

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

MINUTES

August 21, 2019

Council Chamber, 8th Floor

CONVENE: 1:35 p.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 1:40 p.m.)
Councilmember Riki Hokama
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura

NON-VOTING MEMBERS:

Councilmember Tamara Paltin (in at 1:50 p.m.)

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)

Don Atay, Executive Assistant to Councilmember Shane Sinenci

ADMIN.: Linda R. Munsell, Deputy Director, Department of Housing and Human Concerns
Mimi DesJardins, Deputy Corporation Counsel, Department of the Corporation Counsel
May Anne Alibin, Deputy Director, Department of Finance

Robin Danner, Executive Director, Homestead Housing Authority
Kevin Auger, Redevelopment Officer, Hawaii Public Housing Authority

OTHERS: Kehau Filimoeatu
Joshua Fernandez
Stan Franco
Additional attendees (4)

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

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

**ITEM AH-22: CREATION OF A COUNTY HOUSING AUTHORITY, INCLUDING
FEASIBILITY STUDY (MISC)**

CHAIR KAMA: . . .*(gavel)*. . . The meeting of the Affordable Housing shall come to order on August 21, 2019 at 1:35 p.m. and I would ask each of you please to silence whatever noise makers you may have. So, I want to welcome all of the Committee Members today. I am Tasha Kama, I'm the Chair of the Affordable Housing Committee. Also, I'd like to introduce Mike Molina, the Committee Vice-Chair. Aloha, Mike.

VICE-CHAIR MOLINA: Aloha, Madam Vice-Chair.

CHAIR KAMA: I also want to introduce Mr. Shane Sinenci, aloha.

COUNCILMEMBER SINENCI: Aloha and good afternoon, Chair.

CHAIR KAMA: Good afternoon. Also, Ms. Alice Lee, aloha, welcome.

COUNCILMEMBER LEE: Thank you. I will reappoint you Chair of the Housing Committee.

CHAIR KAMA: Thank you. I want to welcome Mr. Riki Hokama. Aloha.

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

CHAIR KAMA: And also Ms. Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Aloha, Chair.

CHAIR KAMA: I think Councilmember...Chair Kelly King and Tamara Paltin are not voting members of the Committee, but they very much are welcome to be here to attend should they decide to. I'm sure that Ms. Keani Rawlins is probably going to be on her way so when she comes in I'll state that. So, from the Administration we have Linda Munsell. Aloha, Linda, thank you for being here today.

MS. MUNSELL: Aloha, Chair.

CHAIR KAMA: She's the Deputy Director of the Department of Housing and Human Concerns. We also have with us May Anne Alibin the Department of Finance Department Director. Aloha, how are you? And she's in the galley, thank you for being here. Also, from Corporation Counsel we have Mimi DesJardins as the Deputy Corporation Counsel. Thank you for being here today. Also, we have our District Staff, Zhantell Lindo, Denise Fernandez, and Mavis Oliveira. We also have our Committee Staff, Alison Stewart our Legislative Analyst, good afternoon. We have with us also our Committee Secretary, Stacey Vinoray. Aloha, Stacey. So, Members, today we only have one item on today's agenda, AH-22, the Creation of a County Housing Authority, Including a Feasibility Study. So, without objections I'd like to be able to

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

open up for public testimony and I'd like to go to the neighbor islands first. But let's begin with public testimony and our testimonies will be limited to the items on the agenda and so we ask that if you'd like to testify to please sign up with our Staff out in the corridor. Testimony is limited to three minutes and upon request up to one minute to conclude and therefore if you are still testifying beyond that time I'm going to ask you continue to complete your testimony. So, when you testify please state your name and who you are representing, if you are a paid lobbyist please state that also. So, let's first of all check with our District Offices.

...BEGIN PUBLIC TESTIMONY...

CHAIR KAMA: So, Hana office can you please identify yourself and call your first testifier?

MS. OLIVEIRA-MEDEIROS: Aloha, Chair, this is Mavis from the Hana Office and there is nobody here waiting to testify.

CHAIR KAMA: Thank you and aloha, Mavis. So, let's go to our Molokai Office, could you please identify yourself and call your first testifier?

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

CHAIR KAMA: Mahalo, Zhan. And now we're gonna go to our Lanai Office so could you please identify yourself and call your first testifier?

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

CHAIR KAMA: Aloha, Denise, and thank you so very much. So, Ms. Stewart, do we have any testifiers here in the Chambers?

MS. STEWART: Yes, Chair, we have two testifiers who are signed up in the Chambers. The first is Joshua Fernandez testifying on behalf of himself on AH-22, to be followed by Kehau Filimoeatu.

CHAIR KAMA: Okay.

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

CHAIR KAMA: Oh, sure. We're gonna have Ms. Filimoeatu come first. Yeah, she's been here a few times so...

MS. FILIMOEATU: Well, aloha.

CHAIR KAMA: Aloha.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

MS. FILIMOEATU: So, touristy yeah.

CHAIR KAMA: Yeah.

MS. FILIMOEATU: Madam Chair and the honorable Members of the AH Committee. AH right.

CHAIR KAMA: Yes.

MS. FILIMOEATU: That's why I call you guys the AH Committee. First of all, I want to say if this housing authority is going to bring us housing and affordable housing, amen, I am pro and all for it. So, to share, you know, this past weekend was about five days I experienced a true delivery of affordable housing. That gave it to people that were with AMIs below 60 percent and of the populace of Maui. The entire process was quite I'd say concise, amazing, humbling, and extremely emotional. Affordable housing in order to get it I think we need to and I've said this before probably RFP a lot of the stuff out, outsource a lot of things that can be done. I don't believe amongst us that there is a better broker, deal maker entity than what I witnessed with Ikaika Ohana. Someone that is astute enough to be able to create, shelter for the least of us. I saw 100 percent affordable, 118 units be given to those who make less than or 60 percent of our AMI. You had families that went into a three-bedroom, two-bath unit for \$571 a month rent. It's rent, but it's also shelter and it's also considered housing. So, I would admit and hopefully that within, you know, setting up your housing authority you have some sort of thought into doing that kind of a housing entity. Granted it's rentals but then we're all from there, you can capacitize our people by going on further but it gives them that first step of capacitating themselves. Thank you. Bruddah, you next.

CHAIR KAMA: Members? Questions for the testifier? Yes, Ms. Sugimura? Kehau?

COUNCILMEMBER SUGIMURA: Kehau, so what you're talking about was there a drawing for the --

MS. FILIMOEATU: Yes.

COUNCILMEMBER SUGIMURA: --rental units already?

MS. FILIMOEATU: Yes.

COUNCILMEMBER SUGIMURA: Oh, how exciting.

MS. FILIMOEATU: And it was a lot of outreach that was taken upon there. Because you had to come to get applications, not e-mail, not over the Internet, you had to come and fetch that application. And then you had to fill it out, there was a deadline that was about three days later. We all were there from 8:00 in the morning and we pau at 8:00 p.m. at night.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

COUNCILMEMBER SUGIMURA: Wow.

MS. FILIMOEATU: Because doing the outreach was to make sure that people who worked the 8:00 to 4:00 the 10:00 to 6:00 whatever it was, was given the opportunity to truly come and try to seek that. I gotta say was kind of rough because we were in an area that was not necessarily 60 percent or below AMI, you know, we were at the top of the hill that was hard to find. But I think those that preserved and then running around to find where was Malcolm Center found it well worth it and I think that's what we have to do because, you know, it's hard when people who really need don't have the time to access that opportunity. So, I was real blessed to see that, you know that, because sometimes we ask for housing to be least of us, but we're not there sitting there with that least person. And for...you see I getting chicken skin now, but for us to see that those people really need that, I mean they have five children, you know, and these are some of the ages of my children and it was their friends, you know, and all of these things. A lot of people that were working for the County, Public Works or, you know, working here or there and they, they need it. So, when we look at subdivisions and you say affordable only because you get of the 100, 20 affordable, to me that is not acceptable and it's going to be hard, but I tell you there is brokers who know how to bring the different concepts in. I'm not real familiar but, you know, with low income tax credits, with outside sources of picking up as well so that...and bringing in resources from outside of the State so that the houses can be sold at that or given at that. But anyway I'm gonna think...

COUNCILMEMBER SUGIMURA: So, Big...this is a Bigley project and I totally --

MS. FILIMOEATU: It's a 118-units

COUNCILMEMBER SUGIMURA: Yeah, it's very unusual actually for him to get 100 percent finance through Federal, State and then our portion was a small portion we gladly supported it. So --

MS. FILIMOEATU: Correct your portion was --

COUNCILMEMBER SUGIMURA: --I'm glad we got to see that...

MS. FILIMOEATU: --and that's exactly and I got...that's why I tell you he's very astute in how he gets his financing, nobody else has done that because his network is not just Hawaii nei it's way past our 2,000 miles and he has other projects that have been enacted and are living testimony to what can be done. And so, you know, I'm looking to, you know, forging ahead with more of those such entities and we...lucky we get two more yeah, coming on west side and that's what is nice to know that the, you know, 'cause you have...if you're looking at workforce housing, "workforce housing" which is 80 percent and up yeah it's not the same as being able to give the family, you know, she was a school teacher EA, five kids, and the husband was unemployed, but he was doing music yeah so very tenuous and to get a three-bedroom, two-bath unit see and I not really sure who really got what but some of us know yeah and it stands up to what it was.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

COUNCILMEMBER SUGIMURA: Thank you.

CHAIR KAMA: Chair would like to recognize Keani Rawlins-Fernandez. Thank you for being with us today.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Chair.

CHAIR KAMA: Aloha. Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just wanted to share that yeah, mahalo for your guy's efforts at the Kaiwahine Project. We got to visit the project and I think one of my family members was the recipient of the 118 units so she was real ecstatic and appreciative, so mahalo for you guy's work. Thank you.

MS. FILIMOEATU: Yeah. Thank you. Can do.

CHAIR KAMA: Ms. Stewart?

MS. STEWART: Our final testifier signed up in the Chamber is Joshua Fernandez testifying on behalf of himself.

MR. FERNANDEZ: Good afternoon. Is it okay if I leave my hat on or should...

CHAIR KAMA: It's okay.

MR. FERNANDEZ: Okay. Thank you. My name is Joshua, I moved here about five years ago, my family is from Maui. I grew up in Long Beach, California. I had the opportunity to get into the real estate field and at that point it wasn't really my cup of tea and I always kind of questioned God like why did I fall into this, like this isn't my thing. And then when I moved to Maui I found out why. Because when I got here I quickly saw a very good personal investment opportunity with housing here and I said well I can make some money off of this. So, I got in contact with some people back in California and shared my idea, they said that's a great idea, go for it. But along the way my heart changed because it wasn't meant for personal investment, it was meant to help the people and that's what affordable housing is. So, the first thing I think with the Committee is we gotta ask ourselves are we focused on creating housing for people or are we focused on business and revenue. The two kind of are different and that was my first take was I was interested in business and revenue and affordable housing was for the people. So, our mindset has to be on the people and with something that's such a long-term problem there's no fast fix for this and I know we're all looking for it, we're all searching for it and we all want it but a long-term problem requires a long-term solution and it may not be evident at such at that point, but the long-term seeing it even and equal everything out. I'm not an investor, I'm not good at investing but I'm good at problem solving and I think that we need more people like that to be focused on helping such projects move forward not so much as, you know, making the money on it, but just resolving the problem that's at hand which is needing housing for people. I also believe that moving forward not just with existing

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

units that are already built and getting affordable housing, you know, allowed for people but also looking forward to new projects that are being built focused just on affordable housing. Let's see here...so, I started working on this plan about three years ago by myself, I've been trying to look for the support that I need, I surrounded myself with like-minded people but it is possible because it's not finished yet but the numbers that I have come up with for my development plan the houses run about \$65,000, 70 the most and that's affordable. And I'm a normal person, I'm no one special, I don't have degrees, I barely graduated high school, but I have an idea I know how to compose it, I know how to find the resources and I want to share that with people just so that they know that they can do it as well.

CHAIR KAMA: Thank you, Joshua. Members, questions for the testifier? Seeing none...oh yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Aloha, Mr. Fernandez, mahalo for your testimony. So, you said that you designed homes for 65,000 to \$70,000?

MR. FERNANDEZ: Well it's actually a whole development plan, not just the homes but everything that surrounds it that would, you know, putting together manufacturing of it, the business would also be staying in Maui, nothing would be outside of Maui. It would be builders, kits, it would be everything within Maui so the money stays recycled within our County so it doesn't have to leave, you know, and by doing that I feel that...I mean we'd save so much on...I mean the people being able to spend and afford something like that we can now go out to the mall more, we can go out grocery shopping more, we can go do things more that we can spend money on and again it's just all recycled through Maui. But yeah I did come up with a plan and I'm just looking for kind of the right legal counsel and people in the field more...that are more knowledgeable of the by-laws and different things that I need to work with to help me make that. But it is possible, I came up with it again and I'm not like...I'm not like huge in these fields but if I can come up with this then I'm sure people in this field can help, you know, support that and make it come, you know, come about.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for your commitment to our community.

MR. FERNANDEZ: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR KAMA: Thank you, Mr. Joshua.

MR. FERNANDEZ: Thank you.

CHAIR KAMA: Are there any other testimonies, Ms. Stewart?

MR. STEWART: I believe Stan Franco would like to testify.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

CHAIR KAMA: Okay.

MR. FRANCO: I'm Stan Franco, I have a microphone, you're listening to me, what is it not to be so good about that? I have a very, very few words on this matter of the housing authority. I think the visibility that we got to look at is not only the housing authority, we got to look at the idea of developing maybe a department of housing or any other idea that might be feasible for Maui County. I think it has to be looked at in great detail because I think we all agree here that, you know, what Kehau was talking about is what we want to happen. We need our children, grandchildren to get into housing. I've been talking about this and you know about this for many years now and, you know, I'm getting to the point that I'm wondering if this cannot be done and I'm not that kind of person, I never say I cannot, I always say I can. So, let us work together, let's find a solution, a structure so you can build the housing that our people need and all of us can then say we can. Thank you.

CHAIR KAMA: Hiki no. Members, questions for the testifier? Seeing none, thank you, Mr. Franco. Ms. Stewart, are there any other testifiers or are there any testifiers in the audience? Okay. Thank you. So, without objections, Members, I'd like to close public testimony.

COUNCILMEMBERS: No objections.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR KAMA: Thank you. So, today we're going to talk about AH-22 the Creation of a County Housing Authority, Including Feasibility Study. So, the Committee is in receipt of a Miscellaneous Communication, dated May 21, 2019, from the County Clerk, referring the matter to the creation of a County housing authority, including a feasibility study for which \$150,000 appropriation has been provided in the Fiscal Year 2020 Budget. The budget language, Section 3A Legislative Functions to Office of the County Council, (A4), provided that \$150,000 shall be for a housing authority feasibility study, the scope of which shall be set by Council resolution. Following a recommendation from the Council's appropriate standing committee, funds shall not be encumbered prior to adoption of a Council resolution. So, the goal of today's meeting is to develop the required scope of the study the results of which will help us to determine whether a new housing specific entity is advisable and if so what form or structure it should take. If we can agree on the scope items before the scheduled end of today's meeting we will ask Staff to complete a draft resolution for future consideration by this Committee. We should note that by housing authority we do not mean to limit ourselves to the concept in its traditional sense which typically includes public housing projects and housing choice vouchers or Section 8. The discussion may encompass other entities of similar or related functions such as a housing agency or development corporation. My ideal concept for a housing authority is like the description provided by the Athens Housing Authority in Georgia. Although housing authorities have a strong relationship with local, state and Federal governments, they're actually independent agencies. A housing authority is an

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

autonomous, -for-profit public corporation, this organizational structure allows housing authorities to work in conjunction with local governments and agencies to develop long-term housing strategies for communities. Ideally for me a housing authority needs to be empowered to purchase land, lease land, sell land, plan and develop that land, manage its housing stock, finance the development and management of its holding in a self-sufficient manner. With no disrespect to our current department staff, in my opinion we are not likely to achieve the results that we want for our community with the existing organizational structure. Status quo is not a scope option for me. As a starting point to the discussion there are many models that we can look to including the Kauai County Housing Agency, the Hawaii Public Housing Authority, the Housing...Hawaii Housing Finance and Development Corporation, and the City and County of Honolulu Department of Land Management. We have two resource persons here today who might give us some insight into the possible directions that Maui County can take to expand housing opportunities for our residents. We have with us Robin Danner, the CEO of Homestead Community Development Corporation and the Homestead Housing Authority, also vice president of the Anahola Hawaiian Homes Association. We also have Mr. Kevin Auger, Hawaii Public Housing Authority. And so, without objections I would designate our guests as resource persons pursuant to Rule 18A of the Rules of the Council.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Thank you. At this time, I will ask our guest panelists to introduce themselves and explain the nature of their organizations and what they accomplished for the provision of housing in their jurisdictions. So, would you like to go first, Kevin? Thank you.

MR. AUGER: Great. Good afternoon, aloha. I'm Kevin Auger, I'm the Redevelopment Officer for the State of Hawaii Public Housing Authority. The State...the HPHA as a Statewide public housing authority, we serve the neediest members of the State. The primary resident that we house is in the 30 percent AMI and under, generally a fraction of that for the most part, we serve a large elderly and handicapped community. We are a sister agency with the Hawaii...HHFDC the Hawaii Housing Finance Development Corporation which generally provides the financing and allocates the Governor's budget for affordable housing as well as DURF funds for infrastructure and allocates low income housing tax credit and accompanying Hula Mae bond financing for affordable housing developments. The HPHA is say...we're one of the largest, I think the 15th or the 16th largest PHA in the country. We have 6,200 units across the State under management including five locations here on Maui. We have 82 different properties, the average age of those properties is 48 or 49 years old, so they are all in need of redevelopment. But that creates an exceptional opportunity for the State because we have many locations within prime PUC areas that are under development in terms of density where we could redevelop old housing stock and increase the number of affordable housing units on State-owned land that the State actually has control of. So, it creates an incredible opportunity across the State including here on Maui.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

MS. DANNER: Good afternoon, Members of the County Council of Maui, thank you for having me. I flew over this morning from Kauai, I'm a Kauai girl, born on Kauai from Niumalu, but I also spent a good 20 years in my career as a County Housing Director and Economic Development Director in the State of Alaska for a very, very large municipality and also led a public housing agency that unlike our Hawaii Public Housing Agency was not part of the State, it was a private non-profit. So, housing authorities can be State agencies or they can be autonomous non-profit housing authorities, so I was that type. So, I think it was perfect that Kevin and I are here so that we can talk about it. I was also a banker and did a lot of finance in affordable housing and as well as commercial developments. And then since being home the last 24 years since becoming a homesteader I founded the Council for Native Hawaiian Advancement to create access to capital to Native Hawaiian communities but also the Homestead Housing Authority Statewide organization to work specifically on trust lands. Although clearly for Maui County, from my own County in Kauai, from Statewide we need affordable housing on fee simple and trust lands Statewide. I would say, Madam Chair, that I think it's a terrific conversation that this Committee is having about putting forward new ways and new opportunities, at least dialogue. From my understanding of Maui County, your housing department and housing departments can vary from county to county but you essentially do not have a developer-type non-profit in Maui County that is stationary, stable, that is year-round, a non-profit developer. There are two kinds of non-profits: service non-profits which are the vast majority, and then very few are developer non-profits that build community facilities, they build affordable housing, that's what they do every single day. So, I think you're not gonna be able to avoid talking about that and that's fantastic. I feel that having served public housing in multiple states that Hawaii is behind other states in that Hawaii has not invested in non-profit developers as a general rule. Hawaii whether it's from the Governor down to mayors down to county councils across the State have historically and mostly attempted to solve affordable housing challenges by going to the non...or excuse me, the for-profit sector. Nothing wrong with that especially if you're the for-profit sector but the bottom line is that's like trying to solve affordable housing by turning a meat eater into a vegetarian. It...how that works is you end up having to give tax incentives to for-profits to get them to develop housing, that's the standard model across the State. And then at a 15-year term then the incentives expire and the for-profit goes back to being a meat eater and flips the housing to market rates. What we need to do in a policy sense and I'm so glad that you're having this conversation is that it's okay to be a meat eater, that's gonna serve a certain market and that's called the high end but I think that as policymakers we need to start investing in the long-term capacity of non-profit developers who you don't need to give a tax incentive to, number one because they're non-profit, but number two their mission is affordable housing. To flip one of their projects to market rates would be to close down the agency. So, there are a couple of ways to do that, you could either expand your existing housing department, I've seen it done that way, I've seen it done in my own experience our county helped organize an autonomous non-profit housing authority that had an MOU between the county housing department and the housing authority. The reason we went with the non-profit autonomous...because the other alternative is obviously to work with the Hawaii Public Housing Authority which is Statewide, figure out a local authority here that's

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

connected to them. However, I will say there's some value in talking about a non-profit autonomous CDC, community development corporation or housing authority and here's why. As, Auntie Kehau kind of touched on, most of our affordable housing developments come from only island sourced resources, State of Hawaii, Federal government, tax credits, right. What's happening in all other states is a leverage of tax credits, state and federal government financing but also social impact funding which Hawaii is almost zero. Because and the reason for that is a large foundation Kellogg, Pew, Ford, they're not going to give the County of Maui Housing Department an investment, they're going to give those investments to be leveraged by the County of Maui to a non-profit tax-exempt organization. So, I'm really very excited that you're having this conversation, whichever way that it goes it shows that Maui County you should move to Kauai, no just kidding. It shows that you're willing to look at new ways up the mountain, but I think the number one challenge that every county has, has been a fear of differentiating service non-profits versus development non-profits, non-profits that develop. And I do think that it would be worthwhile our long-term and short-term investment for public policymakers to start investing in the capacity of non-profit developers because once you get them to scale they don't go away, these are our local people, those with local jobs, these are things that our young next generation become passionate about, they don't want to leave that job, and you're creating excellent stability within the County. Thank you.

CHAIR KAMA: Thank you, Robin. Thank you, Kevin. Members, questions? Yes, Vice-Chair Molina

VICE-CHAIR MOLINA: Thank you very much, Madam Chair. Good afternoon, Ms. Danner and also Mr. Auger. My first question is basically the, for example on Kauai your makeup of your public housing authority board how is that developed? Like for example does the mayor or the council they nominate individuals and then they confirm them, I mean how is that process?

MR. AUGER: I don't know, it's a good question. I mean I'm the Redevelopment Officer for the State of Hawaii and so I've got my hands full trying to develop sites that we've already cleared for development. So, I'm not quite certain how they're structured on Kauai. Here on Maui what's curious to me is that we're not already having a discussion about how to get additional development on or density on existing sites that we already have here on island. That would be a first start I guess from our perspective. Just sit down around the table and see what we could do on the sites that we already have or if there's additional land or land that's available on Maui that the County controls that we could work together in the State, with the State agency and we could bring resources to that to help you develop that.

VICE-CHAIR MOLINA: Okay.

MR. AUGER: One of the things that's curious to me is that the County has...you know, Robin was just speaking about of the limitations and we have limitations on capital, we have limitations on low-income housing tax credits because they're allocated by the Federal government or the IRS based on population. We have bond cap, bond capacity

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

issues, but the County gets its own certain allotment of that capital and sometimes my understanding is in talking to Craig Hirai sometimes that allotment is given actually given back so it's a shame because it's not, it's under...it's not utilized and so for me that's just an opportunity.

VICE-CHAIR MOLINA: Okay. Thank you.

MR. AUGER: Sure.

VICE-CHAIR MOLINA: I guess for Ms. Danner regarding on the public housing authority board there, you know, you get a lot of Federal contracts or I guess one's called annual contributions contract and this contract to my understanding the authority agrees to operate their properties consistent with Federal rules and regulations. Do you find any challenges in I guess being that you have to deal with the Feds a lot?

MS. DANNER: So, let me give that to Kevin because I'm actually from Kauai so I have the private housing authority. Kevin is the State of Hawaii Public Housing Authority that has to comply with that exact question that you're asking about.

VICE-CHAIR MOLINA: Okay.

MR. AUGER: If I can jump in. The HPHA manages both State-owned housing projects, public housing projects, and Federal public housing projects. We have roughly 6,200 units across the State, 5,700 of those were Federally-funded projects. What that means is we work with the U. S. Department of Housing and Urban Development which provides us capital to operate those properties from two different buckets, one is an operating fund and the other is a capital fund. The challenge that we have in managing properties through that process is that all of that money is subject to annual appropriation from Congress and generally speaking you're always required and challenged to do more with less. So, if you need a \$100 you get 85. When I first came...I'm a retired investment banker and I came into this role to get housing units built...

MS. DANNER: We're both going to heaven now.

MR. AUGER: And one of the things that always used to amaze me was when I would drive by a public housing property I would always be curious why don't they fix that or why don't we build more and the fundamental answer to that question is 'cause you can't 'cause you never get enough money to fix them and the Federal government is actually working its way out of the public housing business. It's been doing that since the '70s. There's currently...so, what we're seeing is a lot of small PHAs throughout the country being closed down and one of the ways that the government...the U. S. Department of Housing and Urban Development is attempting to do that currently is through a program called the Rental Assistance Demonstration Program which converts a public housing unit essentially to a Section 8 unit so that the unit actually comes out of the public housing portfolio and becomes subject to a Section 8 certificate. And the reason for that is they want to get out of that business. Under the

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

Faircloth Act which was an amendment to the Fair Housing Act in 1937 which is passed in I guess 1999 you can't build more public housing units net. And so, whatever we have as an agency for instance, the HPHA we can't build more, we're capped, but where we do have an opportunity is to leverage...and some of these properties we've had 50, 60 some of them 70 years, they're 70 years old. They're now incredible locations right within PUCs because the community has grown around them, they're large, they're not terribly dense and that creates an opportunity to essentially instead of kicking the can down the road and maintaining bad units, redeveloping those units and providing additional density on those sites that we already control.

VICE-CHAIR MOLINA: Okay. And just the last, my first round on this. I'm just curious how much staff do you folks have?

MR. AUGER: We have over 200 people that work with the agency.

VICE-CHAIR MOLINA: Wow 'cause yeah just looking ahead if we, the County of Maui decides to go in this direction anticipate how much folks, and, Ms. Danner, how much on Kauai for your private?

MS. DANNER: Two hundred would be Statewide.

VICE-CHAIR MOLINA: Oh okay.

MS. DANNER: Sixty-seven hundred units he's got Statewide. So, we have less than 15. I just want to make sure they differentiate.

VICE-CHAIR MOLINA: Okay. So, Statewide, Mr. Auger, you have 200 people --

MR. AUGER: Yeah

VICE-CHAIR MOLINA: --employees? And then on Kauai you have 15 for your private agency?

MS. DANNER: Yes.

VICE-CHAIR MOLINA: Okay. Alright thank you. Thank you, Madam Chair, I yield the floor.

CHAIR KAMA: Ms. Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Mr. Auger, you mentioned that you don't build new units, that your job is pretty much to handle redevelopments of existing projects?

MR. AUGER: We don't build additional public housing units.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

COUNCILMEMBER LEE: Yeah. So, what happens when your old units reach economic obsolescence?

MR. AUGER: You do your best to keep them functional. Right.

COUNCILMEMBER LEE: Even beyond its value and structures --

MR. AUGER: Oh, I would...

COUNCILMEMBER LEE: --collapse and whatnot?

MR. AUGER: The average...I'm currently working on...I'll just give you an example. We have a portfolio that we're...and I don't want to be Oahu specific, but we have a portfolio of properties that we've identified along the rail line in Oahu that are within TOD zones where you could redevelop them to achieve significant density. The density, you know, an A-2 project on Oahu might have a density of 1.9 A-2 zoning whereas TOD zoning you can get a density of 7.5. So, we have an opportunity to redevelop sites where we currently have, I think we currently have 3,000 units on those ten locations. But with the additional density that we could achieve we could redevelop those sites, those 3,000 public housing units and add an additional affordable housing capacity of over 9,000 units. So, it's an extraordinary opportunity to build more on State, existing State...

COUNCILMEMBER LEE: Well, yeah that's...redevelopment is actually development of brand new units.

MR. AUGER: Correct.

COUNCILMEMBER LEE: Yeah.

MR. AUGER: That will last hopefully another 50 or 60...

COUNCILMEMBER LEE: Right. So, you know, how many units do you have on Maui?

MR. AUGER: It's...I just looked at the five so not much, I think it's about 200 units more or less.

COUNCILMEMBER LEE: And why is that?

MR. AUGER: I don't know.

COUNCILMEMBER LEE: You don't know?

MR. AUGER: I've only been with the agency for two years.

COUNCILMEMBER LEE: Nobody asked you to build some on Maui?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

MR. AUGER: No. This is the first time anybody's asked me.

COUNCILMEMBER LEE: Okay, so...okay, we're asking. Now...okay so, you can redevelop existing properties.

MR. AUGER: Yeah.

COUNCILMEMBER LEE: Can you...and in this redevelopment process can you add different products --

MR. AUGER: Yes.

COUNCILMEMBER LEE: --such as tiny homes or cluster housing?

MR. AUGER: Sure, depending on what the land site looks like and what it will...

COUNCILMEMBER LEE: Good.

MR. AUGER: And if there's any...

COUNCILMEMBER LEE: Four-story building.

MR. AUGER: Absolutely. So, you could take a, you know, what we have...

COUNCILMEMBER LEE: Okay. So, take what you have on Maui which...could you check for us which properties are expandable?

MR. AUGER: Yes. As a matter of fact as a result of being invited here today and having an opportunity to see these sites for the first time I've got somebody working on it now in the office to try and get a sense for how big are the sites, what we currently have on them, what could we accommodate there, could we do more.

COUNCILMEMBER LEE: Okay. And so...

MR. AUGER: I didn't...just to be...I didn't understand that this was a public hearing today, I thought we were just gonna sit around a conference table.

COUNCILMEMBER LEE: Oh, we're just sitting around talking. So, anyway...

MR. AUGER: Otherwise I would have been way more prepared.

CHAIR KAMA: So, Ms. Lee, I just wanted to let you know that the properties here on Maui are Kahekili Terrace A and B, David Malo Circle, Makani Kai Hale, Piilani Homes, Makani Kai Hale II, and on Molokai, Kahale Mua is Federal and Kahale Mua, State. So, we have five properties on Maui.

COUNCILMEMBER LEE: Thank you. Thank you, and I pass some of it every day.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: So, anyway the other thing I was going to ask you is when you're dealing with let's say Maui or the other islands do you feel like for instance in Maui's case that we have sufficient resources to assist you with projects or do you wish we had more resources in our department or how do you feel...or when dealing with other jurisdictions is it easier to deal with non-profit housing entities instead of county, you know, county entities?

MR. AUGER: Boy, I want to answer your first question, and somebody just e-mailed me, we have 161 units in those five sites. The other question is can we expand that. In terms of working with folks, the demand for affordable housing throughout the State is just massive, we could build, you know, 50, 60,000 units and never quite get there. The biggest challenge is going to be resources, we are limited in terms of the number of LIHTC, low-income housing tax credits we can leverage. And to build affordable housing that's probably the best program that...going for the most part because these deals don't make a lot of money, they typically don't. The low-income housing tax credit is a way to get equity into the transaction. In order to leverage the low-income housing tax credits particularly the 4 percents we need to use State or Hula Mae bond financing and we have bond cap. And so, that limits us in terms of what we can do. In terms of capacity, you know, we have the ability to partner together and start looking at sites that might be available and to figure out what the County's resources are in terms of capital to redevelop those sites. We'd probably have to do that through an RFP process to attract...

COUNCILMEMBER LEE: Okay. See, I see the advantage of you working with let's say our County department or division and that even though right at the moment we could use more people, more personnel. The advantage is that they have the backing of the entire County, all of the departments, Planning and Public Works and Finance and et cetera. So, that's a huge advantage because...and then we have attorneys, good attorneys that make sure, you know, that we do everything correctly. Whereas when we work with a non-profit, a private non-profit you don't have all of that, you know, they're kind of on their own, you know, unless they have a huge staff. And so, that's why I'm asking is it easier when you're partnering with a County on a project, is it easier working with a private non-profit or is it easier working with the county of that place?

MR. AUGER: Yeah but the County's got resources.

COUNCILMEMBER LEE: Yeah.

MR. AUGER: I would be an advocate of working for the County simply because you've got the ability to say this is an urgent need, we need to come together and we can instruct our departments locally to come together to help facilitate this process. So, it's bringing infrastructure to the site, the County has the ability to get folk's attention in the various departments to get infrastructure to that site. The County has the ability to make the CIP request to get the funding for the infrastructure that's required. The

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

County has the ability to bring the planning and permitting department together to help us focus so that we're not going in several different directions to try and get approvals. That's an advantage. The disadvantage is as a State entity you're required to undertake State environmental although the rules have just changed recently for affordable housing and that's a benefit. If you're going to leverage Federal funding you're also subject to Federal environmental review. So, that creates a hiccup for you in terms of time, it can take anywhere from 12 to 18 months to complete some of these Environmental Assessments that are required. But to answer your question, you know, either non-profits on Maui that are specialized in developing affordable housing, I don't know of any. That, I think that one of the members of our board ran a facility or development company that did elderly housing. But that's the only one that I'm aware of.

COUNCILMEMBER LEE: Okay. Thank you for answering my question, but I just have one more comment for you. Did you take a look at the housing project by the river going to Happy Valley?

MR. AUGER: What's...you asked me the same question.

COUNCILMEMBER LEE: Kahekili Terrace. And I'm sure it's unforgettable. I mean, you know, that's not what we had in mind for affordable housing.

MR. AUGER: I did see that, it was the first one that I saw this morning.

COUNCILMEMBER LEE: Yeah.

MR. AUGER: Yeah.

COUNCILMEMBER LEE: I think that place needs a lot of attention.

MR. AUGER: I would agree. I, you know, when I drove through it the reason I'm trying to understand how big that land site is because that's barracks-style housing, it looks like it's probably been there for 50 years, it's very similar to what we have...

COUNCILMEMBER LEE: A lot of problems over there, you know.

MR. AUGER: We could be better.

COUNCILMEMBER LEE: Yeah. Thank you.

MR. AUGER: Absolutely do better.

CHAIR KAMA: Yes, Mr. Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a question for Mr. Auger, do you know if all the housing units on Maui are at full capacity?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

MR. AUGER: I don't know what the current occupancy is. The turnover is, on average is about 5 or 6 percent a year, it's not unusual due to cycling to have maybe 5 percent of your units vacant that's very...that's typical for the most part. I don't know what the current occupancy is of that portfolio of 161 units. I can get that information pretty quick for you.

COUNCILMEMBER SINENCI: Thank you. And then for Ms. Danner, you mentioned the non-profit developers, do they get most of their funding from private or going out for just getting public monies or do the counties subsidize a lot of the funding for non-profit developers?

MS. DANNER: All of the above. Non-profit, if you did a non-profit housing authority and not a government housing authority then you would have access to all levels of sources. As Kevin was saying as a State housing authority they're caps on him on the bond rates, there's caps on him on the number of units he could actually have. Under a non-profit housing authority or a non-profit community development corporation, whichever, whatever you want to call it, they would have the same access to HHFDC financing, the Rental Housing Trust Fund, they can be a borrower to that, they can get low-income housing tax credits, they can qualify for new market tax credits which have been a growing investment here in Hawaii. But they can also...they also tap into and should tap into a leveraged portion of County and State CIP appropriations. The area that Hawaii misses because it hasn't invested in the capacity of a non-profit developer is social impact capital. All of the investors out there that want to go to heaven, all of the big foundations that are funding whether social justice or economic development or affordable housing we're just not catching that ship because most of the vehicles, most of the bodies of organizations that we have relied upon are for-profit developers or government-run developers. And so, those investments, social-impact investors typically will only make an investment in the leverage of government funds, if it's a non-profit, a private non-profit.

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

CHAIR KAMA: Mr. Hokama?

COUNCILMEMBER HOKAMA: Chair, I thank you for providing this venue this afternoon for our guests. I don't need to be convinced to move your idea forward, because I would like to see a matrix eventually of the advantages and potential disadvantages of the various options, but I like that we are looking at opportunities and options, Chair. I think one of the things that I'm looking forward to is working with you in changing how we frame the picture. And we've already been talking for...well you started this from the beginning of this term, Chair, but we've talked about it before. Ms. Danner uses the ships, we've been talking about creating the landing fields for the planes circling over us with money who'd like to invest but cannot find the right field with the right condition to land and utilize that funding. So, I hear you really clear, Ms. Danner.

MS. DANNER: Maikai, thank you.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

COUNCILMEMBER HOKAMA: And I'm...and that's what we're looking for. How to create the landing field or the harbor so these people can come and provide us with the capital to do good work. So, I look forward to this cooperative effort, yeah, from all of you. My only concern again with the State and whatnot, Chair, is how do you get away from the Federal requirement of labor wages and --

MS. DANNER: Davis Bacon.

COUNCILMEMBER HOKAMA: --the Davis Bacon Federal requirement because that is one of the boogey mans in the formula of cost impacts, we get it, they get it, you add time it grows bigger and bigger but it comes to a point where it's kind of sad that those that earning the wages cannot even afford the housing either. So, I look forward to that in our assessment, Chair. Yeah 'cause I'm with you I think we should move this forward, we did enough talking, let's start doing more of the walking, I'm with you guys on that. And if need be let's do pilot projects, if it doesn't work adjust and do another one and see if we do it better. But I'm into construction, Chair, I'm willing to go vertical and I think we have opportunities and I think one of them is what Director Teruya and whatnot is trying to with Land Management Division within Finance. That might not be the right model but we do know that is what Honolulu City and County has moved forward in trying to adjust from their County perspective. So, we've looked at that model already, we're open to it, we're open to your model, Ms. Danner, 'cause we're gonna take what works for everybody --

MS. DANNER: Absolutely.

COUNCILMEMBER HOKAMA: --and discard what doesn't yeah. So, Chair, when you're ready I'm happy to move your feasibility forward --

CHAIR KAMA: Okay.

COUNCILMEMBER HOKAMA: --with the right parameters. Thank you.

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

COUNCILMEMBER SUGIMURA: Exciting --

CHAIR KAMA: Yes.

COUNCILMEMBER SUGIMURA: --discussion. And I...yeah we've all been talking about this for years and it's kind of nice to kind of dig in and try to figure out how to do this. I...growing up here on Maui we saw Kahekili Housing and it is something as Ms. Lee says needs some tender loving care, but it was part of...I know families that lived there and grew up there and it's a part of our community and it does need some help. But I'm glad you're here and I hope that you come back and do more work there. Craig Hirai is awesome that he's come and helped us with the UH Maui College financing with the DURF funds and the project that you heard earlier Kamalani and there's other projects in Lahaina where HHFDC which you're from and Craig Hirai has put in

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

funds through the Legislature millions of dollars to help us get to the point of this exciting kind of name, you know, drawing that, you know, was talked about earlier. So, I look forward to maybe doing more of that, you know, as part of this discussion. But for today I'm curious to see how we can get Robin Danner's, you know, formula because I believe non-profits and we don't, I didn't quite look at them as a developer on the social side but you're absolutely right that's the exact difference right and there's only two developer kind of social non-profits that I know of here and there may be more, I'm not sure. And for HHFDC we would like all the money you can give us so we'd like to see you at the table but I don't know how you put this all together. Chair, if we could I would love to hear from our Housing Department as Linda Munsell is here and that's exactly what she did for the Department. I would, you know, like to hear the Department's...

CHAIR KAMA: Ms. Munsell?

MS. MUNSELL: So, I'm not aware that the Administration has taken a position specifically on having a separate housing authority. I don't know that they've looked at it. Obviously, Mr. Molina had asked us for our perception on bifurcating the Department. Often when we look at models of housing authorities, you know, you're looking at a couple of them, you know, here the HPHA model which holds properties and manages them. HHFDC obviously is a financing organization and does some development, and then the third kind is kind of like the Kauai model and, you know, Kauai is very similar to our Housing Division in that they run a number of programs but in addition to that they also have a community development arm and that is where we are significantly different from an organization like Kauai. If you were not planning to separate, you know, us from the County or the housing...create a separate housing authority. The thing with the Kauai model also is that they also incorporate the CDBG program in there and so you're able to use a number of different sources of funding to leverage funding from the outside which obviously we all know is gonna be critically important going forward. So, I'm really excited to hear about this conversation. The way that we are currently structured we are not a development organization. If that's the direction that this County wants to head we are going to have to make some significant, you know, changes either in our current status as Department of Housing and Human Concerns or as a separate entity or as a outside of the County government. But as far as I am aware the Administration has not taken a position on creating a separate housing authority but we are more than happy to have this conversation with you and to assist you and answer any questions that you have.

CHAIR KAMA: Did you want to say something, Robin?

MS. DANNER: Members, I did want to say that you'd ask what can be done about the units that are already in the Hawaii Public Housing Authority, you have a really respectable and powerful group of Senators from Maui County and Kevin can't say this, but I can. Your senators certainly could appropriate capital designated to these specific projects in the CIP project that is allocated directly to the public housing authority that names those projects that you want to get redeveloped and then they can run. That's number one. Number two, most government structured housing authorities are limited to

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

rentals, rental housing only, so that's something else to put on your list of things to debate and contemplate. That private 501(c)(3) housing authorities can do can...are not limited to that, they would be able to do rent to own or home ownership type programs as well as rentals. So, if you're going take a big leap of discussion I would advise that you throw it all in there to have a debate. And then finally I would say that another area that Hawaii, every single county leaves on the table of housing capital is actually in the US Department of Agriculture, USDA. USDA has monumental tens of millions of dollars in housing, rental housing and home ownership housing that just doesn't get seen, I think it's because it's USDA but there's an area that they have, they struggle with spending their funding down. So, if you had a developer type or CDC-type agency then you're gonna have people that this is what they think about all day long in development. So, thank you very much for having me.

CHAIR KAMA: Mr. Molina?

VICE-CHAIR MOLINA: Yeah. Thank you, Madam Chair. Just follow-up questions for Ms. Munsell --

CHAIR KAMA: Yes.

VICE-CHAIR MOLINA: --from the Housing Department. And thank you very much for mentioning your letter we did get your response from Director Tsuhako dated August 7th and as part of your response well the Director mentioned about including the CDBG Department as well as the Homeless Division as part of this separate housing authority and I know you mentioned about additional resources that's gonna be needed. So, I don't know if it's too early to tell how much additional staff you may need and we heard from Ms. Danner on Kauai about 15 and of course 200 Statewide from Mr. Auger. Any thoughts on this so far preliminary at this point with including these other two divisions as part of the separate housing authority should we bifurcate?

MS. MUNSELL: Well, as the letter mentions the Administration isn't currently advocating for that. But if we did...if we were to change the focus, change the direction and go more into the development we would definitely have to have additional planning staff, that is the staff that is included in the Kauai model. It might be useful to you to talk to them. I believe that they have something like six staff members who work in that department only. And so, you know, at this point we have one person who is going to start in September and that is again a very limited position, the kinds of things that individual is going to be doing so, you would be looking at having to increase the number of staff if we were to move in this direction.

VICE-CHAIR MOLINA: Okay. And being that this is such a heavily regulated, you know, public housing authorities in general, do you think the Department is up for the challenge to deal with all of this, you know, bureaucracy if you want to call it that?

MS. MUNSELL: You know we deal with Federal funds and County funds all the time. We grant those funds for construction projects, we are well used to the red tape if you will

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

that's associated with that. It's not an issue of managing those kinds of things, there are things that we do not do well. We don't have real estate folks on our staff, we don't have engineers on our staff, we are accustomed to dealing with the Davis Bacon and prevailing wages, we are used to working with Environmental Assessments and those kinds of things both Federal, State as well as those other oddities that are associated with that. So, I don't think that those things will present challenges, it's a matter of getting the correct development experience that we do lack.

VICE-CHAIR MOLINA: Yeah. Okay, good. I appreciate the responses and I know I was just kind of getting to the point where, you know, part of the requirements is to develop plans and assessments and it sounds like it could be a potential distraction from actually taking action from building the housing so I just want to make sure that the focus is, you know, again like it's been said before I think we've reached the point of enough talk and assessments, let's just get started on building things as soon as possible. So, thank you, Ms. Munsell. And, Madam Chair, yeah I'm with you on this so whenever you're ready for your recommendation. So, appreciate you having the folks here today to discuss this matter.

CHAIR KAMA: Thank you, Mr. Molina. Ms. Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Aloha, Robin. I was at your Kumu Camp in I think it was like 2015 . . . *(inaudible)*. . . and you was just building your first house. I was...so, your housing authority is Anahola Hawaiian Homes Association?

MS. DANNER: No, that's my homestead association that I'm a part of as that regent. So, I'm the CEO of the Homestead Community Development Corporation. So, we do development...

COUNCILMEMBER PALTIN: And that's the housing...

MS. DANNER: We develop, do community facilities, job creation, and affordable housing Statewide on or near Hawaiian Home Lands because you really do need a specific expertise to develop on trust lands.

COUNCILMEMBER PALTIN: So, the Kauai Housing Authority develops Statewide?

MS. DANNER: It's not a Kauai housing authority.

COUNCILMEMBER PALTIN: Oh.

MS. DANNER: I'm not sure where the Kauai...

COUNCILMEMBER PALTIN: Oh.

MS. DANNER: I'm from Kauai but --

COUNCILMEMBER PALTIN: Oh okay.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

MS. DANNER: --the Homestead Community Development Corporation is Statewide. So, for example we're working up...we're in the predevelopment right now on a 52-unit rental project in Maili on Oahu. We built 22 single-family homes for less than \$185,000, 4-bedrooms, 2-bath. We're in the process of doing a tiny home ADU seminar, we will probably bring that to Maui a year from now. And we're doing fourplex and duplexes developments, ownership for families.

COUNCILMEMBER PALTIN: And you haven't built on Maui yet?

MS. DANNER: Nope.

COUNCILMEMBER PALTIN: Oh okay. And then so, both of you guys are housing authority so both of...

MS. DANNER: So, Kevin is a housing...Statewide Housing Authority, State agency public housing authority and so he gets an automatic allocation from the Federal government plus State. Now, that's primarily...and limited to rentals. I'm a private housing authority, private 501(c)(3), so I'm not limited to just Federal or State we're able to do social impact investment, et cetera. The downside to that is a government housing authority would...gets an automatic allocation, you know, right. So, --

COUNCILMEMBER PALTIN: So, but...

MS. DANNER: --those are the two types of models government housing authority and a private non-profit housing authority or CDC.

COUNCILMEMBER PALTIN: And both of you only do rentals?

MS. DANNER: I don't. We...Kevin is limited to rentals. Right?

MR. AUGER: We could actually do for sale, but we limit ourselves...

MS. DANNER: Yeah. So, they have 6,700 rental units. Our housing authority does...has only done ownership and we're about to do...to add rental to that. But we do both ownership and rental and that's because we know that rental, there's a terrific need as Auntie Kehau said, but if you want to break the back of poverty our people...our local people need to be asset owners. To own a home or a duplex, own a business or own retirement funds.

COUNCILMEMBER PALTIN: So, how long does the, for-own housing...

MS. DANNER: Sorry?

COUNCILMEMBER PALTIN: How long does the housing that people own remain affordable? Do they...when they want to sell it can they sell it at market rate?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

MS. DANNER: Yes. Typically, the model typically is if there's a subsidy upfront so like for the 22 homes that I built for low-income families that were getting passed over on the waitlist there's a soft second...a silent second for a period of time and it depends on the funder that can be anywhere from 5 years to 15 years. Where if they sell for market rate before that timeframe then they have to repay the difference. But we just have not seen that especially for local families they're not in it to flip it, they're in it to keep it for the long-term and to pass it on to their children. So, that really has not been a major issue, but there are instruments that can deter that and/or recapture capital, the equity capital that someone might otherwise generate.

COUNCILMEMBER PALTIN: And I know Mr. Auger said that he only works with 30 percent and below AMI. Do you have similar restrictions?

MS. DANNER: We do not, it depends on the funding. So, we do 30 percent, 50 percent, 60 percent, most commonly we do 80 percent. But because we're private non-profit, depending on the source of capital so if I need to serve the gap families which I'm sure many of you are aware of the gap families at 120 percent AMI they get no service, we're able to do that if we find the right funder which might be a social impact funder that isn't a government fund that we would be able to serve that segment.

COUNCILMEMBER PALTIN: What's the highest AMI that you've served?

MS. DANNER: I haven't served any family over the 120 percent mark. And our...there are different kinds of programs besides this development which I'm so glad we had that conversation about service versus development, a very common way that home ownership programs are being implemented nationally is through what's called an IDA, Individual Development Account match savings. And so, allocations of that fantastic investment by government matched with, I would always recommend that you require a match, a leverage of your non-profit to be able to bring in capital which is a savings for the down payment. Boom there's your equity and families are able to buy down, it's essentially a buy down of the price to get it to a mortgage level that they can afford for the term.

COUNCILMEMBER PALTIN: And when you do it you do projects so like is the funding for the infrastructure part separate from the funding for the house part?

MS. DANNER: What a great question. Yes. Typically, yes. Typically two different sources of capital, and you were having a great conversation about Davis Bacon and the way that I've handled that in my prior life as a County Housing Director and a housing authority executive it depends where you're gonna put the money. So, I would prefer to put the Federal dollars that might require Davis Bacon in the ground because then your engineers, your union guys that are moving, work, building a subdivision, that's where I'd rather put the money rather than in the vertical. I'd rather take non...less restrictive capital to do the vertical which gets less restriction and less cost on the families. But yes, essentially and generally those are two separate pots of money. They don't have to be but when you have a non-profit or a housing authority that does

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

redevelopment now you have staff 24/7, 365 days a year that are thinking about these kinds of questions every single day.

COUNCILMEMBER PALTIN: And does...your projects are they septic or hook up to county wastewater or?

MS. DANNER: Depends on the location. All of our projects on Kauai because the wastewater systems are limited--I'm not sure if that's the case here on Maui--are all on septic. And we just got a social impact private investor just funded this month our housing authority to develop a cesspool to septic conversion program. Okay. So, and then the one on Oahu will be on city water and sewer.

COUNCILMEMBER PALTIN: When you do hook up to city and water...city water and sewer do they give you any breaks being that you're developing for the affordable sector?

MS. DANNER: Yes and no. Because yes and then because of the time that it takes for the building permits and the 201H processes they end up getting that back. But you could and that's another policy question, that's another policy power that a county council has to give those kinds of breaks to further build capacity of non-profits. Wonderful questions.

COUNCILMEMBER PALTIN: Thank you, Chair, for your indulgence even if I'm not a voting member.

CHAIR KAMA: Well, you're still a Member nonetheless but thank you.

MR. AUGER: Chair Kama?

CHAIR KAMA: Yes.

MR. AUGER: Could I?

CHAIR KAMA: Absolutely.

MR. AUGER: So, I'm hearing a bunch of different things. One is we want to control costs obviously. The second is we'd really like to try to get something going right away. The third is Kahekili is the topic that sounds like you folks have been talking about. We have the ability to pursue looking at a redevelopment of Kahekili today and we could do that directly as an agency.

UNIDENTIFIED SPEAKER: Okay.

MR. AUGER: And so, my suggestion would be...boy wouldn't it be great to get together like next week, come around a conference table and as a result of having a discussion about how we'd redevelop that site which has currently got 82 units it would be worthwhile if you're going to do a redevelopment like that, that you get additional affordable housing out of that package. I wanted to clarify that the agency's current

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

portfolio serves a resident population that's 30 AMI or below but we have the ability to develop affordable housing right through workforce and even into market rate if we needed market-rate units to subsidize. But the reason I suggest sitting around the table and talking about a deal or a transaction or redevelopment is that out of that conversation you're gonna learn what resources you have, what you don't have, what you need to fill, and how we organize all of that, and how you leverage the County's power to make things happen. And that would be a great...as soon as I drove in this morning...it's the first time I've seen it, as soon as I drove into it this morning we can do better than this and it's certainly old enough it's a vintage, that would be, it would have a lot of support to get re-done. We've actually been looking for locations on the neighboring islands that are in between 150 to 200 units that we could do directly. And so, we could start something. we could start this process right away and I would love to come back and have that conversation with you all just to get it going.

CHAIR KAMA: Okay. So...

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

CHAIR KAMA: Yeah, sorry we have to invite you back. Yeah. So, Members, are there any more questions? Wow. Okay so, if you all are okay this is what I'd would like to do. I would like to ask the Staff to draft a resolution to bring forth sometime in October for you all to take a look at and we can discuss the things that we talked about today to be included in that resolution. And hopefully we can pass it out then, so I'm looking at October 10th to bring this conversation back. So, if without any objections I would like to defer this item.

COUNCILMEMBERS: No objections.

ACTION: DEFER PENDING FURTHER DISCUSSION.

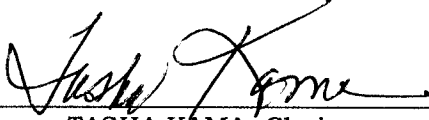
CHAIR KAMA: Okay. So, thank you. So, I want to thank our guest panelists for being here and our County Staff for being here and helping us with today's discussion, and since we have completed our agenda I would like to adjourn the Affordable Housing Committee Meeting of August 21, 2019 at 2:51 p.m. ...*(gavel)*...

ADJOURN: 2:51 p.m.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

APPROVED:

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

TASHA KAMA, Chair
Affordable Housing Committee

ah:min:190821:ck

Transcribed by: Cheryl von Kugler

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 21, 2019

CERTIFICATE

I, Cheryl von Kugler, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 13th day of September, 2019, in Kihei, Hawaii

A handwritten signature in cursive script, reading "C von Kugler", is written over a horizontal line.

Cheryl von Kugler