.

MS. TSUHAKO: Yes, let's go forward one more. So, part of what Deputy Director and I and our Housing Division, as well as the Mayor and the Managing Director and his staff

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

have been working on is really looking at what are the realities that we face in our community in terms of housing development. So, some of what we know is that without infrastructure there will be no housing developed, and the housing that's developed is not going to be enough to meet the need. We also know that there's not one panacea, one perfect solution to this need. If there was a magic wand, somebody would have waved it a long time ago. So, we have to look at a variety of solutions 'cause there's not just one that's going to answer every question. The other truth is that affordable housing is developed...is expensive to develop. Building housing at, for those at the lower AMIs will require subsidies, will require development incentives, and may require us to look at projects with a different eye than maybe we've done before. And here's a big one, there's no perfect project, you know. Every project is going to have questions that come up or issues that mean something to somebody. What we have to ask ourselves is are those issues insurmountable, and is the greater good met by having those projects go forward, or should they be stalled because this issue is so paramount to the community that we're willing to forgo the production of affordable housing units. The deficit that we face right now has been in the making for many years. As much as all of us collectively want the problem to be fixed quickly and efficiently, it's going to take us a while to do. When we have a problem that's this big in scope, we have to really look at it in terms of taking small bites. We're not going to get from here to the end, a solution if we never start, so we have to start and we have to chip away at this; otherwise, it's always going to be too big, it's always going to be too much, and it's always going to be impossible. So, the challenge here is that I think there's a universal agreement among all of us here, there's a universal agreement in our community that we need to have more housing that's affordable to people. The Department doesn't carry this load alone, and we have to ensure...and Linda and I will be the cheerleaders because we might have to do that, we might have to, you know, put on the cheerleader clothes and be cheerleaders for these developments, but we need to keep focused on chipping away at the larger issue. Okay. And we are going to do that. So, affordable housing is a big puzzle and this graphic only has four pieces but we still gotta put those pieces together. Okay. Again, we're not doing this alone. I'm very heartened to see my colleagues from Public Works and from Planning here, as well as our former director here to support us, because I think all of them realize that this is not a Department of Housing and Human Concerns' issue alone. We don't carry this load, we have to share the load. Environmental Management, Planning, Water, all of those...Public Works, all contribute in a very coordinated way to getting us toward the development of affordable housing. We'll continue to work with other departments, with developers, and people from the community to get that done. And we're focused today on our primary role as being the development of housing to facilitate multi-family projects for families in less than the 81 percent AMI bracket. So, one of the strategies that is actually helping us get to that end point is the Attainable Housing Maui Nui Workgroup. It was established by the Mayor, it's led by our Managing Director, and that process compels those of us who work in these different departments to come together and to meet early on with developers to discuss their projects. We coordinate the different County entities to address the obstacles that exist for these different housing developments. We talk honestly with the developers about what the issues are as they're raised by different departments and we work hard with them to try and mitigate those obstacles. We utilize fast-track

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

processing for the review of projects and permits. And I think the, one of the benefits of this Attainable Housing Maui Nui Workgroup is that the consultations with developers are occurring much earlier in their process. So, rather than waiting until the process is...the project is really far along, we're meeting with them earlier so that we can identify those issues of concern and tackle them so that developers have time, they understand what the concerns area, and they can start addressing those concerns so that they don't waste their money doing one thing and then coming late into the process and then being told no, you can't do that or you shouldn't do that. So, we know that time is money for developers, we know that the longer the process of getting to approvals costs money for them and it makes the projects ultimately more expensive. So, the Attainable Housing Maui Nui Workgroup is really meant to expedite and to create some efficiencies that might not otherwise be available to developers, and so far we've had maybe ten, yeah, so far we've had maybe ten meetings with different developers to move their projects along. And I think from the feedback that we've received from the developers, the process has been helpful in helping them identify some of these issues that are of...that are major obstacles. So, these are some of the other actions that the Department of Housing and Human Concerns will take. So, the area of greatest needs for our housing are for those at 80 percent and below of area median income. The Department will focus our use of Federal HOME and Housing Trust Fund resources to multi-family projects. We'll also explore the use of Community Development Block Grant resources to leverage funding for prioritized affordable housing projects. And then for projects that address the 81 to 140 percent of AMI, we'll continue to facilitate project approval processes with developers, with you on the Council, as well as others in the Administration. And always look for ways to create efficiencies in processing. Another project that we're working on right now is to utilize the State funds to complete the development of affordable rental housing at the former MCC dorm property in Kahului. And concurrently as that project is being built, to look at planning the potential of developing additional units of housing on that same property. Some of our other actions will be to work with you all at the County Council, with others in the Administration, and the public to really determine the highest and best use of the County's Maui Lani properties. And I know that there was a community meeting recently as well as Budget Chair Rawlins-Fernandez convened the meeting to also discuss that, and I think there'll be ongoing conversations about those properties and how they should be used. The Department will also move forward with the site studies for the County-owned parcels that have already been identified as potential sites for affordable housing. And we thank the Council for your foresight and your generosity in appropriating funds for the, for those purposes and for actually increasing the Department's request to be able to do those parcel studies. I'm happy to say that the Department has recently made a selection to fill the Housing Division's Development Coordinator position that had been...that had not been filled for several months...oh, it's maybe several years. And that person will begin work early in September and will be managing the MCC project on behalf of the Department and will be also doing a lot of the work with the developers to facilitate their processes. And Linda and I have had conversations with Chair Kama about exploring the possibility of the...looking at the creation of a housing authority for Maui, and the Department is committed, Madam Chair, to working with you and providing you whatever information that we can to

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

help in that process of evaluating that proposal. The Department also can and will utilize project-based Section 8 vouchers for prioritized affordable housing projects. And a good use of that for example is for units that are built for those at 30 percent of area median income. Our Affordable Housing Fund has been a rich resource for developers. The County over the years has been able to help developers move forward on their projects with the use of affordable housing funds. And this year through your work at the Council and appropriating an additional percentage of the real property tax to that Affordable Housing Fund, I believe that the total is approximately \$14 million. So, when the Affordable Housing Fund proposals are reviewed, the Department will prioritize those projects that bring non-County funding to the table, and these might include low-income tax credits, Dwelling Unit Revolving Fund, rental housing trust funds, and private capital. And in that way we can give credit to those developers who are willing to go out and seek outside resources to leverage the County funds and not be solely dependent on the County funds in order to get these developments built. The Affordable Housing Fund RFP process can be shifted to earlier in the year to enable these developers to be able to be more successful in securing outside funds for leveraging. So, what the Housing Division has learned over the years is the timing of the Affordable Housing Fund procurement has not been ideal to help developers leverage funds, and we've heard that and so we're trying to move up the timeline to allow those developers to be able to use the Affordable Housing Fund commitments from the County in order to get outside sources of funding to further promote the success of their projects. We also through scoring will prioritize proposed projects serving the lowest AMI groups. And when possible, look to shift the Affordable Housing Fund grants to loans so that we can create a revolving fund and advance the objective of providing affordable housing through recycling the funds into additional units in the future. I'm going to let you talk. Deputy Director Munsell will go over the next couple of policy issues.

MS. MUNSELL: One of the things when we are, we're planning for the strategic plan, was we also went to look back at the Maui Policy Plan, the overriding documents, you know, what did they say that we should be doing in housing. And as part of that, you know, there's always questions about...and then we've also in Council been talking about what it means to have long-term affordability and whether that needs to be perpetuity. So, one of the things that we are going to be looking at are those issues. We're also going to be pursuing some changes to the Maui County Code 2.96, and we're going to suggest to you that we actually need to hire a professional to help us with this. Recently, Kauai has done a nexus study having to do with their equivalent to our 2.96 and they got a lot of really good data back from that. So, just to talk about this a little bit farther, when we talk about affordability, everyone likes to talk about forever and, you know, and again pardon me for going back to my old marriage analogy, you know, no one goes into a marriage thinking that it's only going to be ten years, no one thinks that it's going to be only 25 years, nobody thinks it's only going to be 30 years. It's the same thing when we go into affordable housing projects. We plan to go into them for long term, but just like marriage, there are things that could happen that make it financially unfeasible to continue or that there's other changes that need to be made. And so, although it's not an easy decision, we may eventually need to decide that it no longer makes sense for a project to continue to be held as affordable project.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

Structures have useful lives. We also have needs that change. Examples of that are the Old Wailuku Post Office, we no longer are using that as a post office. If we had insisted that it must be perpetuity, where would we be right now in reusing that property? The same thing with the fairgrounds and I'm sure that you guys can all think about a number of examples where the need once was one thing and now it's different. Sixty years from now our needs might be different, and so what we're trying to do is look at a way to build in long-term affordability into our projects that also give this Council or a future Council the opportunity to change that need. And there's a number of ways to do that. But what we, we're trying to define is as long as we have a need for affordable housing, it should be kept affordable. As long as the financial cost for it makes sense then we should keep it affordable. There are a lot of different tools that we can look at. I'm not suggesting in this meeting a specific one, but we should be looking at ways to do that. We currently have deed restrictions that are relatively short. Economically, when you change the deed restriction, you change the value of a property; therefore, the longer the deed restriction, the higher the investment cost may be or the subsidy required to make that unit affordable could be. We would like to look at this. We know that there are longer term affordabilities [sic] elsewhere. Now, what we don't know is what the cost of that is and so we'd like to look at that. That would be one of the things that would be discussed in this study that we would like to have a professional look at for us, so all about economy. If you talk to an economist, they'll say one thing, if you talk to affordable housing advocates, they'll say something else. We also want to talk about more shared appreciation. I know that there is discussion about what it means to build equity, you know, a homebuyer who buys one of these units should be able to have equity and we agree; however, I don't believe that it should become a windfall and I think that most people would also agree with that. And so, we would like to look at models where shared equity makes sense and where again some money might come back into the Affordable Housing Fund which allows us again to use...to build additional units. There's also some talk about again trying to achieve long-term affordability, of resetting our...if we do have an affordability period, a restricted period where you reset that clock to start over again. If the property transfers during the first ten years or whatever our affordability period is, we should reset that clock. Not say if there's three years left, your affordability period is only three more years. It...we should talk about...and again there's economics associated with all of these things. And so, we would like an opportunity to spend some time and really dig into this so we can present something to you as a Council and come up with something that makes sense. We've looked at models for that resetting the clock where, you know, they actually have a matrix for making decisions on whether to reset or not and it's really very interesting. I'm really looking forward to having that conversation with you. There's also...one of the other things that we'd like to look at is looking at our numbers. You know currently 2.96 requires that you do 25 percent of the units as affordable, as...market units as affordable. So, essentially you're effectively gaining 20 percent of the units every time you do a 2.96 project. What we would like to look at is the economics of this a little bit. There is a question whether you, if you lower that percentage, you might get more units built. And again it all has to do with the economics at the time the housing is built, it's no one-size-fits-all. Kauai currently has a 30 percent requirement, they've built nothing. We have a 25 percent, well, effectively a 20 percent requirement, we've built some units and we've

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

had some luck with that. But for instance if you have a 100-unit project, you're going to get 20 workforce housing units under our current system. The question that I would like to ask is if we lower that percentage to say an effective percentage of 18 percent, will you instead get 125 units built which would not give us 20 units of workforce housing, but you would get 22 units of workforce housing. If we were to lower that percentage to 15 percent, would we get 175 houses built which would essentially give us 26 workforce houses. So, I think that there's an economic discussion that we should look at and see if changing our numbers might result in additional units, housing units actually being built, and this is not something that our Department can do, we're not math wizards and economists. But I think it's something that we should look at. The one trick with something like this is currently 52 percent of our units are sold to people who don't live here. If we are going to lower our percentage, one of the things we want again...and see, there's advantages to having more units built. Hundred twenty-five units versus 100 units would suggest even if they're in the high market units that that would allow units in the lower AMI. They move up, buy a bigger house, somebody buys their house, somebody buys their house, there's supposed to be a trickle-down theory, but that only works if those units are sold to people who live and work here, not to people who don't, who are moving in. So, there's an economic scale that we need to look at here. We, you know, in that process we'd look at what's the likely effect economically of increasing the deed restriction. What's the likely effect if we change 2.96 to incentivize building units in the lower AMIs rather than the higher AMIs. Can we shift some of the burden to new commercial developments? Can we offer density bonuses? All of these things, you know, rather than a stick, always using a stick, are there other positive, some carrots that we can throw to developers that will help us create more units. I read something really interesting just recently on the development and again it's Kauai of luxury vacation homes. And they actually drew a line between how many...what a luxury...how many jobs, how many workforce houses are required to support the workers that handle one luxury home. And essentially you need a workforce unit per luxury home that's built to support all of the food service people, all the retail people, the, you know, everybody who's going to support that visitor, it's a one-to-one match. It's not true for the other developments, but I would like for us as part of the study to also look at if our visitor industry is building more, bringing more folks on, what is that effect on our workforce and let's take a closer look at that. I talked a little bit about incentivizing lower income distribution. Currently, we've got...this distribution, we require 17 percent at essentially below 50 percent AMI, 17 percent between 51 and 80, 34 between 81 and 100, and 34 between 100 and 102. Now, economically when you do a pro forma, these numbers are very helpful in making a project pencil out. You need it to support itself, to support its own operating expenses. However, if you remember our graph initially, what's being built versus what we need to have built isn't supported by this. And we should be looking at perhaps changing this mix to incentivize. Again, maybe we need to lower the percentage required but incentivize the lower AMIs to be supported. And this is part of the reason we're talking about also trying to focus more of our funding, you know, leverage our funding to again incentivize the construction of these lower AMIs. Again, I mentioned a little bit about the nexus study that Kauai did, how eye-opening that was for me, you know, when they're building for visitors folks. And again, I don't want to pick on the visitors,

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

there's all kinds of commercial development that goes on that creates jobs and the need for workers to work in those jobs. But we should look at that and make sure that we are actually getting what we need, the support we need from all areas, not just the people who are building homes. And then, you know, do we want to continue with being triggered at ten lots or more? Commercially you can create a mall and not ever create more than, you know, one or two lots, and it would never trigger a workforce housing requirement so I think that we need to be looking at that. One of the other things we talked about briefly and I'll talk about a little more is strengthening our residents' preference and then our residential property taxes which is not really my area but just I want to throw this out for discussion. Currently in 2.96, we do define a resident and you guys are all familiar with it, I'm not going to go over it, this is what it is, kind of a synopsis. One of the things that we're talking about hopefully this month at our Housing Directors' meeting we've asked for the Attorney General's Office as well as the HUD Fair Housing, Equal Opportunity Office to come and talk to us about how do we strengthen our preference for our own residents, our current residents. There are laws associated...we're part of the United States, people have freedom to travel, and yet I do know that there are ways that we can strengthen our ability to make sure that our residents are housed first. The people who work here are housed first. And what I'd like to do is hopefully find a way for our Department to always house our residents first. Currently, you go through a waiting list, and if it's a for-sale project, you can effectively make sure that our residents are housed first. But in a rental project, you might eventually get to the end of that resident waiting list, and now you're into the non-resident waiting list. And I would like any time we have a resident who needs to be housed, a worker who needs to be housed, I believe they should always have priority, if we can achieve that. And so, that's what we're...the Department's, we're going to be looking for. And again, residential property taxes are not our area, but we all know that 52 percent of the homes that are sold on Maui are sold to people who don't live here. It's a very, very attractive place for people who are looking for second residences to live. If you go to Florida, you go to, you know, other attractive places, California, they...and compare it to Maui, yes, it's expensive to live here, it's also expensive to live there, but our...I'm suggesting, I don't know, that our property tax structure might be a reason that they would choose to come here rather than to go other places. And so, if there's a way to find...you know my brother just bought a new house in some odd place in central Oregon. It was the equivalent I think in price of my own, the value of my own house here and I'm a resident here, I live here. I think his taxes were something on the order of...he crossed the county line to decrease his taxes specifically. I think he pays something like 6 or \$7,000 in property taxes. You know as a resident I don't know what it would cost me if I didn't live here, what that structure would be but we should also look at that. One of the tricks is we don't want to make it so expensive in property taxes that our residents can't afford to own a home and sustain a home. There's a whole ball of, you know, can of worms that I'm opening in this discussion so you're going to have to carefully...I know you've got a TIG group talking about taxes I believe. But so I would be concerned about making sure that our residents can afford to continue to live here, but the other concern would also be is the people who own property and rent them long term, there would also need to be a similar incentive for them; otherwise, you're

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

going to find the same problem, you know, with not having available rentals, and we still need to do that.

MS. TSUHAKO: Thank you, Linda. So, as I mentioned earlier in the presentation, it appears that our need is close to 9,000 units between...from now until 2025. And one of the most I think humbling things about this research that we've done is that I never thought that the Department of Housing and Human Concerns was the center of the universe when it came to developing housing, but going through this process is actually like slap me up the side of the head. Because I did this graph on purpose because it tells us that we need a lot of different components to getting towards those housing units. And you'll see that we need land, we need land to be zoned properly for the building of housing, we need infrastructure, we need developers who are willing to do the work, we need owners who are willing to sell their land or to give their land for those purposes, we need State Land Board, Land Use Commission, Planning Commission, Historic Preservation. We need all these regulatory bodies that have a hand in that process. The Department has various legislative assistance to get some of these projects through our 2.96 or 2.97, the dreaded 201H process, and then we need other departments to help us along the way. But here's where the big lift comes from. You guys as Councilmembers also have that same desire to be able to provide housing. I think, you know, a couple months ago, Councilmember Molina came up with a call to action that resulted in a handful of people from the community raising their hand and saying hey, I want to help. And we followed through on those connections to help steer people in the right direction to getting their desire to help with the housing shortage addressed. The...I think the County Council has some of the same limitations that we do as a Department. You know we want to be able to influence how these processes go. You guys here are representative of the entire community as are we and we want to get the job done. I think part of the heavy lift is on the right side and that is the will to get that done and the...and being able to know what the public wants. Where do these department...these developments have to happen? What do those developments need to look like? All keeping in mind that there's not going to be ever a perfect project for any of us; what might be perfect to Councilmember Sugimura might look very different to what looks perfect for Member Hokama, and there are going to be those differences. The lift is how do we get over those so that we can get to the creation of additional housing units for people? Can you go to the next one please? Yeah. And so, there's more than four of us here, but imagine there's 40 more of these puzzle pieces, and I think what we want to ask of everybody who's here at the table and who might be watching on TV who cares about housing is to figure out which piece of that puzzle is you, which piece of that puzzle represents your contribution to getting that picture put together. And how is that we can turn this way or that way in order to make the pieces align into the big picture of what we need for our community? And as I said earlier, the coordination, the advocacy, the making of connections between developers or landowners with the resources that they need is something that we can carry, the Department can do and we will do. And we're looking for opportunities to do that work and to get this done. So, we thank you for your attention. Madam Chair, thank you.

...END OF PRESENTATION...

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

CHAIR KAMA: Thank you, Ms. Tsuhako. So, Members, any questions for the Department?

COUNCILMEMBER KING: Chair? Just --

CHAIR KAMA: Yes?

COUNCILMEMBER KING: --point of order. I think because we haven't taken testimony yet --

CHAIR KAMA: Yeah.

COUNCILMEMBER KING: --that we should take testimony before we get into questions so that we don't end up getting into deliberation which would be a violation of the Sunshine Law before testimony.

CHAIR KAMA: Well, the intent was to have the presentation and have the Council ask questions --

COUNCILMEMBER KING: Oh, okay.

CHAIR KAMA: --and then have the next presentation, have the Council ask questions, and have the testimonies at the end, hoping that whatever the questions that they might anticipate or don't know would be answered in those presentations.

COUNCILMEMBER KING: Okay.

CHAIR KAMA: That was the intent.

COUNCILMEMBER KING: I would just ask Corp. Counsel --

CHAIR KAMA: But thank you.

COUNCILMEMBER KING: --to keep us from getting into deliberations. Okay, thank you.

CHAIR KAMA: Mimi, would you like to respond?

MS. DESJARDINS: I think the overreaching issue is we're doing this in public in an open meeting so I think having some deliberation prior to public testimony is not a Sunshine Law violation.

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

COUNCILMEMBER LEE: Well, thank you, Housing, for your excellent presentation. I think you covered all the things that we are all concerned about, and I think that this Council, I mean I hope this Council is looking at the possibility of your Department handling the 0 to 100 percent of median income, yeah, and developers, private

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

developers handling the 100 to 140 percent of median income. That way we can focus our money on the lower end which your Department would be taking on and taking charge of, and that's where, you know, we're thinking, at least some of us are thinking perhaps there should be a department of housing, because now you will be handling and overseeing construction, yeah. And that's where you can talk about perpetuity or 30 years or however long, because it's very difficult for those, you mentioned nurses and firefighters and police officers, it's very difficult for the workforce people to have deed restrictions of 10 years, 15 years, et cetera, because these are the people who are in the position to move upward through promotions, you know, and so forth, and they need the ability to use their homes as leverage for refinancing, adding a bedroom as their families get bigger or medical expenses, education, and so on. The average length of time people stayed in their homes is seven years. Now, let's not buck the world, it's seven years, and for different reasons people move on; divorce, death, et cetera. You can't require people to stay in their homes for 30 years, you know, if they're going to be divorced or whatever. But on the lower end, you know, you can make some of those requirements, because after all those units are heavily, heavily subsidized. So, have you given any thought to what I just said about the possibility of creating a department of housing and concentrating on the lower end whereby you would be getting a lot of money, most of the money would be focused for the low end subsidized housing. And the, you know, first of all could you answer that question?

MS. TSUHAKO: Sure. Thank you, Member Lee, for your questions. Member Molina recently sent us a letter asking for the Department's feedback on the bifurcation of the Department into two separate entities, and my response is coming today, Councilmember Molina, but I'll review it here orally. Essentially, the Administration doesn't have a strong position about bifurcating the Department. I think what we did in our letter to the Councilmember was we addressed some of the things that we thought might be important if the bifurcation were to occur, such as having the staffing with the capacity to be co-developers as you've described earlier. Co-locating different programs such as CDBG within the housing department so that those CDBG funds can be leveraged with HOME and Housing Trust Fund money together to address the need at the lower AMI, and then also having a staff that's capable of doing the planning as well as the financing and some of the other development work that would be required of us if that department were to be co-developers of the projects. So, the...I think that it probably merits much more discussion and thought about cost versus...and having realistic expectations of what that department would be able to do. But again, you know, as I told our Chair, the Department is willing to share the information that's needed for a very thorough consideration of that.

COUNCILMEMBER LEE: Yeah. Well, I realize, you know, it can't happen overnight, we need a Charter change. And what's happened in the past, the reason why there has not been a department is because the County in the past has moved away from development. Okay. Well, now it's time I think we move back to development. And what people have suggested in the past is rather than a department, have some kind of housing czar. Now, the reason why a housing czar would not work is because that housing czar has no authority and that housing czar would amount to an EA to the Mayor. That's what would happen. And as you know, as an EA you have no

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

resources, you know, you don't have people working for you, all you have is yourself. And, you know, I've been in a situation when I was the Director and I had an EA of the Mayor's coming to my department all the time. So, rather than having just this coordinator with no power, no resources, no nothing, no budget, we may as well seriously consider creating a department and that way we can ensure that the disadvantaged and lower end of the spectrum, those low-income people have, will have housing rather than rely on private developers who may or may not make it. Yeah. Thank you.

CHAIR KAMA: Thank you. Mr. Hokama?

COUNCILMEMBER HOKAMA: Chair, I think we should be open to all options that I think my colleague Ms. Lee is sharing. I'm open to that. But I do know government is the wrong thing to be, to do private sector work. We will waste more money than we can imagine, and that's one of the reasons we left the development field, we were wasteful in our monies, we didn't hit the marks. Okay. So, I have my issues with government trying to do a private sector role but I'm happy to review it and look at the numbers. One of the things though, Chair, I would ask and again, thank you for your status report, Division. One of the things though that I would ask if you could help us with is since we see we have, what, 5,000 affordable units or like 2,000 required left under your chart, I would like to know why since some of it is 20-year-old projects, why we still don't have the units? What did the applicant request from the County and your Department whereby we still waiting for construction of conditions of approval 20 years later? What has happened that all these units that were supposed to be built by Council requirements for entitlement we still waiting for 'em? Okay. So, I need to know was there an administrative reason why we don't have it? 'Cause it cannot be legislative, didn't come from Council. So, when available I would ask that they send a written report to you, Chair, for the Committee's review and discussion. The other thing that I would ask also is that you would request Mr. Teruya or Ms. Martin to come from RPT to give comment. I would agree, we would need to make...I'm in support of adjusting the real property taxation program, but let's not forget now, the RPT program philosophy of the County since the board days was about how to protect its residents and its key workforce components. Okay. And what was it? Was plantation, plantation wages. Housing was done by plantation. Okay. The employers took responsibility of housing in the past. Okay. Nowadays, I think employers feel that it's government's job to provide housing, not them as an employer. So, as an employer how do you get workers if you're not supporting your employees of getting housing? It's not the government's job, it's part of your job as an employer. We are responsible for our employees to make sure they can have a dwelling. 'Cause I agree, not everyone can afford a house and I don't think everyone should have a house that cannot afford it. We should be able to provide a safe dwelling unit, not everybody needs to be an owner. Okay. 'Cause for me on those lower ends of the spectrum, they pay us zero taxes now, zero. The 80 percent and below they're going to pay us zero in taxation so how do we get our revenues to put more housing that pays us zero taxation? Somebody's got to pay the bill. Okay. So, for me, Chair --

CHAIR KAMA: Yes.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER HOKAMA: --what I look forward to is working with you again as we discussed earlier, 'cause I believe you have an opportunity for us to frame a picture of how we want projects to be presented to us and we'll put that forward as we inform the Mayor. And that the Council and your Committee will not wait to continue reviewing projects under the same scenario.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: I think we will take the lead and we will tell the builders what this Committee wants, and you will then present an RFP to our request for proposals because it ain't working the current way where we just wait and we react. We are going to now propose projects, parameters as I understood the Chair, and that we will put forth the site and the capacity of what the County's willing to support those projects in, not what the developer wants from the County. It's going to be what the County wants from the builders.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, I just wanted to share that --

CHAIR KAMA: Thank you.

COUNCILMEMBER HOKAMA: --Chair, because I think it needs to be known that you and your Committee is not waiting for a --

CHAIR KAMA: Yeah.

COUNCILMEMBER HOKAMA: --proposal, we are going to work and present our own proposal to the Administration and the private sector on how we want to try something --

CHAIR KAMA: Different.

COUNCILMEMBER HOKAMA: --different. Thank you, Chair.

CHAIR KAMA: Thank you. Members...Mr. Molina?

VICE-CHAIR MOLINA: Yeah, thank you very much, Madam Chair. And thank you to Ms. Tsuhako and Ms. Munsell for that presentation. And let me just first start, you had some interesting proposals like the strengthening the residential preference, but I think we have to walk a fine line, yeah, so it's not perceived as a form of discrimination. So, but it's about thinking outside of the box, I think that's great. I think we have to take the bull by the horns. You know housing is the 800-pound gorilla that sits on all of our backs so rather than the developers driving this, we as a County should tell the developers this is what we want 'cause we've got the resources. And thank you for mentioning the call to action and let me just first say the call to

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

action to the Administration was not a directive, okay, so I...hopefully the Mayor or anybody wasn't offended by those statements. It was more a proposal because we've got the resources, we've got the land which is usually the highest cost yeah, so and there's been a lot of talk. So, now it's time to get moving on all of us, for all of us here. I think tax incentives are good as well for those who have long-term rentals who are offering that. So, we gotta look in that area 'cause right now we're seeing the proliferation of short-term rentals, Madam Chair, and it's...the inventory for long-term rentals is virtually none. And especially for our host culture community, we don't find housing for them, we're going to lose them. You know their talents, they're going to take it away to the mainland. Somebody told me it's a form of residential genocide if we don't provide housing for our young generations coming up. So, my one question for the Administration is developers have expressed concerns about the County's permit process, expediting the permit process, that's what holds things up sometimes. I don't know if maybe Ms. Tsuhako can answer that or maybe Mr. Baz or someone from the Administration. If not, I'd just kind of like to know how that is going, if things have improved. 'Cause you've heard the horror stories about someone's permit application sitting on someone's desk for weeks and months. But to be fair, it's not always the department's fault, sometimes it's the applicant's, you know, there may be some issues or things that they didn't fill out. So, I'd like to kind of get an update on that as well. So, I think right now we're at a point where enough of the talk. Talk is good but then action is better. So, and thank you for having the landlord summit, that was interesting. Section 8 which is a wonderful program, I think we need to look there as far as giving tax incentives for landlords to offer that. But at the same time, the program is not good if, you know, no more house, yeah. So, it all comes down to building the houses and I think we the County should take the lead, we be the drivers, and then put out the RFPs to the developers. We've got the land, this is what we want. And kind of like what Member Hokama said, you know, we take the lead and my colleague from Wailuku as well. So, anyway, I'll leave it at that. And maybe I could just ask Ms. Munsell, you know, on that strengthening the, I guess the residential preference, what was the driving force for that? Was there...you mentioned other municipalities having that?

MS. MUNSELL: So...sorry, Chair? There are other municipalities who have much stronger residential preferences than we have and not necessarily in Hawaii, but, you know, you look at the...in other high-cost areas like Washington D.C. and San Francisco and resort areas, they do say that you must be a, employed in the area in which you are applying for housing and that those people get first choice. And in some cases, they actually rank them based on how long they've been employed. They also, I've seen other preferences where they've required you to do, especially if you were looking to purchase, where you have to do ongoing homebuyer education, and the longer and more involved you are in that process might give you also a preference. So, I think that there's a lot of different models. What I want to make sure is that we stay in compliance with the law. I don't want us to stray away from that. But if there are ways to improve or somehow strengthen our ability to make sure that our employees and our workers here have first preference always, that's what I would like for us to do. And I think the Department is very concerned about, you know, we are investing significant time and resources into developing housing, and we have got a need that's

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

very specific to us and we would like to be putting those...that time and resources into achieving that goal.

VICE-CHAIR MOLINA: Well, thank you, Director Munsell, I appreciate that. Madam Chair, if I could ask just one question of Corporation Counsel since my colleague and I, Ms. Lee was just talking about this? What about a, for lack of a better term, a kamaaina rate or a preference for kamaainas? Any thoughts? I guess it sort of ties into what Director Munsell and I were just talking about.

MS. DESJARDINS: Chair?

CHAIR KAMA: Go ahead.

MS. DESJARDINS: Okay, so if you look at the definition of resident under 2.96, there are already things laid out in there that pretty much direct towards persons who either have some kind of a connection or a child, a disabled child or a spouse or something or work in the County. But what you have to keep in mind is there has to be a rationale relationship between your restriction. And I agree that some jurisdictions do things like have like, you know, kind of lengthy educational classes that are required in order for somebody to be eligible, and then that at least provides people that are committed or here. So, that might be one way because that is rationally related to making sure that these folks are successful once we put them into this program. The more we educate them about budgeting and paying mortgages and things like that. Another model to look at that I haven't looked at closely but I think is interesting is for example UH has an out-of-State tuition residency requirement and a residency requirement, and I do know that even if you're born and raised here but you go to college on the mainland and you're gone for a while, you have to like make up your residency again when in fact you're from here. So, there are some things to definitely look at and I would definitely do some research on that because I think it's an interesting way to look at it.

VICE-CHAIR MOLINA: Thank you.

MS. DESJARDINS: Thank you.

VICE-CHAIR MOLINA: That's a great idea. And, Madam Chair, you know, I see...just to create an analogy here, I see the County Council as the Border Collie nipping at the heels of the Mayor and the Administration to keep us moving forward to address this issue of housing. So, I certainly appreciate the partnership that we're going to be developing and as it was stated by our directors that it's all about working together. So, we have the public nipping at our heels and then we're going to be nipping at the heels of the Administration so we all can work together and achieve the common goal that we all want which is more units of affordable housing. Thank you.

CHAIR KAMA: Well, my hope is that we don't nip at each other's heels but we grow up and we work collaboratively. So, Members, I just want you to know that we do have another presentation after this but also that on our August 21st meeting, we'll be

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

discussing the housing authority issue, also to discuss the issue that Member Hokama and you just mentioned earlier about maybe the Council should be developing that template that we want our developers to use as a guide for what we expect them to do so that they can...we can RFP out to them so that they know upfront this is what we want. So, that when they come to us, we don't have to condition them to high heaven or we don't have to, you know, crash and burn, but that they know what we want, we know what we want, and we all get what we want which is more affordable housing, right? So, Members, you may continue asking whatever questions you may, and I'm hoping that maybe by eleven o'clock that we can...or 11:15, we can get our second presentations up here and then another round of questions and then have our public give testimony on everything they've heard. So, yes, Member Keani Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Just a clarification first on your process. After we receive testimony and close public testimony, will...is your plan to allow deliberation or are we going to receive testimony and then we'll be pau?

CHAIR KAMA: After this, we're going to have a recess then we're going to have the next presentation, then we're going to have another round of questions, and then when we're all done, then we'll have your community give testimony should they desire to, ask whatever questions that they want, and then should the Council have any other questions after they've heard testimony from the public, maybe you might have questions after that, we'll do that too.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, for both...

CHAIR KAMA: Time allowing. For both, yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification --

CHAIR KAMA: Yes. You're welcome.

COUNCILMEMBER RAWLINS-FERNANDEZ: --Chair. Okay, so I just have a few questions and I'll make it short because it looks like my colleagues also have questions. So, I agree with your last statements and I think that's also where a lot of the Councilmembers who provided their comments, you know, Member Lee starting with saying that the County should move back to developing affordable housing which we had moved away from the 100 percent AMI and below and not that we become the builders but like you mentioned that we create an RFP process and contract the builders. So, I wanted to see how the Department felt about that direction, if you had comments on that.

MS. TSUHAKO: Thank you for your question, Member Rawlins-Fernandez. The Department I think as Member Hokama had mentioned earlier has evolved into a different animal than it was in the '70s when we tackled Skill Village. I think that's, my memory is that's probably the last time that we developed a big-scale housing project. It evolved into something that's more of a monitoring function so some...most of our work at

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

Housing has been for example monitoring the workforce housing agreements, reviewing projects, making sure they're in compliance with 2.96, et cetera. And so, transitioning that capacity into a different capacity will take some time. I think having a development coordinator starting in September will help that process along, because it'll give us one more resource on which to depend. But we're going to do our best to try to meet that need, but we also are going to ask for resources because we don't currently have that larger capacity to do the co-development. I think that we'll have, collectively I think we'll have a better sense of the land that the County holds and how appropriate that those parcels of land are for developing affordable housing. And once that development position starts, that'll be one of the tasks that will be given to them is to do a really good assessment of whether that's a proper parcel or not. And if we come back and we find that there's only, you know, maybe two out of ten parcels that are appropriate for housing then we will need to come back and have additional discussions with you guys at the Council about well, how do we then shift the focus and maybe look at acquiring land that's different from that which is currently held by the County in its inventory. So, I know I'm further down the road than really your question is, but we are willing to do what we can but we'll also come and ask for resources to expand what we can do right now.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for your response. So, it sounds like you're in agreement with what Member Lee and other Councilmembers were talking about on the direction of the County taking more of a development approach. So, you mentioned the coordinator doing this next step. I...because this was being called a plan, I actually was expecting this to contain the information that you just mentioned. I was thinking that what you were going to be presenting today was going to identify the parcels and the number of houses those parcels could be built on. Identifying different land that we could purchase, different parcels that we could turn into affordable housing trust to use like a model like DHHL. I guess I had...mahalo for this presentation and the information you provided, but I guess I had higher hopes for this plan. I wanted a plan. And I'm on board with Member Hokama and Member Kama in, you know, the Council really, you know, taking the bull by the horns and us creating a plan. I completely support that because it sounds like it's going to take a lot longer, you know, hiring the...well, I guess the, a coordinator is going to start in September, that person is going to have to take some time to getting, get trained and look into everything, and our community is begging for affordable housing and we keep stalling. And we can't, we can't keep doing that. I wanted to make a quick clarification on the 30-year deed restriction that it doesn't prevent the owner from selling a house, it would just prevent the owner from flipping it out of affordability in seven years. I also wanted to find out from you, Chair, if since we have Department of Planning in the audience, if at a later point, that Department would be on the floor for questions such as what Member Molina brought up with the permitting process. So, I don't know if like this is the appropriate meeting for that or...but I would like to hear information or a response to his question on that.

CHAIR KAMA: Would you like the question answered...

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: No, no, it wasn't a...oh, I mean I would like to hear the response to his question.

CHAIR KAMA: Ms. McLean?

COUNCILMEMBER RAWLINS-FERNANDEZ: But it doesn't have to be right now.

CHAIR KAMA: Well --

COUNCILMEMBER RAWLINS-FERNANDEZ: I was just wondering if --

CHAIR KAMA: --this would be the appropriate time.

COUNCILMEMBER RAWLINS-FERNANDEZ: --since you invited them.

CHAIR KAMA: Yeah, she's here.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: This would be the appropriate time now or do you want to wait till after testimony?

CHAIR KAMA: I think now would be a better time.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR KAMA: Because after this is done then we're going to call for a recess --

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

CHAIR KAMA: --and then we're going to invite Kaiola, Hale Kaiola to come. They're going to do their presentation, we're going to have questions, and then when that is done then we're going to invite the public to testify on both projects.

COUNCILMEMBER RAWLINS-FERNANDEZ: And then we're going to bring them back --

CHAIR KAMA: And then...

COUNCILMEMBER RAWLINS-FERNANDEZ: --up for questions after we close public testimony right?

CHAIR KAMA: Who? The...no.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh. Oh, okay. I misunderstood your clarification earlier. I thought you were going to bring them back up after public testimony.

CHAIR KAMA: No, we're going to bring you all back if you had questions after public testimony.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. Alright. It's eight minutes --

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: --till 11:00, and I don't want to take up all the time.

CHAIR KAMA: Okay. So, we can bring Ms. McLean later then, is that what you're saying? Or you want it now?

COUNCILMEMBER RAWLINS-FERNANDEZ: I just...I want...

CHAIR KAMA: It's up to you. It's up to you, Chair.

COUNCILMEMBER RAWLINS-FERNANDEZ: I just want to give our colleagues --

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: --the opportunity to ask questions --

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: --too.

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo, Chair.

CHAIR KAMA: Well, maybe you can meet with Ms. McLean later.

COUNCILMEMBER RAWLINS-FERNANDEZ: I'd like --

CHAIR KAMA: Or we can bring her back.

COUNCILMEMBER RAWLINS-FERNANDEZ: --it to...I'd like that information --

CHAIR KAMA: Public.

COUNCILMEMBER RAWLINS-FERNANDEZ: --to be shared publicly.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah. Mahalo, Chair.

CHAIR KAMA: Okay. Members, any questions at this time? Yes, Chair King?

COUNCILMEMBER KING: Thank you, Chair. I appreciate the report, there's some good information in this report but I don't see it as a plan. I'm kind of, you know, like Member Rawlins-Fernandez, I don't see here's what we're going to do next year...this year and then the next five years and this is the pathway forward. I see a lot of suggestions and a lot of questions. Probably the most interesting thing about this was I think that's valuable to the public is a definitive difference between workforce housing and what affordable housing is. Because when this Council turned down the previous project in Launiupoko, it was because it didn't meet affordable housing and you can tell by your definition. It might have fallen into the workforce housing, but it did not meet the definition of affordable housing because it was not under 80 percent, it was all 80 percent and above. The proposal...well and I don't know, there's a lot of questions in here, there's not like a proposal. Like we should do this and then we should do that, there's like what if we do this and what if we do that, and if we did do the 20 percent, lower the requirement for affordable housing to 20 percent, we would need 36,000 luxury homes to yield 9,000 affordable. I don't think anybody wants that. So, I guess my question to you is what, you know, we've been going round and round with this. We had the TIG, we got some recommendations, we followed very few of those recommendations. Then we put money in the Council last year, last term to have someone come in and give us a plan and what it ended up being was another study, and it doesn't seem like anybody's taken that information and said okay, now let's build a plan off of that. Now, we want more consultants is what I'm hearing that you guys are asking for and we're going round and round. Now, we're saying that maybe the Council needs to come up with a plan again which would be another TIG. So, this is a circular exercise and I feel like we're on this hamster wheel where we're never...what is it going to take to actually get a plan of where the County and possibly State properties that could be built on, here's our plan going forward, we're going to recommend to the Council that we put this type of housing here and we put that type of housing there, that we need X amount of rentals in the community, in the Maui island? I mean is there some kind of an effort to put together even what the components of a plan might be? So, then you guys can build a plan or we can build a plan or somebody, because I'm just so tired of hearing all of the questions...there's no question in here that has been asked that we haven't been asking for the last at least two-and-a-half years that I've been on the Council. So, at what point are you going to answer these questions or are you going to make a recommendation, you know, that we should move forward?

CHAIR KAMA: Ms. Munsell?

MS. MUNSELL: Thank you for the question. One of the things...and I get, actually get really excited a lot of the stuff. One of the things that...when we got the SMS study last year, that was interesting to us and going down this road of okay, how do you actually

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

solve this problem. And the SMS study actually outlines a process by which or steps that need to be taken in order to accomplish the goal. And the very first thing that we wanted to do was define what the problem was. And, you know, as you saw from those statistics and the graphs, initially when we did the analysis, it really appeared that we had the ability to solve this problem if only we could overcome a few barriers. And yeah, the numbers weren't in the right AMIs but we're going to try to adjust to that. And then the reality became a little more depressing. But the point was through that exercise we actually step one, determined what it was that we needed to do. Then as step two, we did an analysis of okay, what's it going to cost us and it also scared us, because there's no way we're going to do that by ourselves. And again, we're...recognize that there's no way that the Department is going to solve the big picture, we have to focus our efforts on the 80 percent and below or the 100 percent and below, you pick it, but we're going to have to focus on that specific thing. And so, when you look at the 80 percent and below, just because that's the numbers that we've been using, you know, you're looking at a \$4.3 billion problem. So, we also, this County is not going to come up with \$4.3 billion, we know that as well, and so the next step is then to look at our resources, how can we bring the resources that this County has to bear towards that problem. And there are two areas fundamentally, well three, you know, there's the policy issues that are outside, you know, that I know that the Planning is working on and Real Property Tax are working on things too, you know, so there's a lot of things that are going on outside of our purview that we mentioned and we've tried to stay on our own track. But there are a couple of things that we have for us, there is the County-owned land, okay, we gotta look at that, and then there's the County-owned finances. So, let's start with the land. In the SMS study if you've got the final implementation report, there are a ton of identified County-owned lands, County and State-owned lands that could possibly be used. They then further took those lands and they looked at them and determined which 30 parcels would be priority parcels that we should look at. And so, over the course of the last few months, we've taken a look at those parcels and what we've turned out...what we found out is that the County owns...the very first parcel that they recommended in Central was the dump site right over here. Well, I don't know if that's possible for us to actually build affordable housing on that, but it's, you know, something that we can consider. The, there is a parcel of land that we own that's right over here, it's leased to another organization that frankly I think might be a good possibility depending on our discussions with them. But we went through every single parcel, you know, we own a lot of floodways by the way, we own the front of the Lahaina Library. Frankly, I don't think we're going to put affordable housing right there. We own some parking lots and sometimes oh yeah, that might be a place we can redevelop, but we are actually working through those parcels to identify what might be a possibility. So, there's this resource that we have, every single one of 'em's got a problem. So, when we come back to you later and we're going to start talking about this, we're going to have to make some tough decisions. You know are we going to invest the money that's required to bring infrastructure to this parcel because it looks great, it's flat, right? Are we going to reuse that parking lot and redevelop it into housing or can we do some mixed kind of use there? So, we're going to come back to you with some discussions about these parcels. So, that's the land part of this, right? The other part of it is the finances and I already talked about the \$4.3 billion that's

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

going to be required to subsidize the 80 percent and below group. We're not going to come up with that, but what we can do is we can take the resources that we do have and that's the Affordable Housing Fund, that is the HOME program, that's the Housing Trust Fund, that is the CDBG funds if we can manage to bring them all together and talk about them as...and by the way, Section 8, and we've never talked about these, all of these funds together as an opportunity to leverage other funds. And so, what we're doing in our RFP is we're actually giving them extra points for multiple things. The lower the AMI that you're going to serve, we're going...you're going to score better. The more leverage you bring, the better you're going to score. So, when we look at historically our Affordable Housing Fund for instance, our investment per unit is about \$175,000. That's per unit, let's take the Star Noodle project that you guys just heard the other day. That's about \$75,000 per unit, and the difference is because they have really strategically leveraged funding. And so, by changing our RFP period so that it's earlier so hopefully we can get it in front of Budget and get a process approved, we're hoping to improve our scores with HHFDC and LIHTC and Rental Revolving Fund and all those other...to bring more funds back into the County. And so, while I understand what you're saying and your colleague Rawlins-Fernandez has also suggested is you expected us to bring the parcels, we're...we found in doing our analysis over the past nine months or so is that there are a whole bunch of elements that need to be brought together so that when we do propose something to you, it makes sense and it's a package.

COUNCILMEMBER KING: Okay, but...and I appreciate all of that, when you get all of that put down, that will be a strategic plan hopefully.

MS. MUNSELL: Yes.

COUNCILMEMBER KING: This is not a strategic plan so I just wanted us to recognize that we're still asking the same questions, we're still requiring more consultants. I mean I don't...I just...I think the public is saying how many more consultants, how many more studies, when are we going to actually have a plan? Even if it's a plan for the first 3,000 or the next 3,000, that's where I think the frustration comes in is that...is...and I love your excitement, I...you can see it when you speak, but it was the expectation of actually...and the document is called a strategic plan but it's really not. And, you know, I would like to...it would be good to see, you know, what are the new things that you're bringing in? Because these questions are ongoing questions and we were hoping to have some of them answered in this report I think was the disappointment. So, but, you know, don't lose your enthusiasm because we need...but we need you to answer those questions and bring us real recommendations and not just like put it to us that we have these questions, should you do this, should you do that. What are your recommendations? You guys are supposed to be the ones running the Housing Department, you know, so we're looking to you for those recommendations as well as, you know, off of the report, off of the TIG, off of all the things that have been done previously. Thank you. Thank you, Chair.

CHAIR KAMA: Thank you, Chair. Ms. Sugimura, did you have a question? Yes.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER SUGIMURA: Oh okay, thank you. Because of the time limit, Tamara's going to wait till after 'cause we're running out of time. But I just want to kind of summarize the presentation by the Director and the Deputy and I think it's a great partnership, because one was presenting the overall and what the County looks like which is something that I think the public needs to understand as well as us, and appreciate it. And I'm glad to hear that you're looking at some policy changes or suggestions and opening up that, looking outside of the box. And then, Linda Munsell, because of your work and where you came from before you became the Deputy, I can understand you have this like, you know, built-up knowledge from your years of experience so I appreciate, and as Member King says your enthusiasm for understanding how to put that together. And the projects that probably is super exciting for us was when we heard Bigley, right, Mr. Bigley talk about this Star Noodle project and his Lahaina projects and he's really good at finding Federal funds, State funds and putting that together. And our County participation is so small because he's a master at the other elements, so that's rare I think but encouraging for us. And of course what we need to do as Councilmembers is say yes, you know, we need to approve projects. And I like hearing the idea if it'll work, you know, to bifurcate your Housing and Human Concerns so that you have a housing department, maybe it is time. Like Member Hokama says, we need to look at it in depth for what we plan to do. I kind of feel also that when government tries to do things just because of the laws that we have to find sometimes it...follow, sometimes it's more expensive, so that's the...that's how we have to protect our taxpayers. So, I just want to say that. In all of this for a future meeting, Chair, when you have it, could you also add talking about infrastructure? Infrastructure is such a huge expense and one of the policies that we put in place last term was the community facilities district. I hope to see the Waikapu Country Town Estate or some of those use it just because it's a tool, you know, we added it as another tool in the toolbox. And there are other tools in the toolbox that we have heard presentations from other departments but, Chair, when you do take this up again besides having RPT and Planning share, if we can have Public Works or the others talk about the challenges with infrastructure. And I think the Mayor when he had his press conference, when he announced...was talking about housing, he said that if you do 100 percent, a 100 percent housing project that the County would participate in infrastructure. So, I look forward to hear what that plan is because yes, infrastructure is a huge expense. And I also want to hear just because I'm really interested in what happens with our cesspool and Upcountry with our water, the "Show me the Water" Bill although I understand why it was put in place years ago, it adds to what we're having Upcountry problems with our water, you know, nitrates in our water, because we have private developers now forced to dig wells and, you know, what the implication of that is. Whereas, I think our Department of Water Supply water is like stellar, you know, but our problems are coming from the private developers which we're forcing them to do because of the "Show me the Water" Bill so just kind of comments on that. I know it's a tough one because water is super important, but I think we, you know, in this discussion, Chair, thank you for bringing it up and you probably should have all the departments kind of contributing to the conversation. Because as Director said that it's really all the departments that make up this pyramid for what's going to give us these 9,000 homes. So, thank you.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

CHAIR KAMA: Thank you.

COUNCILMEMBER SUGIMURA: Thank you very much.

CHAIR KAMA: Mr. Sinenci, did you have any questions, sir?

COUNCILMEMBER SINENCI: I'll wait till after, Chair.

CHAIR KAMA: Thank you.

COUNCILMEMBER SINENCI: Thank you.

CHAIR KAMA: Real fast, comment or question?

COUNCILMEMBER LEE: Both.

CHAIR KAMA: Okay.

COUNCILMEMBER LEE: Okay, really quick. May I suggest when you perhaps revise or refine your strategic plan, you might break it down into short-term goals and long-term goals. And in the short-term goals you may want to look at the low-hanging fruit, in other words, parcels that are, you know, infill that the County can move quickly on. And most importantly look for developers like Bigley who have the experience and access and the resources to put financing packages together and...which, you know, miraculously that project that he's doing at Star Noodle, you know, it's like, the value is like 56 million and 50 million of the 56 is all subsidy. So, you know, what a wonderful...look for more people like him. Thank you.

CHAIR KAMA: Thank you, Ms. Lee.

COUNCILMEMBER PALTIN: Chair, I just wanted to wait --

CHAIR KAMA: Yes?

COUNCILMEMBER PALTIN: --till all the Members and the --

CHAIR KAMA: Okay.

COUNCILMEMBER PALTIN: --Committee was done but can I ask a couple questions?

CHAIR KAMA: Sure.

COUNCILMEMBER PALTIN: I think my first question would be is are you willing to work with everybody, is anything off of the table for affordable housing?

MS. TSUHAKO: Thank you for your question. The answer is yes.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER PALTIN: And has there been any forward movement with Department of Hawaiian Home Lands in Lahaina? 'Cause looking at the pyramid here, it seems like they have, you know, the land, the zoning, the owner's willing maybe, and, you know, maybe funds. I didn't see on your pyramid like money as something that is also a problem to get to the top. So, just not sure if you're aware that they are meeting, the Hawaiian Homes Commission is meeting in Lahaina on the 19th and the 20th at 9:30 and 9:00 a.m. so if you're willing to work with all entities. I seen in this handout that you gave out that there are a number of 100 percent affordable housings that are currently being built and sold in Lahaina. The Kahoma Residential, the Kaiaulu one, and it would be great if we could also add Hawaiian Homes affordable housing to that mix in West Maui, because there is land and from my understanding there is going to be water meters available, and I wouldn't like to exclude them from contributing to this crisis. A other question I had was I'm looking on the last page of this handout for the Waialele development. It says that there's 156...58 total units and the required affordable housing units is only 12, and I don't understand if developments over 10 units are supposed to provide 25 percent, how that math works out over there.

MS. MUNSELL: So, if you look at when the agreement was signed, that was signed in 1991, and so our requirements have changed and shifted since then. That's been on the books for a long time and so that's the reason it's 12.

COUNCILMEMBER PALTIN: So, when they amended it in 2014, nobody thought to update it because they hadn't broken ground in 1991? I mean it seems kind of interesting.

MS. MUNSELL: I'd have to look at what that amendment was, but they might have been amending just part of the ordinance and if it doesn't have triggers, but we'd have to look at that, we can get that to you.

COUNCILMEMBER PALTIN: Okay. And then it seems like on the underlying assumption that's being made is that the HUD guidelines fit us here in Maui County, and I was wondering is it the HUD guidelines is what fit the entire country of America? Every state goes by the same HUD guidelines?

MS. MUNSELL: So, the HUD guidelines are specific to each area so we've got a guideline or 100 percent AMI number that's associated specifically with Maui County and the various areas here. And it would be different depending on where you are in the country. But the calculation and way that...the way that those are determined are the same, yes, in every area.

COUNCILMEMBER PALTIN: And it takes into effect the cost of living, like the cost of milk and the wages and like that?

MS. MUNSELL: So, I think probably what you're talking is the difference between what is supposed to be affordable according to the HUD guidelines versus what we often are referring to as attainable. And some of that is, has to do with lifestyle choices obviously and other things, including the cost of living. But when banks give out mortgages, they have certain parameters that they use that apply here just as they

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

apply in other places too. So, you know, I know that that's something that's come up in the past, and we've started again a conversation about, you know, these issues in the directors' meetings. But there are reasons why we use these numbers, a lot having to do with funding. And whether...so it's not the AMIs, the associated incomes but it's the inside of the chart that I have questions about and how those numbers are calculated. So, that's an ongoing discussion. We haven't forgotten that as a concern by the Council.

COUNCILMEMBER PALTIN: And is it possible or are you working on a supplemental help? Because like say the cost of eggs or the cost of milk and the cost of living here in Maui County is different even say from that of Hawaii Island that, you know, things cost more here. That your dollar doesn't go as far as it would in other places, and this HUD guidelines is what we're basing kind of our entire plan on. Is there any plan or effort to make a supplemental assistance to make things that are affordable attainable?

MS. TSUHAKO: Thank you for your question, Member Paltin. The HUD guidelines I think will continue to be guidelines, I don't think the Department has right now a plan to issue a supplemental sort of change in the guidelines, because the consistency of the guidelines across the jurisdiction and the State and across the nation are important to us. I see...if I understand your concern correctly, it's that it...perhaps the HUD guidelines don't really reflect how much it costs to live here. And so, if we stick solely to those guidelines, the affordability of homes would still be in question because people don't generally make enough even if they're working at jobs that I mentioned earlier, dental hygienist or police officer. I think that that question of affordability and attainability is something that we'll have to work on a little bit more, and it may be that some of those folks at the County is developing housing for people who are at 80 percent and below, we have to look at that higher subsidies to develop those units. And it's something that we'll actually really all have to consider because of the cost associated with that. But it may mean that, you know, your concern may be expressed that people really cannot afford even at that...even at those levels that we might be targeting.

COUNCILMEMBER PALTIN: So, then my other question is are you also focusing in on the housing developers that have made their projects 100 percent affordable and trying to encourage them to replicate it or other developers who haven't hit that 100 percent affordable marks to work together so that even if there's no legislation change to 201H or something like that, that we can say as kind of like how Member Hokama's like RFP idea is like, you know, we see that 100 percent affordable has been done? And obviously that's preferred because the other thing that I kind of felt was missing, and it's only one thing that I felt was missing, otherwise I thought it was very comprehensive and addressed all the issues, is besides the money on the pyramid is our limited natural resources. We are on an island in the middle of the ocean, there's limited water, there's limited land, and so if we build 3,000 homes and expect 10 percent of them to be affordable then we'll build ourselves out of it because there won't be enough affordable because of the limited resources. So, that's the only component that I felt was missing from this very good start. And I understand that it's

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

a more difficult problem than anyone anticipated so, you know, managing expectations is also difficult. My final question would be have we heard anything back on Anchor Square?

MS. TSUHAKO: No, I have not, not from Weinberg.

COUNCILMEMBER PALTIN: Okay, thank you.

CHAIR KAMA: Thank you, Member Paltin. Okay, Members, without objection, I would like to recess this meeting.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR KAMA: . . .*(gavel)*. . .

RECESS: 11:21 a.m.

RECONVENE: 11:31 a.m.

ITEM AH-17(11): PRESENTATION ON HALE KAIOLA PROJECT IN SOUTH MAUI (HALE KAIOLA, LLC) (RULE 7B)

CHAIR KAMA: . . .*(gavel)*. . . The Affordable Housing Committee of August . . .what's – 7th, 2019 will now reconvene. Thank you everyone for that recess. So it is the Chair's intent to have the presentation and have questions from the Council and have our testifiers come and share what they want and should they . . . Council have any additional questions after testimony have the Council ask additional questions, and my hope, my prayer, my intent is that it all gets done by 12:30. So I know God heard. . . .*(laughter in background)*. . . So, good morning everyone and welcome to AH-17, the Presentation on Hale Kaiola Project in South Maui. Pursuant to Rule 7B of the Rules of the Council, the Committee will now receive a presentation from the developers of the Hale Kaiola project in South Maui. The proposed project is a residential development located at Ehukai [*sic*] Road and Kaiola Place in Kihei. It consists of 40 affordable housing units for sale to qualified individuals at 80 to 140 percent of area median income levels. So, now I'd like to introduce to you the developer who is here, Mr. Ray Phillips. Ray, say hello.

MR. PHILLIPS: Aloha.

CHAIR KAMA: Aloha.

MR. PHILLIPS: . . .*(inaudible)*. . . Okay. Aloha, and thank you for allowing us to be here today and do an initial presentation on what we're doing with this project. Thank you.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

CHAIR KAMA: Thank you for coming. Also with him to his right is Mr. Michael Munekiyo, good after...good morning, Mike.

MR. MUNEKIYO: Good morning, Madam Chair.

CHAIR KAMA: And also to...in the rear seating adjacent to our Housing chair...Deputy chair [sic] is Mr. Doyle Betsill. Aloha, Doyle.

MR. BETSILL: Aloha and good morning.

CHAIR KAMA: Good morning. So, I just want to let the Members and the Council know that this development is here today for information only, and I think what was shared this morning in our very first presentation is that developers are wanting to come sooner, wanting to come before the Council to share their projects with you. That any questions that you might have for them they're able to take and modify or do whatever it is that the Council has questions regarding. And this is I think a good opportunity that the developer comes and talks to us first before they actually come with their project that's ready to roll out. So, Mr. Phillips, will you be making the presentation or will Mr. Munekiyo?

MR. PHILLIPS: Mike will be making --

CHAIR KAMA: Michael.

MR. PHILLIPS: --the presentation.

CHAIR KAMA: Okay. Well, thank you. So, Mike, go ahead.

. . .BEGIN PRESENTATION. . .

MR. MUNEKIYO: Thank you, Madam Chair. Thank you, Committee Members. My name is Mike Munekiyo, I'm one of the planners for Hale Kaiola, LLC, and we are collaborating with William Spence and Associates jointly to support the processing of a Chapter 2.97 application for the Hale Kaiola project. And although we do have on the slide a 100 percent affordable housing project, the next time we come back, we will change that to 100 percent workforce housing project. Just a brief maybe intro before I get into the PowerPoint. As the Chair had mentioned, we are in the process of preparing a 2.97 application and so this informational meeting is quite useful for Mr. Phillips and Mr. Betsill because the comments and questions that are received today will certainly inform and shape the application as we move towards its finalization. So again, we do appreciate the opportunity. So, with that, Members, let me just go through a brief overview of the project. So, the parcel size is three acres. We do consider it an infill project and when we get to the aerial photos, you'll see that indeed it's infill. It does involve 40 for-sale duplex units. Architecturally it'll be a low-rise one-story and two-story buildings. It will be developed as a condominium. We do consider this a low-density project at 13 units per acre, maintaining

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

consistency with the neighborhood which surrounds it. Common area elements will include an open-air pavilion, a children's play area, and barbeque facilities. It is a child-friendly, pet-friendly area, we do encourage and hope to have family members be a part of this community. Real quickly, in terms of the project team, Mr. Phillips, Mr. Betsill, our principals in Hale Kaiola, LLC, that is the applicant for the project. As I mentioned we together with Mr. Will Spence are working together as planners on the project. Architect is Ronald Ped. Bill Mitchell is our landscape architect. Stacy Otomo our civil engineer. We do have an archaeologist on board, Reynaldo Nico Fuentes from Atlas Archaeology. Katherine Kamaemae Smith is our cultural consultant. We do have the Austin Tsutsumi as the traffic engineer, and Robert Hobdy is our flora and fauna consultant. So, we do have the whole spectrum of technical consultants as we continue with the preparation of the application. And when we do come back to Committee with the application, all of our resources will be here as well to answer any of your questions. Here is the project location. As I mentioned we do consider it an infill project. To the east, immediate east bordering the property which is that blue line outlined area is Kaiola Place. Bordering the property to the south Ohukai Place, and further east you'll see Piilani Highway, so again, right in the midst of North Kihei's Residential District. A closer-up-look aerial again Kaiola Place bordering to the east, Ohukai Road bordering to the south, Piilani Highway further east. The parcel as you can see is vacant. Let me just show you a couple of site ground-level photos I think which would be helpful in understanding the site context. Parcel again vacant, it's...there's not too much undulation in terms of topography, relatively flat I think in terms of vacant land conditions. So, from a development stand...site development standpoint, I think this is something that is advantageous from a project development standpoint. So, from a land use entitlements and designation perspective, the property is within the State Urban District. The Maui Island Plan designates it to be within its urban growth boundary. The Kihei-Makena Community Plan designates the property as Single-Family. County zoning, R-2 Residential which permits of course single-family residential housing. Property is located makai of Piilani Highway and therefore within the County's SMA, and within flood zone X which is an area of minimal flooding. So again, from a land use standpoint, all of the underlying zoning and I think flood, the designations are quite compatible for affordable housing development or workforce housing development. A little bit about the project. Forty units as I mentioned, total units. It's actually 18 low-rise single-family single-story structures and two two-story structures, so 18 low-rise single-story structures, 2 two-story buildings. There are four floor plans. Unit square footage ranges between 731 to 1,240 square feet. The units will be two bedroom, one-and-a-half baths, or three bedroom, two baths. Each unit will have a personal laundry area and small private yards and lanais. It would be outfitted at least from an electrical standpoint to accommodate the owner's future installation of air conditioning. From an affordable...affordability standpoint, pursuant to 2.97, the deed restriction requires its affordability to be maintained for ten years. Mr. Phillips and Mr. Betsill are, would like to extend that to 15 years; however, they do recognize that buyers would ultimately need to be able to move up as their family circumstances change, but nonetheless are willing to extend the affordability duration to 15 years. And, of course, the project will be required to enter into a workforce housing agreement with the County of Maui. A little bit about the

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

AOAO fees or the homeowners association fees, because that's another cost factor which needs to be considered when we talk about workforce housing. So, the goal is to keep it as low as possible. We are still working on what that number is but it would cover grounds maintenance, building, and common element maintenance. Those would include for example there's an open pavilion area, a playground area, so forth, insurance, reserve fund for future maintenance, water, trash, and Wi-Fi. So, these are the basic elements of the homeowner's association fees which again the goal is to keep it as low as possible. This table is, has a lot of information but maybe I can just simplify it as best I can. All of these units are duplex as I mentioned, duplex units. It would accommodate families in the median income range of 80 to 100 percent, that's the top row there. Twelve units would be set aside for that income group, and just for information the income level for the 80 to 100 percent income group, that, those families would need to earn between roughly 67,000 to \$84,000, and those would be for two-bedroom, one-and-a-half-bath units. The second category would be the moderate-income group, 100 percent to 120 percent of the area median income. Twenty units would be set aside for those, and for information the income level, family income level for the 100 to 120 percent AMI would be about 84,000 to \$100,000 annually, and these would be three-bedroom, two-bath units. And finally, the last two rows are the above-moderate-income categories, 120 percent to 140 percent of median income. There are eight units set aside for those. Again, three-bedroom, two-bath units, and the income ranges for those families would be about 100,000 to \$117,000 a year. So, these distribution of units among the 40 are based on the Chapter 2.96 income distribution allocation requirements. Here's the site plan. To the top is Kaiola Place, on the left is Ohukai, again, 18 duplex units, 2 two-story units. And let me just show you a few architectural renderings, because I think that will help to set the character context for the project. Oh and by the way, there would be for the 40 duplex units, 88 parking stalls. So, here is an aerial view. On the left side, that roadway is Kaiola Place so you can see the low-rise nature of the project. Landscaping is representative of fairly close to what our conceptual landscape plan prepared by Mr. Mitchell will look like. We're still in the landscape plan design process but generally this would be what the final objective would be from a landscaping standpoint. Again, here's a site view from Kaiola Place, ground-level view. Interior view from the driveway parking area, again, looking at the one-story character of the project. This is a reflection of the single-story duplex unit, and this is a depiction of the two-story duplex unit. The final rendering is one of the common area pavilion area and the playground for the young children anticipated to live in the community. So, a little bit about Chapter 2.97, I know the Committee Members have much experience with respect to Section 201H of the HRS, those projects. Two point nine seven follows a similar concept. It is meant to promote efficiency or incentives and exemptions for affordable projects, and one of the things that we are obligated to provide as part of the application which you will see when it does come before the Committee is an EA or project assessment report. So, this project assessment report will include a lot of the technical requirements which would otherwise be required in a State Environmental Assessment document, very similar. And so, all of the reports, the technical studies, the analysis will be part of the application, as well Chapter 2.97 does require a very I guess organized method of public outreach. Just one difference between the 201H and 2.97 is that 2.97 does allow the Council 60 days for approval instead of 45 days,

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

and of course there's an application fee, a refundable application fee which will be part of the submittal process. I did mention that the property is located makai of Piilani Highway which means that it is within the County's Special Management Area which would be approved by the Maui Planning Commission. So, our goal is to prepare a consolidated application which would address both the 2.97 and the SMA processes. The SMA process with the Planning Commission will come after Council approves the 2.97 resolution. Just a general overview of landscaping, the 2.97 does provide for a list of suggested exemptions which would be appropriate, those include those exemptions relating to permit fees. We do have an exemption for zoning because the property is zoned R-2 Residential and we are providing duplexes. We...just a note here that bonding will be provided in accordance with standard construction practices. We may ask for some variability in terms of landscaping requirements, but I think for the most part the landscaping will be as close to Code as possible. Water Department dual system policy, this is relating to fire flow and the domestic water provision, but that's something that...in fact for all of these exemptions we are in the midst of coordinating with departments making sure that exemption requests will be acceptable. And so, that's a process that we'll continue as we complete our 2.97 application. So, where are we in the process? We've completed drafts of the traffic study. We have initiated consultation with the State Historic Preservation Division and that's an ongoing process. We have initiated work on our cultural assessment and that also is an ongoing process. We expect that both the archaeological and the cultural work to go on as we continue with the preparation of the application, and we've completed our flora/fauna study. And final slide, just a summary of our outreach efforts. We've been in coordination with the Kihei Community Association, we've worked with groups such as Maui Tomorrow and FACE Maui. FACE is actually StandUpMaui. We'll make that adjustments in our next presentation. We continue our coordination with the cultural community and of course that's with our cultural consultant Ms. Smith. We'll be working with our area neighbors, and of course we continue our outreach with County Administration, this body, and various State and County agencies. So again, we are in the process of preparing our 2.97 application, outreach is an ongoing parallel process that we will continue. And again, this is the last slide and so if there are any questions, both Mr. Betsill and Mr. Phillips will be available as well as myself. Thank you, Members. Thank you, Chair.

. . .END OF PRESENTATION. . .

CHAIR KAMA: Thank you, Mr. Munekiyo. Question from Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Mr. Munekiyo, for your presentation. I just was wondering, how much are the 12 units at the 80 percent AMI will be about selling for?

MR. MUNEKIYO: Thank you, Councilmember. So, the pricing is still being worked on but just very, at a very high concept level what it looks like is the 12 units would be in the low 300s roughly.

MR. PHILLIPS: High twos.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

MR. MUNEKIYO: Yeah, high twos to low threes. Again, there are, you know, part of the process as I mentioned is that working with the agencies to make sure the exemption that, exemptions that we do seek would be appropriate and acceptable. And to the extent that all of these would be agreed upon then...and that's how we can ensure that these prices be as low as possible.

COUNCILMEMBER SINENCI: Okay. Can we, so can we assume that maybe the 100 percent AMI would be high 300,000?

MR. MUNEKIYO: I would...I think that's a reasonable assumption, Councilmember, yeah.

COUNCILMEMBER SINENCI: Yeah. Okay, thank you.

CHAIR KAMA: Yes, Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Mike, I'm looking at the view from above and I see the parking spaces only on one side. So, do the people on the other side have to cross, you know, like...yeah, you know, you see the parking only on one side, what about the houses on this side?

MR. MUNEKIYO: Yeah, I'll let Mr. Phillips respond.

MR. PHILLIPS: Thank you, Councilmember Lee. Just a quick overview, this is a very nice parcel for what we want to do for affordable housing. First of all, it's an infill parcel, it has all the utilities and all the infrastructure available to it so when we found it, we said, you know, instead of doing single-family residence and, you know, the two auxiliary units, let's do something great for the community, let's do affordable housing. So, what we said to ourselves is let's make it work really easily. So, where Kaiola Street is and the automobile is going down, that basically is going to be a one-way into the project and one way out. So, there's parking on both facility...on both sides. So, what we want to do is...we'd like to do is we'd like to deed restrict the parking stalls to each one of the units. So, and place the units adjacent to the parking stalls. There will be additional stalls also for guest parking. So, we don't want any parking on the exterior on Kaiola and we want to actually use the interior area to be the throughway for the project. And to the north on Kaiola is...what is it ____?

COUNCILMEMBER LEE: That's okay, you answered my question.

MR. PHILLIPS: Okay, great.

COUNCILMEMBER LEE: Thank you.

MR. PHILLIPS: Thanks.

CHAIR KAMA: Thank you. Mr. Molina?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

VICE-CHAIR MOLINA: Thank you, Madam Chair. Good afternoon, Mr. Phillips and Mr. Munekiyo. First of all, very nice, sound-looking project thus far. You know to me go ahead and submit the application now and get it moving. It's really good, really impressive. It sounds like you guys did a lot of work of preplanning so to speak yeah, and met with all the community groups which is so important these days. With regards to the association fees, how do you plan to keep it low or I don't know if there's such thing as affordable because I know there's an emphasis on that?

MR. PHILLIPS: The way we look at it is we are basically...to expedite the process we have put together a hui to basically fund the project out. So, we want to keep our interest costs like known, like none, and basically the ability for the process to move ahead as quickly as possible. The way we've laid it out is we want to have as much facilities as we can for as less amount of price. We haven't included a swimming pool. We haven't done anything that typically runs up an AOA type of cost structure. So, we've looked in the area and, you know, AOA fees very, very important for us to keep down. So, the way we look at this, we're going to definitely be...hopefully on the low end of the scale. ...*(inaudible)*...

VICE-CHAIR MOLINA: And I know there's a demand for rental so I guess you initially probably considered this as offering units for rental, but you guys decided to go more for those who are ready to take the next step for homeownership, was that the case?

MR. PHILLIPS: Well, we really never looked at this as a rental project, because we don't have facilities for property management or anything like that, and we feel the people would like to generate some equity in their lives and the ability to live in a place where they can say I own this place, this is my place where I want to raise my family.

VICE-CHAIR MOLINA: Great. And lastly, because it was noted that it's in a flood zone, your flood mitigation plans, drainage, everything is all...how do you plan to address that just in the event 'cause as we know Kihei is noted for flooding, so?

MR. PHILLIPS: Stacy Otomo is doing the work for us --

VICE-CHAIR MOLINA: Okay.

MR. PHILLIPS: --and that's all I can really say.

VICE-CHAIR MOLINA: Yeah, I guess when you do come...get the --

MR. PHILLIPS: Oh, definitely.

VICE-CHAIR MOLINA: --put the application we'll have that question. But anyway, it sounds...looks really nice, so thank you.

CHAIR KAMA: Yes, Ms. Rawlins-Fernandez?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Mahalo for your presentation. I really like your project, I love that it's infill, I love that it's 100 percent affordable, I love that you've been working with the community, and based on the testimony received from the Kihei Community Association that you've taken a lot of their concerns and addressed them in addressing your project. So, mahalo, I appreciate that. I also love that there's a lot of trees, and was hoping maybe you would consider trees that are native to the area. I wasn't sure if that was something that was being considered, then I hope it will be. So, I have a couple questions. Who is conducting your cultural assessment report?

MR. PHILLIPS: Our cultural assessment is being done...we can run through...

UNIDENTIFIED SPEAKER: Kamaemae Smith.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay.

MR. PHILLIPS: Yeah. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. PHILLIPS: Katherine's doing the work and we have a preliminary presentation from her already.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, great.

MR. PHILLIPS: So, she's been doing a good job. I think she did advertising and...yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. And on the last slide you kind of named some of the, those in the community that you've conducted outreach to, KCA, FACE, Maui Tomorrow, and then cultural community outreach there weren't any groups named. Who are the cultural community outreach or who are the groups, do you know?

MR. PHILLIPS: Katherine's been pretty well handling that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, Katherine's doing that.

MR. PHILLIPS: So, it's kind of been in her...we are always available to meet with folks in the area, cultural folks in the area, and look forward to be doing that in the...on a continuous basis. Katherine has done a great job. She's out of town at the moment but I do have her report if you would like to take a peek.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And have you met with Aha Moku?

MR. PHILLIPS: The group has been invited to come and attend and so we're awaiting for a schedule from them. And I believe they were asked on a couple...three occasions. So, at their convenience and their schedule we're available. We all live in the area.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo. That's all my questions. Thank you. Mahalo, Chair.

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

COUNCILMEMBER SUGIMURA: I agree, great project. Thank you very much. Thank you, Mr. Betsill also. And to do a project like this and to get it at the 100 percent level and I think you said you put your investors together and probably wisely with the strength of both of you that I see here today. So, thank you very much for supporting the community. I was just curious because of the 100 percent, if the Mayor said if there's 100 percent affordable project that the County could support the project with infrastructure. So, I just wondered if that discussion happened or was it...or was this project already done and thought through?

CHAIR KAMA: Mr. Phillips?

MR. BETSILL: I'll take that one.

MR. PHILLIPS: Okay, go ahead.

CHAIR KAMA: Betsill?

MR. BETSILL: I'll take the easy questions. We were already pretty far along when that statement was made by the Mayor, but we have been having ongoing discussions with almost all the department heads and have received a lot of support from them, the individual departments throughout this process. We're fortunate in that the infrastructure is basically in place as far as the roads are in, the sewer is close, the water is close, there's actually already a water meter on the property. So, that was part of our overall plan was to try to keep this project as affordable as possible. It looks simple but actually there's a lot of thought and planning and pieces that went together, and part of that was the infrastructure was already in place for the project. So, we don't have any need to ask for assistance in that area.

COUNCILMEMBER SUGIMURA: Great. One more question. So, what about doing, just because we're in Kihei, solar panels of sorts or is there a thought about doing that?

MR. BETSILL: That one is a little tougher but I'll take it anyway. Of course we'll have solar hot water but the photovoltaic is a...costs a lot as far as the upfront capital cost so we decided we didn't want to pass this expense on to our owners. There's a lot of problems right now, the...for one reason, for it to work you have to use tax incentives which many people in these price ranges aren't going to be able to use the tax incentives. MECO is no longer allowing us to put the power back into the system so they would have to have a battery backup system to be operational. We're considering it, we've been requested to look at it and we're thinking about it and we're open to suggestions. But our basic decision at this point is it would add 15 to \$20,000 cost to each unit and would be a long-term payback because of the conditions I mentioned,

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

the necessity for batteries, the fact that the tax incentives probably wouldn't be that beneficial to the people. So, at this point we don't see a way to make it economically feasible and we're considering it, but we're...our basic point...our basic stand at this point is it won't make it into this project.

COUNCILMEMBER SUGIMURA: Yeah, unfortunately wheeling it not one of the favorites I guess for MECO to look at so I understand what you're saying. And yeah, I look forward to see you before us and to get this finalized, so thank you very much. We appreciate it. Thank you.

CHAIR KAMA: Ms. Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Mr. Phillips, Mr. Betsill, and thank you, Mr. Munekiyo, for also coming to our community plan meeting last night. Also feel similarly, one question that I had in the requested exemptions was on the Water Department dual system policy. Does the R1 line come out to this project?

MR. MUNEKIYO: It does not, Councilmember. That's one of the reasons. But we do have on our agenda to meet with the Water Department, because as I said, we do need to coordinate with them to make sure that they would be...they understand what the exemption requests are and they'll be okay with it. So, these are just preliminary exemptions at this point.

COUNCILMEMBER PALTIN: And do you don't know of...like we saw the presentation yesterday but I'm not super familiar with Kihei if they're planning on extending to this area?

MR. MUNEKIYO: That I don't really know but that's something we'll --

COUNCILMEMBER PALTIN: Okay.

MR. MUNEKIYO: --get that information when we can speak with them.

COUNCILMEMBER PALTIN: And then I really like that you have extended the deed restrictions. I was just wondering if we could at any time see the difference between a 15-year deed restriction and say a 20-year deed restriction in the cost of the price just to keep the inventory a little bit longer or some other types of incentives that would extend the affordability. Thank you very much. I also appreciate that the upfront early notifications of this process.

CHAIR KAMA: Chair King?

COUNCILMEMBER KING: Thank you, Chair. Thanks for, my colleagues for all the great questions. So, I've been meeting with Mr. Phillips on this probably since he thought about it, since we were working on a different project, a tiny home project that didn't work that was going to happen. So, a lot of those issues that have been brought up have been talked about. In fact, just two days ago, we met and I mentioned the

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

possibility of going to 20 years for the deed restriction. I've encouraged them from the beginning to keep dropping the price. But there is, you know, I mean this is workforce housing, I'm glad you brought that up, because there is that difference that we heard about earlier today between affordable and workforce. And this area and the level of housing I think is very appropriate. I live like two blocks away from this project, so, you know, if anybody's going to be a NIMBY it would be me. But I really like the project and I think they've been really thoughtful. The one thing I wanted to encourage you is I thought about it after I met with you two days ago is that on the solar issue is to possibly solicit one of the solar companies that might looking at doing a PPA so that they might come in and actually put up the solar array at their expense and then pass, you know, charge the residents directly for the electricity which should be lower. And that's how...and basically that's one of the models that should be done for projects of this size I think, because it's a way of getting it in there without the residents incurring that cost. And then also the company if there's someone willing to do it would incur the cost of maintenance and keeping that...keeping it all going. But that's the only thing really. I mean and just the ongoing, I've been pushing on Ray drop the price more, drop the price more. So, you know, I'm really happy that we were able to look at, you know, we talked about 290, starting at 295, that we're able to look at getting that rate down. And that the, you know, I've seen some of the projects that Mr. Phillips has done and, you know, really happy about the quality of what we're looking at here. So, thank you.

CHAIR KAMA: Thank you. So, Members, if there are no questions, without objections, I'd like to invite...oh I'm sorry, Mr. Molina, did I leave you out this round?

VICE-CHAIR MOLINA: Oh no, no, no. No, no, I was just --

CHAIR KAMA: Okay.

VICE-CHAIR MOLINA: --I --

CHAIR KAMA: Thank you.

VICE-CHAIR MOLINA: --was going to say move to approve, Madam Chair. No, no. That's...I hope they get that application in because this is a real sound project. Thank you.

CHAIR KAMA: Thank you, sir. So, without any objections I'd like to be able to open up this time for testimonies.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. So...

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

CHAIR KAMA: Oh, I have to have a recess. Recess. ...*(gavel)*...

AFFORDABLE HOUSING COMMITTEE MINUTES

Council of the County of Maui

August 7, 2019

RECESS: 12:07 p.m.

RECONVENE: 12:11 p.m.

CHAIR KAMA: ...*(gavel)*... The Affordable Housing Committee of August 9th will now reconvene.

UNIDENTIFIED SPEAKER: August 7th.

CHAIR KAMA: Of August 7th, I'm sorry. Yeah, August 7th.

...BEGIN PUBLIC TESTIMONY...

CHAIR KAMA: Okay, so, Ms. Stewart, do we have any testifiers?

MS. STEWART: The first testifier in the Chambers is Stan Franco on behalf of himself testifying on agenda item AH-17(10), to be followed by Mike Moran.

MR. FRANCO: Good morning, Chair --

CHAIR KAMA: Good morning.

MR. FRANCO: --and Members. When I thought of this presentation or my testimony, I was thinking along a different line, and when I got this presentation from the Department, it threw me off so I'm not sure what I'm going to say, so let's go from there. I thank the Department for coming up with these...their strategic plan, but I do agree with Keani and Kelly that it's not the plan that, you know, FACE Maui came to the Council asking for. And if you...there's documents about what we wanted and it's not in here. It's not a timeline. I would like to see something where we could identify who, what, when, where, and how we're going to do this, how we're going to finance this. Eight point...what is it, 4.8 billion Linda said. I know this is a lot of money and, you know, the thing is maybe we got to look at innovative ways of bringing the cost down. So, we got to look at maybe other products instead of lumber, other ways of doing this. So, there should be a whole discussion on how do we save money by innovation. But the other thing I think is the most important thing for me and I've shared this before so it's like all record time, we need to engage the community on this. This is so important that has everybody has said, you know, this is something that it's like an albatross on your back, Council, that we need to ask the community one, is this something that you want? And when we get the who, when, where, when, and how, and would you be willing to spend sizeable amounts of money to subsidize infrastructure and other issues that we see the County being needed to do? And if the people say yes, we're willing to do this, I think then we can start finding answers and getting things done. When we proposed our plan, we're looking at 1,000 units each year over a 10-year period, and it could be workable if we have the land. I think one of the problems that Linda was, presented to us, most of our land is in parking lots and other things and is not developable. The other thing we've been talking about is that if

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

we want to develop land, it should be close where the infrastructure is, 'cause otherwise you have this tremendous cost of building out the infrastructure. And what we're talking about is around towns like Lahaina, Kihei, and maybe Kahului or it should be Kahului. So, let's look at that. I like the idea of we having a development director on board. I wonder how effective he will be, but that's something that we have requested. As the Councilmember Lee said, we called 'em a housing czar before, development director is fine with us. My time is running out so I don't know what else to say. So, thank you for the time.

CHAIR KAMA: Members...thank you, Mr. Franco.

MS. STEWART: Our next testifier is Mike Moran testifying on behalf of himself on agenda item AH-17(11), to be followed by Cassandra Abdul.

MR. MORAN: Aloha...well, let me try again. Aloha, Chair Kama and Committee. Mike Moran but I am testifying for the Kihei Community Association --

CHAIR KAMA: Aloha.

MR. MORAN: --rather than myself. First, Chair Kama, thank you very much for this process, normally we come and testify and then we hear all kinds of changes made and it kind of...gee, I wish I knew that before so this process is refreshing. And I did want to mention that where this project is located, Chair King mentioned that she lives right down the street, I live right around the corner, and Vernon Kalanikau is a close neighbor to Kelly so boy, he's surrounded, we're watching everything here. Mahalo, Chair, for scheduling this matter this morning on this. I have to...all guys have to get used to this, this is a workforce project, workforce housing project in North Kihei. We did submit written testimony which contained our letter of support and recommendations to Mr. Phillips, and I notice that Keani mentioned that already, so thank you for catching the written testimony as well. But beyond that, we wanted to share some reasons we support the project at this location. As has been stated many times this morning, it is infill, and they took an odd-shaped-size vacant parcel which is surrounded by other residents. The location has infrastructure in place, including water, sewer, roads, and electricity. The entrance on Kaiola Place to the project may be accessed from three distinct routes, Ohukai, Moi, and Hanahulu [sic] Place, two of them which connect directly to the Piilani Highway, lessening traffic impacts. Also, there was talk about infrastructure. It's our understanding that Public Works will be filling in the long-missing segments of sidewalks on Ohukai so this will add safe walking from the project on two safe routes to reach the Maui Bus route on South Kihei Road. So, that's another plus. This will also mean walkable/bikeable route to Kenolio Park as well as the North Kihei beaches. If the North South Collector Road is ever constructed, it will make a pedestrian bicycle route giving connectivity to several schools, an extensive commercial area, without the inherent dangers of the highway and South Kihei Road. That would also reduce motor vehicles on the two current routes. Also, we see no view issues as the structures are low. Lastly, yet there will be...yes, there will be some impact on infrastructure but one, it's minimal and two,

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

these guys aren't responsible for all the infrastructure. Please give your support to this 100 percent workforce housing project. Mahalo. Boy, good timing.

CHAIR KAMA: Members, any questions? Thank you, Mr. Moran.

MR. MORAN: Thank you.

CHAIR KAMA: Go ahead.

MS. STEWART: Our next testifier is Simon Russell testifying on agenda item AH-17(10), on behalf of Farm Maui, to be followed by Jasee Lau.

MR. RUSSELL: Aloha, honorable Chair Kama, Members of the Committee.

CHAIR KAMA: Aloha.

MR. RUSSELL: Planning Department...or Housing Division, thank you so much for your hard work on this consideration for affordable housing for us folks in the area median income brackets like myself. My passion is for farmers and farm worker housing so I'm going to speak a little bit about the opportunity in Maui's Agriculture District. I call it, you know, if farmers can afford to live here then we'll have some farmers, and currently there's a lot of challenges with farmers living in Maui and there are some opportunities. I just want to give a little historical perspective to what I'm talking about. In 1980, Hawaii had 1.1 million acres of pasture and 350,830 acres of crop land. Fast forward 35 years and Hawaii had 151,000 acres in crop land and 761,000 acres in pasture. So, we lost about 50 percent or near 50 percent of our ability to produce in 35 years. I believe affordable housing is the first major step we can collectively take toward food security, and the beauty is it's a real political winner, people want affordable housing, they want food security, so if we figure out how to house farmers then we can have both. And it'll also incentivize farmers, you know, their...my keiki and other people's keiki to want to be a farmer if they can actually afford it. Some of the challenges, one of them was kind of pointed out by Councilman Hokama who said that the lower income brackets don't pay much tax, well, I agree, and so that's a bit of a challenge. Farmers are usually in my opinion in the less than 50 percent AMI, you know, in my experience they make around 17 bucks an hour, and so if you extrapolate that times 2,000 hours a year they're making 34,000 a year maybe. Interesting thing is the Department of Labor has pretty strict standards for farm worker housing, that has been looked at with regards to building housing for farmers. Some of the opportunities other than what I just said that it's a win-win with food security and affordable housing, there's HRS 205 allows for clustered housing in the Agriculture District and you saw them before in Haliimaile and other places, the plantation camps. The important ag land statute supports farm worker housing also so you can actually directly make villages in the Agriculture District with no restrictions. There's a really wonderful example of an affordable farm worker housing project on Oahu, it's called the Kunia ag Village, and an investigative group including our honorable Chairwoman are going to Oahu to take a look at that. And the Hawaii State Department of Agriculture has about \$7½ million in their

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

account for developing projects in the agriculture...in the IAL zone. So, when we designate land as IAL, we would have access to those funds. Yeah, that's about all I have to say.

CHAIR KAMA: Thank you. Thank you.

MR. RUSSELL: Yeah.

CHAIR KAMA: Questions for the testifiers? Yes, Ms. King?

COUNCILMEMBER KING: Thank you, Chair. Thanks for being here, Simon. So, on the, that \$7 million fund which I'm assuming is Statewide, is that only for newly designated IAL lands?

MR. RUSSELL: Any IAL can apply for infrastructure funds from that fund is my understanding to the Department of Ag. So, unfortunately nobody is really using the money and it sunsets in 2021 so I was mentioning that to some folks that we need to use it and prove that we need it in our IAL on Maui, 'cause we have a lot of...I mean we have more IAL on Maui than anywhere else in the State.

COUNCILMEMBER KING: So, it doesn't matter if it's a private entity or a government entity or a public...so you just have to have IAL lands and you can apply? Is that...

MR. RUSSELL: It's an incentive program for doing agriculture.

COUNCILMEMBER KING: Okay. But it can be applied to housing for infrastructure?

MR. RUSSELL: I think so. It could be applied to housing, roads, refrigeration, water delivery, things of that nature.

COUNCILMEMBER KING: Okay.

MR. RUSSELL: Sewage treatment.

COUNCILMEMBER KING: And is that cumulative or is it --

MR. RUSSELL: It's every year.

COUNCILMEMBER KING: --just...but does it accumulate every year or is it just if it doesn't get used then it's...

MR. RUSSELL: It will sunset in 2021 so --

COUNCILMEMBER KING: Right.

MR. RUSSELL: --it will be gone.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER KING: But I mean the 7 million that we've been seeing every year going unused, is that accumulating or...

MR. RUSSELL: No.

COUNCILMEMBER KING: If we don't use it by the end of the year, it just goes back into the State coffers?

MR. RUSSELL: I believe so.

COUNCILMEMBER KING: Okay.

MR. RUSSELL: Yeah.

COUNCILMEMBER KING: Okay. Thank you.

MR. RUSSELL: You're welcome.

CHAIR KAMA: Thank you, Mr. Simon.

MR. RUSSELL: Thank you.

CHAIR KAMA: Ms. Stewart?

MS. STEWART: Our next testifier is Scott Shapiro testifying on behalf of himself on AH-17(11), to be followed by Jennifer Karaca.

MR. SHAPIRO: Good morn...good afternoon --

CHAIR KAMA: Good morning.

MR. SHAPIRO: --everyone.

CHAIR KAMA: Afternoon.

MR. SHAPIRO: I am Scott Shapiro testifying on behalf of myself and I'd like to testify on AH-17(10) as well just for a second. I kind of concur, I was hoping for more of a plan but I understand that there are lots of puzzle pieces that need to be put together. I like the fact that there's a development coordinator hired. I hope that that person whoever it is reaches out to the community to start a conversation with key members who are looking to make changes, whether it's 2.96 or any way to move things quickly. I look at the big picture of things, I look at all the land that we have on Maui, and I know it's designated by certain owners. And I look at the past where developments were built by, you know, A&B or, you know, the plantations where 1,000 houses were built. If we were to look kind of at, you know, working with maybe Mahi Pono or perhaps by eminent domain to take 1,000 acres that's near infrastructure, put up manufactured housing a little bit a time, 100 units, whatever it is. We have a lot

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

available but I know people don't like to look at eminent domain, that's, you know, it's an ugly couple words. But there's, you know, I really think that there's...we have land at our fingertips so it's just, you know, and the need is there, we're in a crisis situation so we have to kind of think outside what we've been doing in the past and think about ways that we can get this done rather than kind of rehash things for the next ten years. So, I look forward to working with the Department if I can, with the development coordinator to help, you know, solve some of these. That's it for that. For the Hale Kaiola I want to give my full support to this project, almost full support. One hundred percent affordable housing is what we're all striving for, it's all in the details that make this development a good one. It fits in very well with the existing neighborhood as we've talked about. The density design is good, there's open space for the community, homes in the area are designed similarly with similar building styles. It's far enough away from the ocean that we don't really have to consider sea level rise I hope, and it's big enough at 40 units where a condominium association will be effective long term in keeping the property, the standards up nicely, you know, making it look good. My only hesitation is what we've talked about, is the perpetuity or the 15-year, 10-year structure. I'd like to see that extended a little bit. I know with home ownership...I don't think there's a big a burden as with rental units to...for, you know, even in perpetuity or longer term affordability. It might not work with this project but I'd like to take a look at that with rental versus homeownership. So, I think that's about it. Thank you.

CHAIR KAMA: Members, questions? Ms. Paltin?

COUNCILMEMBER PALTIN: It...nobody...Members of the...

CHAIR KAMA: No.

COUNCILMEMBER PALTIN: Okay. So, my question and it came up in the course of listening to a couple of the Members and I didn't see it in the...it's for the AH-17(10) and in listening to the...I realize it was another component that wasn't specifically mentioned in the strategic presentation. And when you mentioned about, you know, infill and eminent domain and actually the presenters in item 11 were talking about like that they're not having to add that much infrastructure because it's infill. What are your feelings about eminent domain of existing developments that are vacant or even houses that have been like left into despair and redeveloping those for affordable housing units? Because you would figure if there's already a vacant building in there, they might have the infrastructure such as water meters and those types of things. Are you still in support of eminent domain if we're talking about redevelopment of vacant properties that have buildings on top of it?

MR. SHAPIRO: In one word, no. I'm...I look at eminent domain as a big-picture item, as a...as we're going to make an impact so if it's somebody who hasn't paid their taxes, you know, property taxes and the County forecloses on the property or whatever and redeveloping that as affordable housing, possibly if the County owns it. But other than that, I would limit that kind of stuff. I think it's more, you know, you're doing it for a big reason, not for onesies and twosies. That's how I feel.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER PALTIN: How about like a large commercial development that's vacant like say Safeway moves to a new Safeway or, you know, like we have the old Denny's in Lahaina or even the Anchor Square which I recently found out Yuki knows the people so maybe. But like what about those types of things where it's just a huge vacant commercial building that's moved on and it's just like kind of a blight on society?

MR. SHAPIRO: So, again, I think individual properties like that that have been designated, you know, like a retail project or something, if I was the owner and I left it, you know, to be neglected for 20 years, there's, you know, there's a reason for that. I don't know what that reason is, whether, you know, they think they're going to get...

COUNCILMEMBER PALTIN: Capital maybe.

MR. SHAPIRO: What's that?

COUNCILMEMBER PALTIN: Capital, lack of money.

MR. SHAPIRO: Lack of capital or they, they're just waiting for a big tenant to come. I don't know what the reason is so but if it's...

COUNCILMEMBER PALTIN: So, more like talk story than eminent domain, like...

MR. SHAPIRO: Talk story, find out from the owners what's going on and try to work that problem. But those are individual...I get that, you know, one of those facilities could house probably a lot of people. You know and people were talking about the vacant Lowes I think as a possibility for housing.

COUNCILMEMBER PALTIN: Yeah. Do you think that's a fast... 'cause you were saying faster and you wanted more of a plan. Like I would imagine that would be faster than starting at the permit and the infrastructure level just to redevelop.

MR. SHAPIRO: I think it would...I think, you know, eminent domain is eminent domain, right, so if the County's going to take it over, it's going to be a process. Whether it's a small building or a large building or a piece of land, it's going to be...there's got to be reasons behind it. And I think if you go down that road, you got to have a bang for your buck, and it's...and it might be kind of a one-off where, you know, if there were...and I don't know. You know to look at the land that's available near infrastructure, that's large, there are some pieces in Central Maui that are close. By Pioneer Mill, you know, for instance that there's infrastructure in place. But for the smaller buildings, I would just hesitate, I would try to work with the owners first.

COUNCILMEMBER PALTIN: More talk story than eminent domain.

MR. SHAPIRO: Yeah but talk story fast, you know, not just spin the hamster wheel.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER PALTIN: And is that a part of your plan that just didn't get mention or...about redevelopment of vacant lots?

MS. TSUHAKO: Thank you for your question, Councilmember. I think at this stage we're really at the point where we're...the Administration is willing to talk to anybody. We're not saying no, we no like do this or we no like do that. I don't think, as Mr. Shapiro has said I don't think eminent domain is a process that we should be dependent upon or use in a...without any discrimination about how we use it. So, it wouldn't be at the top of the toolbox in terms of obtaining land. But certainly if people have ideas, if they have projects they want to develop, the process that's being utilized in...within the different departments for the Administration is open to those things. So, I would say the answer is still yes.

CHAIR KAMA: Thank you. Thank you, Mr. Shapiro.

MR. SHAPIRO: Thank you.

CHAIR KAMA: Ms. Stewart?

MS. STEWART: Our next testifier is Jennifer Karaca testifying on behalf of herself on item AH-17(10), to be followed by Kehau Filimoeatu.

MS. KARACA: So, I'm here testifying in response to the strategic plan presentation which I'm going to be really honest was incredibly disappointing. In no way, shape or form is that a strategic plan in any business that you go to. That was a presentation. There was no smart goals, there were no metrics, there was no reporting of what benchmarks they have met or other benchmarks they were setting. So, it was sad to be honest. I think that we need leaders in this Department. We need leaders, not cheerleaders. We don't need people routing on the developers. This is the Department of Housing and Human Concerns, not department of developers concerns. It's clear when you see projects getting pushed through after the meetings when there's a huge outpour of community input, I don't see anybody from the Department coming over and reaching out to that network. I always see them meeting with the developers after the meeting. And it's sad that we're saying we need less review to get pushback from the community. No, we need more review. The community is telling you they want more review because it's being abused. So, that's really concerning that they're, you know, kind of saying yes, we are cheerleaders and we're going to do this, we're going to cheerlead the developers on. That's not their job, their job is to come up with plans, research, and put goals in place to meet those plans to provide housing in this housing crisis and that's what they're being paid for. There's so many things that they can do. Affordability time span is not like a marriage in any way, shape or form. Marriage, somebody can cheat you on, you can have disagreements. Affordability time span, you don't even have to stay in that house. If you want to leave, you sell it, you just can't flip it for a huge profit. It's not the same at all. To use that kind of metaphor is really misleading also. We're looking at things like HUD incentives, people have HUD vouchers, parents, single parents going I'm going to be homeless 'cause I can't find a house that rents to anybody with HUD. It's going to expire in 30

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

days. What are we doing to solve that issue? What are we doing to solve the issue where people are living in houses that are horrible conditions, they call Department of Housing and Human Concerns, and they say oh yeah, you should maybe take them to court. What are we doing to address those issues? As far as plans, if they want plans, housing crisis is an issue nationwide, there are people working on this all over the nation and other parts of the world. They have plans in place, they have designs in place, big-box stores, they're doing transitional housing for homeless. The plans are already there, they have pricing, they have all these different things that they could just go and research, or I don't understand, are they just waiting for this information to sit in their lap, be sat in their lap or pay for another study even though we have like ten studies behind us? They could be buying REO foreclosures, that's like bulk real estate from the banks and put out RFPs to flip them. There's so many things that they could do. Writing grants to supplement some of these costs so it's not just the County paying for it. There's private foundation grants, there's public money, there's Federal monies. They need to be researching the framework, making the contacts to put those frameworks in place and then fulfilling them.

CHAIR KAMA: Are you done?

MS. KARACA: Yeah.

CHAIR KAMA: Thank you. Members, questions? Thank you. Ms. Stewart?

MS. STEWART: The next testifier is Kehau Filimoeatu testifying on agenda item AH-17(10).

MS. FILIMOEATU: Mahalo and aloha, Affordable Housing Committee. So, you're the AH Committee. It's the AH Committee. I like when Lori came on and I'm, I wanted to say that she kept saying we, we, we, and I thought I felt so inclusive. She kept saying we, and then when she kept going on and on, I didn't like that inclusiveness, because what was the strategy that I was looking forward to and expecting was coming out to be very disappointing, depressing, dismaying, interesting, insulting, and really not acceptable. We talk about affordable, a, affordable housing, we also have a, attainable house, and then what I want to see and what we need to do is have this separate thing called the housing department. I don't like the DHS, you know, I'm, seriously I think you should think about that. I understand you had a workgroup that was working on this so I don't know where the workgroup went with what. And I think what we need to look for is partners. We can partner with other people such as...and you all know Ikaika Ohana people. Why haven't we partnered with the Department of Hawaiian Home Lands who has some empty lots? I think it would be a win-win situation using that joint kind of a, you know, thing that you can do with that. And really what's happened is there's a thought process that is today very changed from before. Now, we're talking about how long this house can be affordable. You know in our days and I'm dating myself, when you got a house, that was your house, the house that was going to be forever. We never thought of getting a house to flip for another house. I can see and realize that I...home ownership as well as financial literacy component which is culturally based and we see that hale as that asset, and from there on you build, and that's how you start to become economically a little bit more bold, because you're

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

looking at using at equity. And everybody knows what a HELOC loan is, you know, and things like that that give you the opportunity to move upward in the economic scale and then forward for your ohana. Now, I always said, you know, you come over here and you have to have issues, and I told you I had three issues. They were pono, ikaika, and maluhia, and you ask if, well, are you a paid lobbyist, those three couldn't afford to pay me. Actually they're priceless and the rewards you get from going forward for your issues is your next generation, so I have my moopuna to be thankful for. Now, we...I like being we and I appreciate all of you wahine and your kane and your people who sit here for your tolerance for people like me and your tolerance to sit through lunchtime and keep going until you're pau. And with that I would say aloha. Keep going, I know that there are those of us who want all of us and especially you policymakers to have successes because it'll be our success as well. Thank you.

CHAIR KAMA: Questions, Members? Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, you know, I so value your perspective and depth, but I want to ask you an important question and Ms. Paltin suggested that on this list from Housing we add Hawaiian Home Lands. And I always looked at the Hawaiian Home Lands and beneficiaries as sacred. And so, if we put it on our list and we start building houses for the greater community, I would imagine that the beneficiaries would be kind of mad. Or what is your thought on it?

MS. FILIMOEAU: Okay, and the reason I brought up Hawaiian Home Lands because I think on the Hawaiian Home Lands although you have a Congressional act now that metes out what it is and it was that white man who said you got to be so much quantum, quantimated [sic], yeah, 50 percent and stuff like that. The problem is I think we both beneficiaries that are quantimated [sic] and well as non-beneficiaries that are the 49ers or non-koko beneficiaries. You know when the Hawaiian succeeds, Hawaii succeeds, Maui succeeds, everybody succeeds. And a Hawaiian with a small H, big H, doesn't matter to us anymore. Hawaiians always welcomed everybody to our detriment. So, when you're looking at Hawaiian Home Lands, we're not saying they got to give the land away but they would be able to use tax credits that a County project could use. You would use...and also we're looking at rentals that would be what we would think too as far, you know, as for our shelter and housing. And that could be a win-win situation. We use the tax credits, you come on, you build the stuff, put 'em together, Hawaii be...then the Hawaiian Home Lands becomes that economic arm for all of us, because they're going to be...you're going to have to lease the land and that's fine because you're already going to be contributing to that trust. 'Cause Hawaiian Home Lands leases land to non-Hawaiians all the time, you know that, all of Kahikinui was not there. It was always...and they got it for a dollar a year at that time, although I don't foresee that economically feasible at this time. But that can...it can be done. You have SOPs, you have GOs, and those can be happening. It's just like how you are policymakers, so are policymakers in our commission and they see the same thing because Hawaiians who live on Maui see you as their ohana, their brother, their sister, and that's why we can...it's terrific because, you know, we can be mad at each other or opposing sides, but we never stop to honihoni, yeah, when we

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

see each other on the road, in, you know, Safeway, outside the room, 'cause that's how I think we can rise up together.

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: Chair King?

COUNCILMEMBER KING: Thank you. Thank you, Chair. Thanks for being here, Kehau, I really value your opinion. And I just wanted to ask you, you know, if we were to get involved and I think it would be a great discussion to have with DHHL with the beneficiaries, but even if we weren't looking at it as leasing land and building housing for the general public, isn't there some benefit if we're trying to build houses for the beneficiaries who are supposed to be getting this land and supposed to be getting houses, 'cause they're all living somewhere else so they would free up that housing? Hopefully we can move forward on the Bank of America issue and get that money and --

MS. FILIMOEATU: Exactly.

COUNCILMEMBER KING: --get those houses paid for.

MS. FILIMOEATU: Yeah.

COUNCILMEMBER KING: Get the loans on those houses for you folks 'cause it can all fit together really nicely.

MS. FILIMOEATU: Right.

COUNCILMEMBER KING: But I don't think we have to be talking about displacing Hawaiians.

MS. FILIMOEATU: Right.

COUNCILMEMBER KING: Let's get you on the land --

MS. FILIMOEATU: I know.

COUNCILMEMBER KING: --get you in the houses that you deserve to have that everybody's been waiting for decades for.

MS. FILIMOEATU: Exactly, and that's why it's a group action, it's not me against you and it's not because you have this trust and that trust. And I think it's no longer a desire to want a home, it's basically a need. I mean it's in crisis situations --

COUNCILMEMBER KING: Right.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

MS. FILIMOEATU: --because we don't have affordable housing. You would be...I, unless I jump through the hoops and whatever I had, I was going to lose my son and my moopuna to Vegas. He already had something set up there for half of what, you know, and he works for our County and he told me that he'd probably get paid better in Vegas. So, I mean that's how urgent it was for me.

COUNCILMEMBER KING: Okay.

MS. FILIMOEATU: So, you lose, you know, it's not just brain drain, it's ohana moving. And then he told me...I said no, I cannot, you know, you cannot go 'cause you can't take my moopuna but you know what he said? No worry, ma, I going get one house for you too. I said no but I want to stay on Maui. But that's the fact.

COUNCILMEMBER KING: Yeah.

MS. FILIMOEATU: You lose, you know, 'cause you hear about the out migrating simply because the cost of living in Hawaii in paradise right? And then you have people that come and displace us, that's the thing 'cause they make their or, you know, they make their capital there, they sell their house so they come here and they can walk in and put the 700 down right there. But thank you for your energy, your compassion, and I can feel that too that you can see that.

COUNCILMEMBER KING: Thank you.

CHAIR KAMA: Thank you. Thank you, Kehau.

MS. FILIMOEATU: You're welcome.

CHAIR KAMA: So, Members, do you all have any other questions that you have?

...END OF PUBLIC TESTIMONY...

COUNCILMEMBER SUGIMURA: No questions.

COUNCILMEMBER PALTIN: For the Department?

CHAIR KAMA: For anyone. I think somebody had one for...

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh.

CHAIR KAMA: Yes?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, are we going to close public testimony --

CHAIR KAMA: Oh, yes. Thank you.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: --or was that everything?

CHAIR KAMA: Without further objections, I'd like to close public testimony.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: RH)

CHAIR KAMA: Thank you. Thank you. So, I think...oh, you...okay, go ahead, Keani, and then Tamara.

COUNCILMEMBER RAWLINS-FERNANDEZ: I just, I had a question for Planning.

CHAIR KAMA: Is Planning still here?

COUNCILMEMBER RAWLINS-FERNANDEZ: Or I had Member Molina's question for Planning.

CHAIR KAMA: Okay. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh.

CHAIR KAMA: Oh, I think it was lunch. I think she went to lunch.

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

CHAIR KAMA: Okay. So, we will get...let's remember that question and...yes, go ahead, Mr. Molina.

VICE-CHAIR MOLINA: Madam Chair, if I may offer a suggestion. Maybe under your signature you could present that --

CHAIR KAMA: Yes.

VICE-CHAIR MOLINA: --question from Members Rawlins to the Department --

CHAIR KAMA: Yes.

VICE-CHAIR MOLINA: --and they could reply in writing.

CHAIR KAMA: Okay.

VICE-CHAIR MOLINA: Thank you.

CHAIR KAMA: Thank you, sir. So, do you remember --

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Member Molina.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

CHAIR KAMA: --what the question was?

VICE-CHAIR MOLINA: Yeah, basically if Member Rawlins can correct me if need be, an update on the permit process, status. Because some of the concerns that's been mentioned to us and it's not only just with Planning but some of our other departments why the permit process has been, you know, slow. And --

CHAIR KAMA: Okay.

VICE-CHAIR MOLINA: --to see what the Administration is doing about it.

CHAIR KAMA: Okay.

VICE-CHAIR MOLINA: So, I believe that was the...

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, you know, a list identifying some of the problems and then a proposal on how we can fix them.

CHAIR KAMA: Okay. So, you --

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

CHAIR KAMA: --want the ID of the problem and the proposed solution? So, girls, did you have that?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

CHAIR KAMA: Okay. So, I had a conversation with Ms. McLean about that earlier before we started so I think she'll have something that you'll be very pleased to hear. So --

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR KAMA: --okay, so other than that, did...Tamara, did you have a question?

COUNCILMEMBER PALTIN: Yeah. So, I really kind of liked some of the stuff Ms. Karaca was saying about like, you know, the REOs I think, and I just was wondering if that is in part of your plan about like, you know, groups of foreclosed homes or... 'cause it seemed like the majority of your presentation was on building new homes, and I was wondering like is there any facet of the presentation that wasn't presented about like combing through the vacant homes or, you know, foreclosed homes or things like

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

that? And...or putting people together with those types of homes where they're just being left empty and to like with people that, you know, could possibly use it and some resources they could have to bring it up to like livable standards or just like connecting the two? Like somebody has this home that they're not using because they can't fix it up or whatever, maybe connecting them to someone who has enough to buy it with a little bit extra to renovate or something, like some way to like bring down the costs of someone wanting to move into like a not-livable home and just do like, you know, bulk renovations for those types of properties like via kind of a middle person. Or if not the County being the person to do it, like reach out like how Ms. Karaca was saying to other types of entities that are available to do it. I don't know if it would be like, you know, maybe a big developer that wants to give back to the community or if it's Habitat or Na Hale or whatever, but, you know, I'm sure that everybody driving around neighborhoods knows of like that one house or, you know, the vacant buildings that aren't serving our communities. And then yet we're still going to new undeveloped areas to try and do this new development when these vacant areas have a lot of the existing infrastructure that would make it faster and less expensive. So, I was wondering is...where does that fit into your presentation?

MS. TSUHAKO: Thank you for your questions. That...the possibility of looking at those connections wasn't a big part of the foundation of the plan, but the Deputy Director reminded me that the idea of looking at foreclosed homes or homes that people want to offload easily has actually been talked about for many years and is often mentioned by several of our nonprofit partners. So, you know, as I said earlier, I think we have to look at all of those options. And I think that would...our Housing Division would be a much better position to work on some of those projects if we had additional capabilities to do that. I think with the current staff, that would be really a challenge in terms of integrating a new landholding property development focus. But like I said, I think we can discuss it along the way and look at that as a potential if there's options.

COUNCILMEMBER PALTIN: Yeah, maybe Mr. Phillips and Munekiyo might be like interested in partnering or something.

CHAIR KAMA: Yeah. Yes, Ms. Munsell?

MS. MUNSELL: What you're suggesting is something that has happened over the last, well, for quite a long time on a smaller level. Na Hale O Maui actually got money a number of years ago to do rehab of foreclosed properties, and they gained a number of properties through that process. There's also funding that's available through HUD in various forms. There was a notice of funding availability for rehabilitation of veterans homes, and there was also not that long ago I noticed a funding availability for rehabilitation. You know typically the County doesn't apply for those funds, we send out notices to our partners like Habitat for Humanity and other organizations like that to suggest that they apply. Sometimes they're applying to our County funding, you know, to do those same activities, and so what we're trying to do is encourage them to diversify their funding streams and do it. But as a Housing Division, it's been a long time since we've done that kind of thing. We did do some rehab for seniors to keep

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

them in their homes quite a number of years ago, but it's been a while, but certainly it's something we can look at again.

COUNCILMEMBER PALTIN: Or maybe even like how you were saying with Na Hale O Maui or even Ma Ka Hana Ka Ike, because they go in and they do that, so maybe some kind of an apprenticeship program or something maybe.

CHAIR KAMA: Okay. Members...Yes, Ms. Keani Rawlins-Fernandez? And then Mr. Sinenci.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I'll make it quick, I know everyone's getting hangry. Okay. So, I wanted to follow up quickly 'cause I didn't really hear a straight answer to Member Paltin's question. She asked about the REOs and the answer was we don't have the capabilities, and so I can feel her pushing and encouraging the Department to consider doing that. So, you know, I don't know if you have to wait until September when the housing coordinator, you know, joins, and if that's going to be part of that person's duty. But will you come back to this Committee and present a proposal for how we can do that, how many people you would need, what would make you capable since you don't have the capabilities now to do this? Will you be able to do that, to present some kind of proposal?

MS. TSUHAKE: Thank you for your question. So, yes, we should be able to come up with that. I think that it'll, you know, obviously we'll require a couple people to put their heads together and do that, come up with what is needed, the infrastructure that's needed. And we can certainly share that information and our assessment of that need with the Council. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, great. And then the last question is regarding the discussion that we had with our last testifier, Ms. Filimoeatu, about partnering with DHHL. So, is that something that's on your radar, that is on our Department's radar? Do you have plans to partner with DHHL?

MS. MUNSELL: In the past, the County has actually done projects in partnership with DHHL on Molokai most recently with the Federal HOME funds. A lot of the properties that were identified as infill project properties by SMS were actually DHHL land. That's a conversation that we need to start having more actively, and I think we'll be working with the Chair and other partners in order to accomplish that. Right now we don't actively partner other than on those specific...that specific instance that I'm aware of.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, just to clarify, you...the Department has in the past, isn't currently, but will plan to do in the future, like near future?

MS. MUNSELL: Land as you saw was the major item at the bottom of that pyramid. They hold land, they also have funding. I think that they are a viable partner that we should be looking at, just like all the other partners, and we're in, you know, we aren't currently in conversation but that conversation has been started internally.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So, when you...when the Department comes back to the Council, plans to partner with DHHL on specific parcels and...will be in the real strategic plan that will be presented to the Council?

CHAIR KAMA: Go.

MS. MUNSELL: Since the strategic plan isn't finished, I can't tell you what will or won't, but ideally the idea would be to identify those projects that could happen the most, the fastest. Looking for that low-hanging fruit and I'm assuming that some of those parcels are going to be DHHL. Now, whether they want to partner with us is another question. So, it's going to be...a partnership is a nature of two, you know, or more coming together so we'll just see what their appetite is as well, so.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, thank you for your responses. Mahalo, Chair.

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

COUNCILMEMBER SINENCI: Thank you, Chair. I just wanted to invite one other Councilmember to come. We're visiting the Kaiwahine project this afternoon down in South Kihei so if anybody else wanted to go with my staff. We're also visiting the DHHL affordable rental-to-own project in Kona next week.

CHAIR KAMA: LaiOpua.

COUNCILMEMBER SINENCI: The LaiOpua project and so we're looking at that model as potential for affordable housing as well. So --

CHAIR KAMA: Wonderful.

COUNCILMEMBER SINENCI: --mahalo for bringing this up. Thank you.

CHAIR KAMA: So, whoever goes out with Shane today, Members, somebody got to write the report. Anyway, I just wanted to let you all know I did have a conversation with Bill Aila at the time just before he was, what do you call, he was confirmed by the Senate as the Deputy DHHL. And at that time when we had the conversation, there was the transition between Jobie who was the current and then he was going to be the Deputy and he can to be confirmed and she was leaving. And then they hired him and then he hired her and so that's what you saw yesterday. But I did have a conversation with him and he did say that one of the things he would like to do is to partner with the County looking at some of the lands in Pulehunui. So, you know, the Department of Hawaiian Home Lands has their own regional plans and the Pulehunui plan is the plan out there on, by, what do you call that, the Veterans Highway where the armory or closer to the Raceway Park on both sides of the highway where the animal shelter is. So, he's looking at something in the corner on the northern slope. So, but that's just a conversation, nothing's...but at least he's willing to talk about it. You know and

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

as the Deputy, I...now I'm not sure how much authority he does have but, you know, he'll be here next week and hopefully he'll have time to speak with us.

COUNCILMEMBER RAWLINS-FERNANDEZ: He's the Chair of...

CHAIR KAMA: I beg your pardon? He is the Chair?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, he's the Chair of DHHL. He's no longer the Deputy.

CHAIR KAMA: Okay, well, thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: And Jobie is the Executive Assistant --

CHAIR KAMA: Yes, yes, yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: --to Bill Aila as the Chair.

CHAIR KAMA: Yeah. Okay, I just wanted to...

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, so he has power.

CHAIR KAMA: Okay, good. Okay, so that...just wanted to do that with you. Mr. Sinenci?

COUNCILMEMBER SINENCI: Are you going to defer?

CHAIR KAMA: Yes, so if without further objections I would like to defer AH-17(10) and AH-17(11).

(Note: It is unknown what time Councilmember Hokama left the Chamber but it was prior to Chair deferring the items.)

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: RH)

ACTION: DEFER PENDING FURTHER DISCUSSION.

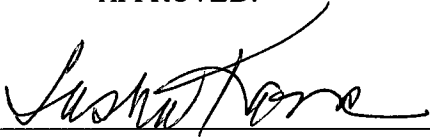
CHAIR KAMA: Thank you. So, the Housing Committee, the Affordable Housing Committee of August 7th is now adjourned. Thank you. . . .(gavel). . .

ADJOURN: 1:02 p.m.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

APPROVED:

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

TASHA KAMA, Chair
Affordable Housing Committee

ah:min:190807:ds

Transcribed by: Daniel Schoenbeck


AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 7, 2019

CERTIFICATE

I, Daniel Schoenbeck, 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 20th day of August, 2019, in Kula, Hawaii



Daniel Schoenbeck