

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

MINUTES

June 5, 2019

Council Chamber, 8th Floor

CONVENE: 1:31 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Tasha Kama, Chair
Councilmember Michael J. Molina, Vice-Chair
Councilmember Riki Hokama
Councilmember Alice Lee
Councilmember Keani N. W. Rawlins-Fernandez (in @ 1:44 p.m.)
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura

STAFF: Alison Stewart, Legislative Analyst
David M. Raatz, Supervising Legislative Attorney
Stacey Vinoray, Committee Secretary

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

ADMIN.: Linda R. Munsell, Deputy Director, Department of Housing and Human Concerns
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
Rowena Dagdag-Andaya, Director, Department of Public Works
Michele McLean, Director, Department of Planning
Scott Teruya, Director, Department of Finance

OTHERS: Andrew Furuta, Project Manager, Kahului Lani, Catholic Charities Development Housing Development Corporation
Jeff Furuta, Project Coordinator, Kahului Lani, Catholic Charities Development Housing
Charlene Shibuya, Senior Association, Munekiyo & Hiraga

Additional attendees (5)

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

CHAIR KAMA: . . .*(gavel)*. . . I'd like to be able to call this meeting to order, please. So, I'd like to ask if you could silence all your noisemakers? Thank you. So, the Affordable Housing Committee of June 5, 2019 is called to order at 1:31 p.m. My name is

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

Tasha Kama. I'm the Chair of the Affordable Housing Committee. And I have with us this afternoon my Vice-Chair Mike Molina. Aloha, good afternoon.

VICE-CHAIR MOLINA: Good afternoon Madam Chair.

CHAIR KAMA: Also, we have with us Councilmember Sinenci, aloha.

COUNCILMEMBER SINENCI: Aloha auinala, Chair.

CHAIR KAMA: And we also have with us Ms. . . . Councilmember Alice Lee.

COUNCILMEMBER LEE: Konnichiwa, Madam Chair.

CHAIR KAMA: Konnichiwa. And welcome also to Mr. Riki Hokama.

COUNCILMEMBER HOKAMA: Chairman.

CHAIR KAMA: Aloha. And also, Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Good afternoon, Chair.

CHAIR KAMA: Good afternoon. We also have Member Keani Rawlins-Fernandez, she'll be here a few minutes late. And we have Non-Voting Members Kelly King and Tamara Paltin that should they feel free they can just pop in and visit with us. Also, we have from the Administration, the Department of Housing and Human Concerns, in the galley [sic] Ms. Linda Munsell. Aloha, thank you for coming. Also, we have with the Department of Public Works Rowena Dagdag-Andaya. Aloha, thank you for joining us again. And also, from the Planning – do we have Planning? Oh, thank you, Michele McLean from the Planning Department. And, we're expecting to see Mr. Scott Teruya, Director of Department of Finance. So that is who's with us and will be joining us on the Administrative side. We also have with us from Corporation Counsel, Mr. Jeff Ueoka. Thank you for joining us, Jeff. I know I saw you earlier back there. Also, we have with us our Committee Staff, Mr. David Raatz. Aloha, David.

MR. RAATZ: Aloha, Chair.

COUNCILMEMBER KAMA: Our Supervising Legislative Attorney. We have also, Ms. Alison Stewart, our Legislative Analyst. Aloha, Alison. And our Committee Secretary Stacey Vinoray.

MS. VINORAY: Aloha, Chair.

COUNCILMEMBER KAMA: Aloha. And at some point, in time, Mr. John Rapacz, who's also our Legislative Attorney. So, Members, the items on today's agendas, agenda are AH-17(9), *Presentation relating to Catholic Charities Housing Development Corporation*. We have AH-18, *A Bill for an Ordinance amending Chapter 3.48 of the Maui County Code, relating to long term dedication for residential workforce housing rental unit*

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

projects. Also, we have AH-23, Conflicts between Chapter 2.96, Maui County Code, relating to Residential Workforce Housing Policy and Chapter 3.35, relating to the Affordable Housing Fund. But, first, before we begin, I'd like to start with public testimony. Testimonies will be limited to the items on the agenda and we'd like to ask people if they would like to testify to please sign up in the foyer outside. Testimony will be limited to three minutes and upon request up to one minute to conclude at which time I will kindly ask you to complete your testimony. When testifying, please state your name and who are you representing. And if you are a lobbyist, we'd like to know that also.

. . .BEGIN PUBLIC TESTIMONY. . .

CHAIR KAMA: So, I'd like to check with our District Offices. Mavis Oliveira-Medeiros with the Hana District Office, do you have any testifiers?

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

CHAIR KAMA: Thank you, Mavis. Let's go to the Lanai District Office with Denise Fernandez.

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez at the Lanai Office and there are no testifiers.

CHAIR KAMA: Thank you, Denise. And the Molokai District Office – Zhantell Lindo.

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

CHAIR KAMA: Thank you. So, Ms. Stewart, do we have any testifiers here in the Chambers?

MS. STEWART: Madam Chair, there's no one signed up to testify in the Chambers.

CHAIR KAMA: Thank you. So, without any objections, since there is no one else here to testify, I will now close public testimony.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you.

. . .END OF PUBLIC TESTIMONY. . .

**ITEM AH-17(9): PRESENTATION RELATING TO CATHOLIC CHARITIES HOUSING
DEVELOPMENT CORPORATION (RULE 7B)**

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

CHAIR KAMA: So, I think I'd like to introduce who is with us today from . . . who will be doing our Catholic Charities presentation. We have with us, to my right, Mr. Andrew Furuta, who is the Project Manager for Kahului Lani. Aloha, Andrew, and thank you for being here with us. We also have Ms. Charlene Shibuya, who is the Senior Associate for Munekiyo & Hiraga. Aloha. Thank you for being with us. And Jeff Furuta, who is the Project Coordinator for the Kahului Lani Project. Aloha. Thank you for being here again. And so, without objections, I would designate Mr. Furuta, both Furutas, and Ms. Shibuya as resource persons pursuant to Rule 18A of the Rules of the Council.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. So, Mr. Furuta, would you like to begin, Mr. Jeff Furuta? Would you like to begin your presentation?

. . .BEGIN PRESENTATION. . .

MR. J. FURUTA: Thank you, Chair.

CHAIR KAMA: Thank you.

MR. J. FURUTA: My name is Jeff Furuta and we're with the Project Management Team here for Kahului Lani I. It's the first phase of two. We're putting up 81 units in our first phase and 83 units in our second phase. We've done 18 projects to-date with various different affordable nonprofits. Kahului Lani is going to be our first one in Maui. Our normal wait time, again, before the building permits have been anywhere from a year and a half to two years. So, this fast track process that we were awarded really helped our project get to where it is today. I think you received our packet with the latest field report. We should be topping off the building next week, the 6th floor, and it wouldn't have happened without the fast track process. Charlene is going to talk a little bit about the process that she went through to get a building permit.

MS. SHIBUYA: Hello. My name is Charlene Shibuya. I'm with Munekiyo & Hiraga. We're the consultant that's assisting Catholic Charities with processing the permit. These fast track processes actually pretty simple. What happened is back in April 2018 the Mayor had come up with this fast track process, which allows you to have these pink certificates and then what happens is every time you did submittals, you know, building permit submittals they get wrapped around the plans. So, what happens is, every time the reviewer sees this pink certificate, they'll push it up to the top. So, it's pretty simple except that lot of the agencies, you know, are pretty strapped yeah for resources so it kind of put a burden on them but it did bring things to the top to allow comments to get generated faster so that we could get it to the consultants and the consultants could address the comments and get it back using the same pink certificate again. So, you know, luckily we were able to use it like not at the very beginning because we started the application for this first building in February of 2018 and this process became available to us like about July 'cause what happened is part of the success of the process is meeting with all the departments, the various

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

departments to get them on board as far as the critical nature of getting this project off the ground. So, we were using it like, I would say, half way through and within eight months we were able to get our building permit, you know, in early October. So, you know, as you can see, what they experienced year and a half to two I think we're kind of like way ahead of that in our game. So, now that we're into the second building we actually could use these pink certificates from day one, so we actually filed the building permits and then it gets routed right to all the agencies and then we give them a bunch of these pink slips so the Building Permits Office can wrap all of these around each of the agencies and they pick it up, you know, from the pile. I mean, they probably get a lot of heat from everybody else 'cause everybody else is asking for their comments or their permits but it's, again, helping to get comments faster. And then, as a team, you know, the consultants kind of work on the comments quickly, we get it resubmitted and then it might not be one iteration but at least, you know, it gets turned around a lot faster and that's how it's been a success is this plus teamwork with the departments, you know, with the developer as well as our firm, yeah. Just working politely with all the County staff and then, you know, always being humble and not, you know, getting them angry. It's helped a lot. So, I mean, you know, you think it's kind of simple but it's . . . you see how much time is cut down, yeah.

CHAIR KAMA: Is that the end of your presentation, Jeff?

MR. J. FURUTA: I just wanted to add that getting this building permit in eight months saved our project. We were one of three projects vying for the last spot in the HHFDC financing for 2018, and basically all three projects were waiting for their building permit. Had we not gone through this process and received our building permit, we probably wouldn't be closed with our financing today, and Phase I wouldn't be where it is today. So, again, because of this fast track process we're going to release probably 81 units either end of this year or first quarter next year. And Mayor Victorino signed off on our Phase II fast track process so we're hoping for 2020-2021 to release an additional 83 affordable units to Maui's inventory. So, again, it's the teamwork and support from everybody that helped make this work for us.

MS. SHIBUYA: Yeah, so, we're hoping to get it in six months instead of eight.

COUNCILMEMBER SUGIMURA: Wow.

MS. SHIBUYA: Don't take my word for it.

COUNCILMEMBER SUGIMURA: It's fabulous.

. . .END OF PRESENTATION. . .

CHAIR KAMA: Okay. So, at this time, I'd like to, if it's okay with you all, to open it up for questions to the Members? Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: So, how did you qualify to be on this fast track process?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MS. SHIBUYA: Essentially, we had to enter into an agreement, you know, for the workforce housing, well, it was 100 percent, yeah, affordable. So, that was kind of like the qualifier to get us this fast track certificate. I don't know all the details but I'm pretty sure the Housing Division can help you with this because essentially it was the previous Housing Director that had, you know, pointed this out to us which we weren't aware of at the initial time of filing the building permits. And then so in July, you know later that year, he really helped us to kind of get this thing off the ground and use this process.

COUNCILMEMBER SUGIMURA: You're talking about Will Spence --

MS. SHIBUYA: Yes.

COUNCILMEMBER SUGIMURA: --and Carol Reimann?

MS. SHIBUYA: He also helped us with . . . that was under the former Mayor, yeah, Mayor Arakawa. And then just before he left, he was able to get the second fast track certificate from Mayor Victorino. So, it's also . . . it's continuing to be a big help, yes. So, we hope to make it for that financing, yeah, for that second phase too, so they can release another, you know, 83 units.

COUNCILMEMBER SUGIMURA: Encouraging. Time is money, right, so.

MS. SHIBUYA: Yes.

COUNCILMEMBER SUGIMURA: Thank you. Thank you, Chair.

CHAIR KAMA: Yes, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Mahalo for being here. Is this the 201H process or is this the County fast tracking process?

MS. SHIBUYA: This is actually not a 201H. It's just a regular County process. And then this fast track is relating to the workforce housing agreement. So, they didn't really need all those exemptions, you know, from Codes. They were able to meet, you know, everything so it didn't make sense for them to go through the 201H.

COUNCILMEMBER SINENCI: Mahalo. And then, Mr. Furuya [sic] you also mentioned the HHA funding. Can you explain that funding source?

MR. J. FURUTA: Okay. So, this first phase is financed by HHFDC and it's a combination of Catholic Charities equity into Housing Revolving Fund and low-income housing tax credits. The revolving fund and the tax credits are both State funds that we have to apply for every year. And, if awarded, then you know that starts the financing process.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER SINENCI: Okay. Is this funding process does it affect the I guess the construction of the project? I see there is a lot of CMU blocking and concrete. Is that part of . . . you know, does that decide how the building is built or how it looks?

MR. J. FURUTA: Yeah, a lot of it, again, it's budget-based. Our buildings are affordable for 61 years. So, we choose concrete and CMU because, you know, the life of the building will be longer.

COUNCILMEMBER SINENCI: And then, what about the outside? Will that be made up of like the veneer?

MR. J. FURUTA: No, it's CMU.

COUNCILMEMBER SINENCI: CMU?

MR. J. FURUTA: Yeah.

COUNCILMEMBER SINENCI: The entire thing?

MR. J. FURUTA: Yes.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR KAMA: Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. So, this is . . . is this primarily a rental project?

MR. J. FURUTA: All rental. Correct.

COUNCILMEMBER LEE: All rental. So, what's the range or income range for families?

MR. J. FURUTA: Sorry, sorry. We're targeting 60 percent AMI and below. So, 60, 50 and 30 is our targets.

COUNCILMEMBER LEE: Sixty, 50 and 30.

MR. J. FURUTA: So, that's going to be gross rent so electricity will be included in that.

COUNCILMEMBER LEE: I see. And so, will any of these be project designated Section 8?

MR. J. FURUTA: If they come in, we'll accept that.

COUNCILMEMBER LEE: So, you don't have any?

MR. J. FURUTA: No.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER LEE: Any vouchers attached to any of the . . . *(inaudible)* . . .

MR. J. FURUTA: No.

COUNCILMEMBER LEE: Okay. So, just curious, I guess you're there on site a lot, right?

MR. J. FURUTA: Maybe once a month.

COUNCILMEMBER LEE: Once a month.

MR. J. FURUTA: We fly in from Oahu that's why.

COUNCILMEMBER LEE: Yeah. Are you displacing homeless people from where they normally go? Vevau Street is famous for them, yeah.

MR. J. FURUTA: Yeah. That I'm not sure. I know there was some squatters there that we had to get them off the site. And we hired a security firm that I guess has been working in the area for several years, and he knew a bunch of them so he was able to kind of talk to them.

COUNCILMEMBER LEE: Oh.

MR. J. FURUTA: And kind of get them, you know, to move.

COUNCILMEMBER LEE: Okay. All right, thank you.

MR. J. FURUTA: Thank you.

CHAIR KAMA: Oh, welcome, Keani Rawlins-Fernandez. I didn't see you come in but . . .

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Chair.

CHAIR KAMA: Thank you for joining us. Any other questions, Members? Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: I just want to follow-up on Ms. Lee's because I thought her query about Section 8 was very appropriate. Why wouldn't you go after Section 8 vouchers?

MR. A. FURUTA: I can follow up on that. We typically don't get project certified for Section 8. It's the individuals can come in with Section 8. But, yeah, we haven't done it where we do the whole project that way.

COUNCILMEMBER HOKAMA: So, you haven't had any type of conversations with the Department?

MR. A. FURUTA: No.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER HOKAMA: Okay. Interesting. Thank you.

CHAIR KAMA: Thank you, Mr. Hokama. Ms. Lee?

COUNCILMEMBER LEE: Yeah, this is very interesting because HHFDC has vouchers themselves. You know, so it's not only the County that would have some vouchers available. It would be HHFDC is like our boss, you know, in a sense. They could probably have; they would probably have vouchers to assign to that project.

MR. A. FURUTA: Okay. We can follow up with that. We never had a whole project.

CHAIR KAMA: Any other questions, Members? Hearing none. Thank you . . . yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: You're telling us you're doing this in how many phases, please, again?

MR. J. FURUTA: Two phases.

COUNCILMEMBER HOKAMA: Two phases. Your two phases was bidded out separately, Mr. Furuta, or just one time?

MR. J. FURUTA: Two, two separate financing packages.

COUNCILMEMBER HOKAMA: So, has this two separate . . . this approach of going for two separate work to your advantage because of the way material prices are adjusting accordingly to factors we have no control?

MR. J. FURUTA: A lot of it is cost and the type of . . . the amount of financing that's out there. Because for us to do two phases at one time the prices was, you know, quite a bit more.

COUNCILMEMBER HOKAMA: Yeah. I was more concerned about your material cost factors, you know, whether it's the steel or it's the concrete.

MR. A. FURUTA: . . . *(inaudible)* . . .

COUNCILMEMBER HOKAMA: Use the mic, please. Yeah, thank you.

MR. A. FURUTA: Is it on now?

CHAIR KAMA: Get closer.

MR. A. FURUTA: I'm sorry. I didn't know you meant . . . *(inaudible)* . . . It's also there's limited amount of government financing available so we couldn't finance the entire 160 units in one application. So, we typically shoot for 60 to 100 units per application per phase.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER HOKAMA: Uh-huh. No, I think that's reasonable amount of numbers, yeah, to do a phase. I'm just wondering how your cost is being adjusted by doing it a split bid.

MR. A. FURUTA: Yeah. So, we work as a development team and we work with our contractor so he helps us with pricing and that goes into an application. So, for Phase II, which we just applied for this past year we have updated numbers.

COUNCILMEMBER HOKAMA: In general, we had to increase by what - 4 percent? Again, just ballpark.

MR. A. FURUTA: Yeah, I'd say 3 to 4 percent.

COUNCILMEMBER HOKAMA: Is a reasonable --

MR. A. FURUTA: Yeah.

COUNCILMEMBER HOKAMA: --percent?

MR. A. FURUTA: The two buildings are identical so, I mean, I think 3 to 4 percent.

COUNCILMEMBER HOKAMA: Okay. Thank you very much. Thank you, Chair.

CHAIR KAMA: Again, Members, is there anyone else who has questions for our panel? Yes, Ms. Lee?

COUNCILMEMBER LEE: Last question. Okay. Can you give us an example of what the rent would be for 60 percent of median income, at 50 percent, and 30 percent for a family of four?

MR. J. FURUTA: Right offhand, I know that 60 percent was about \$900. And we kind of tiered it down from there. I want to say that 50 percent was roughly in the 700s. And the 30 percent was going to be I want to say maybe about 400. I don't have the exact figures right off hand. But it's all going to be based on the current HUD guidelines at the time. But we're usually under the max rent that the HUD establishes. We try to stay below that. And again, that's gross rent so the utilities will be included in that as well.

COUNCILMEMBER LEE: Okay. Thank you.

MR. J. FURUTA: Thank you.

CHAIR KAMA: Mr. Hokama?

COUNCILMEMBER HOKAMA: Sorry. What was the minimum you said you're looking per phase? Sixty to a hundred units is something that --

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MR. J. FURUTA: Roughly.

COUNCILMEMBER HOKAMA: --I mean, yeah, as a general scope.

MR. J. FURUTA: Our average buildings have been roughly 80 to 82 kind of like this Kahului building – 80, low 80s.

COUNCILMEMBER HOKAMA: You did projects on any other island?

MR. J. FURUTA: Oahu. Just Oahu. And this is our first project on Maui.

COUNCILMEMBER HOKAMA: Any other islands?

MR. J. FURUTA: No.

MR. A. FURUTA: Big Island.

MR. J. FURUTA: Oh, we have one not under construction yet but financed and awaiting approvals.

COUNCILMEMBER HOKAMA: You did anything that is already owned by the government, the land?

MR. A. FURUTA: Yeah, on the Big . . . I'm sorry, in Mililani on Oahu.

COUNCILMEMBER HOKAMA: That was owned by the City?

MR. A. FURUTA: It's owned by the State and we have a long-term lease and a minimal rent, annual rent.

COUNCILMEMBER HOKAMA: Uh-huh. You could be a developer of government land where you wouldn't lease the land from us. You would develop the land for us. Is Catholic Charities an entity that has the type of capacity?

MR. A. FURUTA: Are you asking if we would, we could do something like that?

COUNCILMEMBER HOKAMA: The County owns hundred plus acres on Lanai dedicated for housing. So, we don't need to buy the land. We're adjacent to utilities and lot of these Members here supported funding and approvals of getting something started on Lanai. So, we're just looking at ways to approach it. I mean, you know, a 60-unit phase is something smart I think we can do but we've got some issues. We're not a developer.

MR. A. FURUTA: Yes, that's definitely something . . .

COUNCILMEMBER HOKAMA: . . . *(inaudible)* . . . in the past hasn't worked to our advantage. So, I'm thinking why couldn't you be our developer?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MR. A. FURUTA: Yes, definitely. We've done that in the past. And that's always something we're looking for if we can get County support on the, you know, the land as a donation or a long-term lease, you know, that kind of helps too in scoring for financing.

COUNCILMEMBER HOKAMA: We'll take care the financing. We're government, okay.

MR. A. FURUTA: Okay.

COUNCILMEMBER HOKAMA: It's our land. We'll take care the land.

MR. A. FURUTA: Okay. But if we go our traditional route where we're going through HHFDC for tax credits and such.

COUNCILMEMBER HOKAMA: Oh, I don't want to deal with the State, yeah. You're talking about something that's a no, no, with me, yeah. This is a County project, we have capacity, we have the ability to perform. I just need to find ways to make it sense for the Members to say, make sense. Let's go with Lanai housing.

MR. A. FURUTA: Yes, that's definitely something we could, we'd be interested in, follow up on.

COUNCILMEMBER HOKAMA: Okay, good. Thank you. I appreciate the openness. Thank you, Chair.

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

VICE-CHAIR MOLINA: Thank you, Madam Chair. Good afternoon. Just looking long term, I know once it's built and completed it's going to look just fantastic. But over time, so the project doesn't become deteriorated and we've seen other projects where it ends up looking like the slums and just, you know, becomes an eye sore. What is your . . . the plan, maintenance plan for this, for the long term that will be at least up kept because it's right near the shopping center and at the heart of, you know, Kahului.

MR. J. FURUTA: Hale Mahaolu is going to be managing the property for us and they're going to be taking care of all the operations.

VICE-CHAIR MOLINA: Okay.

MR. J. FURUTA: Part of the requirement for our financing is we have to put in a \$300 per unit per year that goes into a reserve account that goes towards the maintenance of the building.

VICE-CHAIR MOLINA: Okay.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MR. J. FURUTA: So, that's I guess the biggest part of how it's going to be operated and maintained.

VICE-CHAIR MOLINA: That's good to hear. Hale Mahaolu does a good job at maintaining their structures. Thank you. Thank you, Madam Chair.

CHAIR KAMA: Any other questions, Members? Seeing none. Without objections, I'd like to be able to defer this matter.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. So, this matter is being deferred. And so, I want to thank the panel for coming today and sharing with us your experiences working with Maui County. It's been a positive one, I'm sure. Thank you.

MR. J. FURUTA: Thank you.

MR. A. FURUTA: Thank you.

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR KAMA: So, we're going to recess. Stay in your seats. Don't move. We're just trading places. You're not going anywhere. Recess. . . .(gavel). . .

RECESS: 1:57 p.m.

RECONVENE: 1:58 p.m.

ITEM AH-18: AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO LONG TERM DEDICATION FOR RESIDENTIAL WORKFORCE HOUSING RENTAL UNIT PROJECTS AND REPEALING RELATED PROVISIONS
(CC 19-80)

CHAIR KAMA: . . .(gavel). . . The Affordable Housing Committee is now . . . is reconvening. So, Members, the next item on our agenda is AH-18, amending Chapter 3.48 of the Maui County Code. The purpose of this bill is to create a new section relating to real property tax and the policy and procedures for long term dedication of residential workforce housing rental units and repealing sections no longer applicable. We previously considered this proposed bill in our Committee meeting on May 15, 2019. Upon further review by Staff, it was determined that additional clarifications were needed, which is why the item has been rescheduled. We have a revised proposed bill for our consideration containing the following revisions. One, inclusion of the amendment from May 15th meeting requiring a quarterly report to the Council, the status of all dedications. Clarifying the definition of "owner" in Section 1 to require lessees to have authorization from the property owner to apply for a 30-year dedication otherwise, there was the potential anomaly of a lessee attempting to restrict a property

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

for 30 years despite holding a lease of only 10 years. Revising the language in Sections 2 and 3 to repeal rather than delete the unnecessary Code sections. This is a more accurate term for the proposed action. Other nonsubstantive edits. And so, at this time, I'd like to be able to have Corp. Counsel or the Department of Finance weigh in on any comments they might have. So, Jeff, you want to go first?

MR. UEOKA: Thank you, Chair, yeah. The Director and I spoke about this previously. We have no problems with the changes. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Ueoka. Mr. Teruya?

MR. TERUYA: Good afternoon, Chair. We don't have any questions, at this time.

CHAIR KAMA: Thank you. So, at this time, I'd like to be able to open up the questions from the Council to either of these gentlemen. Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: First, Chairman, I wanted to say, thank you. I think it's about time we look at updating and making appropriate adjustments. I appreciate your efforts.

CHAIR KAMA: Thank you.

COUNCILMEMBER HOKAMA: But couple things, yeah. One, are we making an assumption that the land that this project is, since we're talking about the project, yeah, ten or more units, and we get the tax exemption? We're assuming that none of this is on residential land? You know, for me, comes to "B." you're saying you're going to give them an exemption for real property taxation, yeah. But if they're already getting the residential taxation tax, I don't have a problem exempting them from certain things but I still think there's a need for them to pay a minimum or some sort of tax.

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yeah, Mr. Hokama, we do understand that concern; however, all we were trying to do in this was currently, low- and moderate-income housing projects qualified for a tax exemption. So, rather than just allowing an annual exemption, we just were converting it into a dedication process. So, the Director and I when we looked at this weren't looking at changing the policy behind taxation. It was just converting a current exemption for low- and moderate-income housing for dedication.

COUNCILMEMBER HOKAMA: Yeah, but we're going to do it anyway, yeah. We're going to redo zoning categories, yeah. Eventually, we're going to deal with taxes . . . tax codes and tax pits and everything else. So, does it make sense for us to already make do something here to adjust it accordingly, you know? I don't have a problem giving some tax breaks but they still need services these guys who live here, going to be living in here these parts. So, I don't have a problem asking them to pay a minimum

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

amount. Like I would say, nothing is free. And I'm tired of paying more than I got to pay for myself.

MR. TERUYA: Chair?

CHAIR KAMA: Yes, Mr. . .

MR. TERUYA: Thank you, Chair. In this bill, I guess the term "residential" doesn't mean that it's zoned per se residential. Like even Front Street Apartments, multi-family or something higher than that is so we're not changing the classification of the land. We're just simply as Mr. Ueoka had mentioned that we're changing it from an exemption program to a dedication program just so that in the event of not fulfilling the use as initially determined that at least the County will get its tax savings back plus penalty. Whether or not it should change into a minimum tax or other things that the Council may want to choose that will probably be an amendment to another part of the Code regarding minimum tax or any other ways, mechanisms that you would like to observe on this property, Chair.

COUNCILMEMBER HOKAMA: Chair, if I may?

CHAIR KAMA: Yeah.

COUNCILMEMBER HOKAMA: Thank you.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, I'm confused. I get it, you know, if I own the land there and it's my land and I'm requesting the exemption, right. I have to request an exemption for consider. But now I'm a lessee so if I have a lease and according to what we're writing in the proposed bill, I gotta have a lease of at least more than ten years, right? Remaining on my lease I need to have a lease with a term of greater than ten years remaining for a lessee to even qualify to apply for the exemption. That's correct, right?

COUNCILMEMBER LEE: No.

COUNCILMEMBER HOKAMA: No, that's not correct?

COUNCILMEMBER LEE: We're talking about projects, not individuals.

COUNCILMEMBER HOKAMA: No, I was getting to that. That's why I wanted to be clear, it's only a project that qualifies or because again, yeah . . .

MR. TERUYA: Chair?

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

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MR. TERUYA: Can we get a short recess?

CHAIR KAMA: Okay. Thank you. We're going to have a quick recess. . . . *(gavel)* . . .

RECESS: 2:05 p.m.

RECONVENE: 2:06 p.m.

CHAIR KAMA: . . . *(gavel)* . . . The Affordable Housing Committee is now reconvened.
Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yeah, Mr. Hokama, we understand. It was basically in the rest of the Real Property Tax Code, as you are more familiar, as people who have a lease for ten years or more are oftentimes considered an owner in regards to real property tax purposes. We're just trying to carry that language on into this dedication process and it was pointed out to us by Staff that perhaps if it's less than a 30-year period and the dedication is for 30 years, you should get the owner's consent. We're okay with that. We didn't see a problem so that's why that language carried in. So, the idea is if you wanna have this dedication, the owner must apply. The owner is either someone who has a, I guess, a 30-year lease equaling the time of dedication or the actual fee simple owner. If you're a lessee with less than the time of dedication, you need approval from the actual owner, and that was just the idea. 'Cause what we're trying to avoid is an annual exemption you don't necessarily need to carry out an entire term 'cause it's an annual exemption. This way if someone tells the Council for a project, they're going to be going in for 30 years, they need to dedicate for 30 years. And if they don't continue to be low- and moderate-income housing residential first housing units, at least the real property tax side we can roll 'em back on. That was the idea behind this. Thank you, Chair.

COUNCILMEMBER HOKAMA: Chair?

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

COUNCILMEMBER HOKAMA: I get that. I just need to know what we're rolling back from what to what on the taxation and penalties?

MR. UEOKA: So . . .

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: So, because it's the dedication exemption the Department would still be assessing the property annually.

COUNCILMEMBER HOKAMA: Correct. Correct.

MR. UEOKA: And most likely for this property would be residential. So, it would be valued and the tax would be based on a residential rate. So, because they're paying nothing,

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

they have to pay all of that plus interest and penalty for the years that they didn't, I guess, for all the years they got the benefit of the dedication moving back. So, they go back to the residential rate and plus penalty and interest, most likely, depending on the property of course.

COUNCILMEMBER HOKAMA: Uh-huh. If I was an owner and I resided in one of the ten or more rental units can I claim a homeowner's exemption and does it qualify only for my unit?

MR. TERUYA: Chair?

CHAIR KAMA: Mr. Ueoka, oh, Mr. Teruya?

MR. TERUYA: Thank you, Chair. Thank you, Mr. Hokama, for that question. And as we have discussed in previous hearings, the Code, Maui County Code, in regards to home exemption it basically states that any property that an owner owns and occupies the parcel shall be granted an exemption and the classification. So, it could be seen that that is although not the intent of the Code but it is how the application would be applied.

COUNCILMEMBER HOKAMA: Then we need to make adjustments there too because that's not fair either.

MR. TERUYA: Thank you, Chair. Just a quick note to that and that is one of the items on the TIG's agenda as well to address.

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. The bill in front of you today though, Mr. Hokama, unless the owner was income qualified and met all the guidelines to qualify for residential workforce housing unit, the owner would not be able to live in one of the units and be able to apply for it . . . for the dedication in front of us today. So, thank you.

COUNCILMEMBER HOKAMA: Smart guys with money get smart accountants, okay. There's ways to pencil it out. We all know that. Thank you, Chair.

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

VICE-CHAIR MOLINA: Yeah, Madam Chair, for the Department, the definition of owner is this defined as a person who is a fee simple owner? But what if the owner is more than a person? What if it's like a trust or a corporation? Does that . . . this exemption still apply to a trust or corporation if they want this real property tax exemption?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you. Yes, Member Molina, that is correct.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

VICE-CHAIR MOLINA: Okay.

MR. UEOKA: They'd be the owner of the property.

VICE-CHAIR MOLINA: Okay. So, should we insert that as, you know, to include trust or corporation as language or is it just . . .

MR. UEOKA: It would be assumed.

VICE-CHAIR MOLINA: Assumed. Okay. Okay. And, you know, first of all, I think it is a good idea. I'm just curious as to why just for these particular projects. Is this something gonna be Countywide for all, anybody that wants to apply should they offer their, for example, somebody who might have an ohana, they would like this kind of an exemption if they agree to keep it affordable in perpetuity?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you. Yeah, Mr. Molina. We kind of tried to address that and we didn't want just an ohana and stuff. So, if you read the definition of residential workforce housing rental unit project, it requires ten or more units.

VICE-CHAIR MOLINA: Ten or more units, okay. Yeah, I'm just kind of looking thinking ahead 'cause it just could expand our inventory and help those who need affordable places to stay. Give a property owner an incentive so not just restrict it just to ten or more units . . . maybe, you know, less than ten and have couple of ohanas. Just kind of looking long term. But I like the whole concept. And just one last thing, under Subsection 8, it says that if the owner is unable to observe the restrictions on the property, I'm looking at the one in Granicus. I know, Madam Chair, you handed one out just this revision. Is this a revised ordinance from the one that's in Granicus?

CHAIR KAMA: David, is this the revised one, right? Yes.

VICE-CHAIR MOLINA: Oh, okay, 'cause the one I'm looking at in Granicus it seems kind of confusing because it says that if the owner is unable to observe the restrictions on the properties such determination shall be in the sole and absolute discretion of the Director. The Director may authorize the design period not to exceed 36 months where the owner shall not be required to observe the restrictions on the property. So, can . . . if this is the case, can anybody tell me like does this subsection allow the owners the right to rent these properties at more than affordable rates for 36 months?

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yeah, Mr. Molina, the intent of this was more because it's up to the Director, of course, when to grant this. We were thinking more natural disaster. If the roof is ripped out of, off a building and no one can live there, we wouldn't feel good having to roll the owner back because it's unoccupied at the time so they aren't residential workforce housing units. Although they're not rented to

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

anyone, they're not fulfilling the purpose of their dedication. So, the idea behind this was to give the owner an opportunity to repair the building or any other major problem; however, just keep in mind that while it's out of commission the 30-year dedication clock stops running also and it will start up again when they start again. So, it's not like if they go in year four and they're out for three years they don't go back in year seven. They're still on year four. They owe us 26 more years.

VICE-CHAIR MOLINA: I see.

MR. UEOKA: Thank you.

VICE-CHAIR MOLINA: All right. Thank you. Thank you, Madam Chair.

CHAIR KAMA: Okay. Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a clarifying question, Mr. Ueoka. Was this the one that if we did certain changes in 296 [sic] that it will have some other ramifications in different parts of the Code? This was the one?

MR. UEOKA: Probably speaking if you change 2.96 it touches a lot of parts of the Code but I think that's more . . . I think you're thinking about the Affordable Housing Fund and its connection to Chapter 2.96. This one, not necessarily 'cause the only thing it touches 2.96 on, in my opinion, is the definition of residential workforce housing unit and the restrictions within there. So, it has to basically be rented to an income qualified person and also for the, you know, have all the deed restrictions required under 296 [sic] to qualify to get this dedication.

COUNCILMEMBER SINENCI: Okay.

MR. UEOKA: I think it's a little separate from 2.96 generally speaking.

COUNCILMEMBER SINENCI: Okay. Thank you.

CHAIR KAMA: Ms. Lee?

COUNCILMEMBER LEE: Madam Chair, just to follow up on Mr. Molina's comments, yes, the Tax TIG will be reviewing these types of exemptions as well as others so we got this covered, Mr. Molina. Thank you.

CHAIR KAMA: Thank you. Yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. And mahalo, Member Lee, for covering that. Yes, we are going to take care of that and bring some legislation forward for us to address that problem. Let's see . . . either Director or Mr. Ueoka, how is the penalty and interest determined --

MR. TERUYA: Chair?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: --on the rollback?

CHAIR KAMA: Yes, Mr. Teruya?

MR. TERUYA: Throughout the Maui County Code as to real property taxes is all very consistent. Any time somebody is owing a delinquent, it's a 10 percent penalty and 1 percent interest per month. So, in this case, it talks about rollback, basically. So, any tax savings plus 10 percent plus 1 percent a month would be administered on top of the savings that they had. So, it's just what you should have paid plus penalty and interest. Thank you, Chair.

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Teruya. And then the follow up to that is, would the Finance Director then have discretion to reduce that penalty?

MR. TERUYA: Chair?

CHAIR KAMA: Yes, Mr. Teruya?

MR. TERUYA: In all the years I've been here I don't think we've ever had discretion or when we waived a situation. We've always been administering the Code to be 10 percent plus 1 percent interest per month.

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

CHAIR KAMA: Thank you. Any other questions, Council? Yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Okay. So, Page 3 at the top . . . let's see, Item L. - The Director of Finance shall provide a report to the Council on the status of all dedications on no less than a quarterly basis. I know there's not a motion but when we had discussed this at the last meeting, the idea of doing a quarterly report was because the Housing Director did a quarterly report for something else that was connected to this. And so, that's where the idea of having a quarterly report came in. You know, after a motion is made, I would amend to or I'll move to amend that to an annual basis if that's something that the Council would be open to. Mahalo, Chair.

CHAIR KAMA: Any other questions, Members?

MR. TERUYA: Chair, quick . . .

CHAIR KAMA: Yes, Mr. Ueoka, oh, Mr. Teruya?

MR. TERUYA: Thank you, Chair. In regards to the previous question that Ms. Rawlins-Fernandez had asked, any time we waiver the Director doesn't have the

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

authority to waiver over \$500. It must come before this body for that issue. So, the Code already says anything over \$500 must get approval by this Council. Thank you, Chair.

CHAIR KAMA: Thank you. Yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Is that unique to the Director of Finance only, Mr. Ueoka? 'Cause I think the other directors have the ability to reduce penalties.

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I guess I'm not as familiar with the other Codes but I know that does exist for our real property tax. That I'm not sure on the other ones though. Thank you.

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

CHAIR KAMA: Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Chair, would you please consider sending a written query 'cause I think I'd like to have an answer to Ms. Rawlins-Fernandez's question. And then maybe you need to make an appropriate policy adjustment. But I do know --

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: --Council and any variance of the amounts must come to Council for authorization and approval. And only a few has come before us regarding adjustments of final financial terms. Okay.

CHAIR KAMA: It will be done. Thank you. Did you get that, Staff? Okay, thank you. Any other questions, Members?

UNIDENTIFIED SPEAKER: Recommendation, Chair?

CHAIR KAMA: Okay. Here it comes. The Chair will entertain a motion to recommend passage of the revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING CHAPTER 3.48, MAUI COUNTY CODE, RELATING TO LONG TERM DEDICATION FOR RESIDENTIAL WORKFORCE HOUSING RENTAL UNIT PROJECTS AND REPEALING RELATED PROVISIONS," on first reading, incorporating any revisions made by the Committee today and nonsubstantive revisions, and the filing of County Communication 19-80.

VICE-CHAIR MOLINA: So move.

COUNCILMEMBER SINENCI: Second.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

CHAIR KAMA: Thank you. It's been moved by Councilmember Molina and seconded by Councilmember Sinenci. Discussion on the motion?

VICE-CHAIR MOLINA: Madam Chair, I totally support this. I think this will help expand our inventory for people who need affordable places to rent.

CHAIR KAMA: Thank you. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: I move to amend on Page 3, Section 1, Part L.

COUNCILMEMBER HOKAMA: J.

COUNCILMEMBER RAWLINS-FERNANDEZ: Section J?

CHAIR KAMA: J.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh.

CHAIR KAMA: It's on J.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Member Hokama. Okay. Section J. to strike "quarterly" and in its place add "annually".

CHAIR KAMA: Insert.

COUNCILMEMBER RAWLINS-FERNANDEZ: Insert annually.

COUNCILMEMBER HOKAMA: Second.

CHAIR KAMA: Okay. It's been moved and seconded to amend the main motion. Staff, did you get the amendment? Okay. 'Cause I don't think I can remember the amendment. But I know what we want to do. So, any discuss . . . yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: I just would like to formally ask the Director if he objects to the motion?

CHAIR KAMA: Yes, Mr. Teruya?

MR. TERUYA: No objection on this. You want to push it off to Corporation Counsel.

CHAIR KAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I think it's perfectly suited for the Director. Thank you.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

CHAIR KAMA: Thank you. Okay. So, with . . . so, are there any other discussion on the amendment? If not, I'd like to call for the question on the amendment. All those in favor, please say "aye".

COUNCILMEMBERS: Aye.

CHAIR KAMA: All those opposed? Hearing none. The amendment is carried. Thank you very much.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

AMENDMENT APPROVED.

CHAIR KAMA: Now we're going to go to the main motion. All those in favor of the motion please say "aye."

COUNCILMEMBERS: Aye.

CHAIR KAMA: All those opposed please say "no." Hearing none. The motion is carried. Thank you very much, Members. We can all jump for joy if you'd like to. I'm so glad you're all having fun in the Housing Committee. Thank you very much, Mr. Teruya.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MOTION CARRIES.

ACTION: FIRST READING of revised proposed bill and FILING of communication.

ITEM AH-23: CONFLICTS BETWEEN CHAPTER 2.96, MAUI COUNTY CODE, RELATING TO RESIDENTIAL WORKFORCE HOUSING POLICY, AND CHAPTER 3.35 RELATING TO THE AFFORDABLE HOUSING FUND (MISC)

CHAIR KAMA: And so, Members, we're now going to take on AH-23. And I tell you, if you folks are good and we get through this, you're not going to get an afternoon break. What you get is an adjournment.

COUNCILMEMBER SUGIMURA: Encouraging, encouraging.

CHAIR KAMA: So, AH-23, Conflicts between Chapter 2.96 and 3.35. So, in the Budget Committee a Councilmember raised the issue of whether Maui County Code Section 3.35.060.B.3, relating to the use of Affordable Housing Fund conflicts with the provisions of the residential workforce housing policy set forth in Chapter 2.96. The matter was subsequently referred to this Committee. The Affordable Housing Fund states that grant or long proposals must meet three criteria to be approved, the third being that the subject project directly advances the objective of providing affordable housing in perpetuity. The Member raised the issue of whether this means that the Affordable Housing Fund can only be used for projects that are affordable in perpetuity while Chapter 2.96 qualifies projects that are affordable for a limited number of years. I would first appreciate hearing comments on this issue from Corp. Counsel and then from the Department of Housing and Human Concerns, and then from the Department of Planning. So, I think right now we'll hear from Corp. Counsel.

MR. UEOKA: Thank you, Chair. I remember vaguely this discussion. I think the discussion came down to more . . . it's not necessarily, in my opinion, a conflict between 3.35 and 2.96. It's more of an internal conflict within 3.35 because while that one section does talk about advancing the objective of providing affordable housing in perpetuity, if you look right above it, 3.35.050 terms of affordability, it talks about ownership housing units financed by the Affordable Housing Fund shall be subject to the restrictions of Subsection 2.96.060.B. of this Code, which basically sets forth the 10-, 8- and 5-year deed restrictions for the period, you know, for the deed restricted period. I just would recommend that, you know, this body decide how it wants to go about treating projects that use the Affordable Housing Fund then look for consistency throughout Chapter 3.35. And there's other issues in it, you know, cause it's a very good idea. It's a great fund, it's just, I think, like anything else overtime it needs to be fine-tuned a little bit. As you do more and more projects, you find more and more issues and problems with the current language in the Code and that's why you guys have the power to amend things. So, hope that clarifies anything if at all. Thank you, Chair.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

CHAIR KAMA: Yes, Ms. Munsell, please.

MS. MUNSELL: I just look forward to . . . my name is Linda Munsell. I'm the new Deputy Director for Housing and Human Concerns. I really look forward to conversation about how you would like this fund to be used rolling forward, and appreciate the fact that you're taking time to look at this. Thank you.

CHAIR KAMA: Thank you. Ms. McLean?

MS. McLEAN: Thank you for inviting me, Chair, but I don't have any comments to offer.

CHAIR KAMA: Thank you. Okay, Members, any questions that you'd like to pose to either of our staff that are up here or Administration? Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Mr. Ueoka, just help remind us, again, I've heard it so many times I should be able to tell you but the primary use of the fund can you read it as the Charter states. It's for the development of and it just says affordable housing.

MR. UEOKA: Thank you, Chair. The revenues and unencumbered balance in this fund shall be utilized for the provision, protection and expansion of affordable housing in suitable living environments for persons of very low to gap income as defined by ordinance, including the rehabilitation of existing structures, land purchase or other acquisition of land or property entitlements, planning, design and construction.

COUNCILMEMBER HOKAMA: Okay. So, I asked him, you the Chair, because one thing, you know, we've definitely by historic and experience, I know we have people like Ms. Lee here so she can help verify but we usually talk about new projects, the monies. One of the words that Mr. Ueoka just used is rehabilitation, that means existing. And I think we're missing the boat that there may be areas where we can use this money to rehab and put people back in not existing . . . we're going to make it better of course but units that make sense in an area that already the community has invested in whether it be historical or culturally whatever it may be. There's areas in Maui County I think is worthy of reinvestment to rehab and provide the type of units that our community will benefit from because, I mean, I want to see one plantation house in one plantation town. I don't need to see a condo in one plantation camp. Okay. I don't think it works. So, one thing, I think, I will ask Ms. Munsell is, are there opportunities for us to rehab besides just new projects that we have to put in a new road and a new waterline and a new sewer line, you know. I mean, are there areas we should be looking at to rehab with existing infrastructure?

MS. MUNSELL: Thank you, Chair. Thank you for the question. You know, Hale O Maui has actually done some rehab work not necessarily with the Affordable Housing Fund but there are certainly models out there of using funding for rehab.

COUNCILMEMBER HOKAMA: Uh-huh.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MS. MUNSELL: There is the capability of doing that with this fund as well. We, currently, are talking about opportunities that might exist in the older sections, if those properties came available. Most of the time these properties come available in the down turn of the market, you know, --

COUNCILMEMBER HOKAMA: Uh-huh.

MS. MUNSELL: --so there was a significant number of foreclosures just a handful of years ago and other organizations, not the County necessarily, picked up some of those properties in rehab and turned them over for workforce housing, and that's something we could consider as well. Oh, yeah, and we do use the fund, I'm sorry, for other projects like Ka Hale A Ke Ola we're doing some rehab work there as well.

COUNCILMEMBER HOKAMA: I mean, you know, Na Hale does good work but we're not going to make a dent, Chair, you and I know, doing three units now, six units tomorrow, two units following. Okay. I'm talking about, is there a way we can have Na Hale do a 50-unit project . . . a 70-unit project? I mean, we gotta start looking at what's going to make a difference, Chair. And doing things like half a dozen at a time ain't going to cut it. It may feel good, sounds good but you know what we're deeper in the hole.

CHAIR KAMA: Yes, so you're looking at quantity.

COUNCILMEMBER HOKAMA: So, I'm looking at something that makes sense by unit count to justify the amount of money we're going to support it with 'cause I think that's what the Committee is looking for. What is going to make a difference and six units a time ain't making a difference. Good for those six families but you and I know we get more than 600 families, you know.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, big deal six units for 600 people, right?

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, I'm just trying to find another way because for us to do something we all know it's taking us too bloody long, Chair. So, maybe we have to do something with existing.

CHAIR KAMA: Uh-huh.

COUNCILMEMBER HOKAMA: Rip out the guts, make it painful but rip out the guts and put 'em back on the market faster than building something new maybe as a way. But I'm willing to try something different, Chair, is what I'm saying. And I think redevelopment --

CHAIR KAMA: Rehab.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER HOKAMA: --of parts of this County makes good fiscal sense because without our reinvestment, hard to push private sector reinvestment.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, those are my thoughts. Thank you.

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

COUNCILMEMBER LEE: Thank you, Madam Chair. And we've discussed this before at length and we totally agree that we should be looking for infill projects, projects that are no longer needed for the original use like Sports Authority or Safeway or Lowe's where we don't have to, I don't believe, Ms. McLean get a change in zoning and all the infrastructure is there. I think all of us keep our ears and eyes open to those types of possibilities I think that would be great too. Because I too believe, you know, the onesies and twosies are great but we need to go for the, you know, for the gusto and, you know, look at, you know, 50s, 60s, 70, 80 at a time or more.

CHAIR KAMA: I think you're correct and I think we have been doing that. But also know that we have a 1,500-unit project sitting out there in Waikapu that's waiting for approval. So, I mean, 1,500 units that's a lot, you know, it's ready to go. So, whenever it comes to us that's something we could consider. Any other questions?

COUNCILMEMBER HOKAMA: Chair?

CHAIR KAMA: Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Again, I think since we used the pot to purchase, yeah, Chair, for that 50 lots sitting, collecting interest and not benefitting nobody in Maui Lani.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: Okay.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: Council needs to get off our butts and make a decision what we're going, how we're going to do.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: Sell it or keep it because it ain't doing nobody any good just twiddling our thumbs, spinning on the dime, and it just sits vacant because we're paying interest.

CHAIR KAMA: I agree. I could be living there.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER HOKAMA: Every four weeks we're paying maintenance fees, the cost is still mounting on the lots.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, let's either sell it, take the money, build something, makes sense, or reinvest it.

CHAIR KAMA: I think so.

COUNCILMEMBER HOKAMA: But get off those inventory what I call like deadhead fathers, let's get rid of those deadhead lots and make something positive, Chair. Thank you.

CHAIR KAMA: I concur. Yes, Ms. Lee?

COUNCILMEMBER LEE: Can you tell us how much money we have in the fund?

CHAIR KAMA: Yes, Mr. Ueoka or Mr. Teruya?

COUNCILMEMBER LEE: Now and July 1st.

MR. UEOKA: I think as of July 1st it's going to be about 14 million, 15 million.

COUNCILMEMBER LEE: Fourteen million.

MR. UEOKA: Yeah. Ask the Budget Chair.

COUNCILMEMBER LEE: Are there any Carryover from . . . ?

MR. UEOKA: I think that does include the Carryover.

COUNCILMEMBER LEE: So, the new funds will be much . . .

UNIDENTIFIED SPEAKER: Fourteen million.

COUNCILMEMBER LEE: Okay. You said it included, it does include Carryover so I just wondered. And by the way, Director, you have earmarked every endowment, have you?

MR. UEOKA: Actually, for Affordable Housing Fund we have to send the annual plan to Council for approval so it's up to you guys how it really gets spent at the end of the day.

COUNCILMEMBER LEE: I know but we always catch it at the end so you work with various developers and nonprofits, right, and create a list of recommendations.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

MS. MUNSELL: Yes.

COUNCILMEMBER LEE: So, you earmarked all that money already?

CHAIR KAMA: Go ahead, Ms. Munsell.

MS. MUNSELL: Chair, thank you. Actually, we RFP that money every year and we send an Affordable Housing Fund project list to you and then you guys get to review that. In the past, that project list appeared in the Budget Committee. And in the future, I'm not sure exactly how you guys want to be handling that but when we do RFP those funds, we will be bringing those projects to you for approval. Typically, we do try to RFP all of that funding so that we're putting that in the community for good use. It doesn't mean that it's spent completely at the end of every fiscal year. For instance, we've got some ongoing projects that aren't quite complete but those projects will be completed as the, you know, as the time rolls forward.

CHAIR KAMA: Yes, Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Those income . . . yeah, incompleated projects have encumbered monies already. It's not like you're counting on the balance of July 1st, right? So, those incomplete projects are already taken care of as far as the funds are concerned. Okay, thanks.

COUNCILMEMBER SUGIMURA: Chair, could I?

CHAIR KAMA: Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I wonder if we could kind of tie in our first presentation since you're here and use of these funds if it has to be appropriated according to agenda. But how does a person get on the expedited processing "pink slip"?

CHAIR KAMA: Yes, Ms. Munsell.

MS. MUNSELL: So, the "pink slip" process was a directive that was originated with Mayor Arakawa. At the end of last year, this Council or Council had passed an amendment to 2.96, which put a fast track permitting process into that ordinance. And what that ordinance says now is that any projects that are 100 percent workforce housing would be allowed to do fast track permitting and I expect that we are going to use the same pink forms that you saw in the past for those projects. So, typically, they would just be talking to the Department. We would let them know that that's available. We would make sure that when the time comes and that they're going in for permits that those certificates would be issued.

COUNCILMEMBER SUGIMURA: Saves a lot of money. It's pretty impressive. Thank you.

CHAIR KAMA: Okay. Any other questions? Yes, Ms. Rawlins-Fernandez?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, after speaking with Corporation Counsel during our Budget session this came up and I have it mentioned wanting to preserve the original intent of the affordable housing as we move forward in approving projects so that's how it got referred to this Committee. And mahalo for scheduling it so quickly. The original intent of the fund was to provide affordable housing in perpetuity as noted in Section 3.25.060 under criteria and, again, in Section 3.25.070 under grant loan requirements. There has been a lot of piecemealing from the fund and as was noted by the Budget Director during Budget session, the last large project that came from this fund I believe she said was Kulamalu. Okay. And Mr. Ueoka is nodding his head. It was also no question that what is currently propagandized or deemed as affordable housing by way of 2.96 is in absolute conflict with our true reality and current state of affairs. This fund is meant to provide affordable housing and affordable housing is probably best of friend at the very most 80 percent and below in median income. That being said, I have a few amendments I would like to offer but I see that there isn't a bill posted to amend on today's agenda. Is it the Chair's intent to schedule this item again soon and, if so, I'll be happy to transmit a bill with proposed amendments?

CHAIR KAMA: Yes, it is the Chair's intent.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

CHAIR KAMA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo.

CHAIR KAMA: Any other questions?

COUNCILMEMBER HOKAMA: Chair?

CHAIR KAMA: Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Mr. Teruya is here so, you know, if the Members don't object, I just wanted to ask him because I don't know if it was the previous budget or this current past budget but I believe we may have provided Finance with an additional real property position that I guess we could ask the Director or the Mayor to possibly use it for expend opportunities regarding the use of this fund and the type of projects we should be potentially looking at whether it be a rehab or a new project, Chair.

CHAIR KAMA: If there's no objections, Members?

COUNCILMEMBER SUGIMURA: No objections.

CHAIR KAMA: No.

COUNCILMEMBER HOKAMA: Thank you, Chair.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

CHAIR KAMA: Mr. Teruya, come on down again.

COUNCILMEMBER HOKAMA: Thank you, Mr. Teruya. As our Director, again, I'm getting older so my memory may not be that good but I believe, you know, I believe we may have supported your Division with another property position whether it be an asset management position, a real property management position but is that something doable or capable of your program area?

MR. TERUYA: Chair?

CHAIR KAMA: Yes, Mr. Teruya?

MR. TERUYA: Thank you, Chair. And thank you for the questions, Mr. Hokama. In the upcoming FY '20 budget to the Director's office in Finance, this body provided a Real Property Manager additional expansion position, which would help the existing sole Real Property Manager right existing. As you many know, similar to Honolulu's land management where they look for opportunities there is a chance that the additional body could maybe seek some minimal duties or additional duties to what they already do and maybe seek out opportunities that they may know of that may come up. I mean, our Real Property Manager now handles all the leases whether it's leasing properties for the County or leasing County property. So, they may be a little astute to the market as to what may come available or what may be coming available when those opportunities could maybe be passed on over to the Planning or whether or not Finance will take the lead and look for more opportunities of developing more land management opportunities for whatever it may be that the Council may wish. Thank you, Chair.

CHAIR KAMA: Thank you.

COUNCILMEMBER HOKAMA: So, that I like what I heard, Chair. So, I would ask you to send a letter to the Mayor stating that, you know, in our conversation with the Director of Finance these are the things we shared and that I think possibly he should be pursuing because Honolulu has the benefit right now of some of the development of their own assets to assist them in their program areas. So, I think it's something we should be serious in our review. I think there's merit for us. So, if you would consider that, please. Thank you.

CHAIR KAMA: Okay. If you say it, it will be done. Staff, get that. Any other questions? None. Yes, Councilmember Molina?

VICE-CHAIR MOLINA: Chair's recommendation?

CHAIR KAMA: Okay. Is to defer this item.

COUNCILMEMBERS: No objections.

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

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER LEE: So, when we do continue discussions on, you know, area median income and the Affordable Housing Fund and other funds and so forth, I really would appreciate it if the Members keep in mind that, yeah, it's great that we focus on a low end, very low end because that's where all the subsidies are needed. So, but maybe we should revise 2.96 so that general developers take care of 100 percent and above. So, you say if you require them to continue to take care of 80 percent and 0 and 80 to 100 that just makes it harder for them to produce housing. So, if we're going to take care as far as subsidy goes of the low end, they should take care of the medium to upper end of workforce housing. And the reason why I say this is you folks know I've been in this field for many, many years, and if we don't provide upward mobility for people it's going to be really hard for them to succeed and take care of the funds 'cause there's no next step. I mean, if you're at the very bottom, there is no way you're going to from . . . at the bottom to market. That's our dream. You're gonna have to go from 80 percent to maybe 90 percent to 100 percent and work your way as you get raises over time or marry a richer husband, you know,--

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: --so you can move up the ladder, you know. But if we keep the money in, if we keep the 4 percent only on the bland side and nothing for the middle side, there's no . . . they won't have steps to move up to and they will never be a continuum of a range for them to strive for.

CHAIR KAMA: So, I'm looking forward to your amendments also. Thank you.

COUNCILMEMBER LEE: Gee, thanks.

CHAIR KAMA: You're welcome. That was a great idea. Thank you. Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: So, Chair, before your final deferment and adjournment, I think this is something that I'm glad Ms. McLean is here because for Planning I think part of the adjustments they can do is put on specific timings on conditions of approval.

CHAIR KAMA: Uh-huh, yes.

COUNCILMEMBER HOKAMA: You know the Department has been responsive in the past asking for certain housing units for a project that made a big impact. But as we've learned, our error, I guess, and our lack of wisdom was no clock. So, let's see, yeah, you can have all this but in the first five years once zoning gets zoning, we expect 100 units already built or he will be automatically down-zoned, back to your original status and thank you for the 100 units you had to build already for us. So, you know, there's ways we can make improvements, Chair, and that's why I think it's critical of Planning because they have a big impact when we move forward on entitlements.

CHAIR KAMA: Yes.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER HOKAMA: And that is a big, and for us we need to give her the power of enforcement.

CHAIR KAMA: Yes.

COUNCILMEMBER HOKAMA: So, she can follow up and ensure that it's something doable for our part. So, I appreciate her presence here.

CHAIR KAMA: Thank you, Mr. Hokama. Thank you, Ms. McLean. So, on that note in terms of a clock you know what I thought about is about when I found out and we all learned probably around the same time that we needed 14,000 housing units by 2025. And in my head, I thought, oh my gosh, in ten years that's what we need. And yet, we all said, yes, we can do this. And we said, yes, affordable housing was a priority for us. So, that means we have to turn out about 1,400 units a year. And then I thought to myself that's a lot to chew on. And so, I told myself, well, maybe we can do this. And I kind of like wrote it down in my office and I said, if we could entitle 1,000 units by the end of this year and permit 1,000 units by the end of 2020, at least we're doing something and we have something to measure what we've done here. And that's all. And then this morning I got up and I talked to Evan about it and he said, wow, that's pretty ambitious 'cause I told him that I wanted to double it come '21 and '22 to consistently doubling it. And that by 2025, we'll have our 14,000 units. But then I looked out at the landscape from my office and I thought, wow, talk about Dopplers, I saw Dopplers across the mountain, on the road but that's something that, that I have going on in my head and I felt like I needed to share that with you because if we're all going to go along for the ride, then we should know where and how long the ride is going to be for. Thank you. Ms. Lee?

COUNCILMEMBER LEE: Thank you. And I'm glad you keep thinking about those things. I honestly don't believe we need 14 or 15,000 units by the year 2020 whatever it is, yeah, because that's never going to happen. Let me share with you what last week the Chair calls me to her office and she says, where's my water? Remember?

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: And so, she knows and we all know that housing is not the only thing. We need water, we need an aggressive plan for traffic mitigation. We need sewer capacity and, of course, it comes all under my Committee, yeah.

CHAIR KAMA: Sure.

COUNCILMEMBER LEE: She's expecting me to fix all those problems for her housing but, you know, it's not only that. It's not only that. If we enlist other strategies such as because you're talking new construction; I'm not talking new construction. I'm talking about when we discussed today, with rehabilitation, --

CHAIR KAMA: Rehabilitation.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

COUNCILMEMBER LEE: --rehabilitation, adaptive reuse of commercial buildings. Mr. Molina and Ms. Keani talked about exemptions, yeah, so incentives for people to rent their ohanas, rent their extra rooms. If we go after short-term rentals and make them long-term rentals, see all of those things do not require new construction. That's what we have to go after. It's just like having a comprehensive plan on water. We don't need only new water. We need to reduce demand, we need to conserve, and we have to reuse . . . when you enlist all those strategies for water and suddenly for traffic, yes, and for housing, yeah, all that you say is doable. And I think, I really believe we can do it.

CHAIR KAMA: I believe too. Anybody else believe?

COUNCILMEMBER RAWLINS-FERNANDEZ: Second.

CHAIR KAMA: Amen. So, Members, without objections, I will defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS.

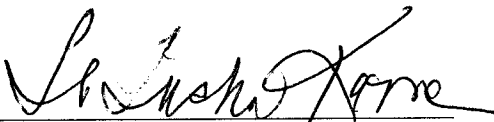
CHAIR KAMA: And thank you all very much for being here today. Thank you for such a spirited discussion. And you know we're going to continue on.

ACTION: DEFER pending further discussion.

CHAIR KAMA: This meeting of the Affordable Housing Committee is now adjourned.
...*(gavel)*...

ADJOURN: 2:53 p.m.

APPROVED:



TASHA KAMA, Chair
Affordable Housing Committee

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Transcribed by: Jo-Ann Sato

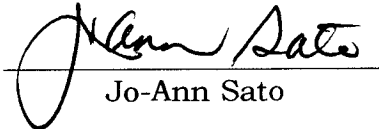
AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

June 5, 2019

CERTIFICATE

I, Jo-Ann Sato, 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 17th day of June, in Pukalani, Hawaii



Jo-Ann Sato