

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE

Council of the County of Maui

MINUTES

December 5, 2019

Council Chamber

CONVENE: 9:20 a.m.

PRESENT: Councilmember Keani N.W. Rawlins-Fernandez, Chair
Councilmember Kelly T. King, Vice-Chair (in 9:59 a.m.)
Councilmember Tasha Kama, Member (in 9:23 a.m.)
Councilmember Alice L. Lee, Member
Councilmember Michael J. Molina, Member
Councilmember Tamara Paltin, Member (in 10:31 a.m.)
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member

EXCUSED: Councilmember Riki Hokama, Member

STAFF: James Krueger, Legislative Analyst
Yvette Bouthillier, Committee Secretary
Ana Lillis, Legislative Analyst
Lesley Milner, Legislative Analyst

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

ADMIN.: Michele M. Yoshimura, Budget Director, Office of the Mayor
Victor Ramos, Assistant Chief, Department of Police (EDB-45(4), EDB-45(8))
Herman Andaya, Emergency Management Administrator, Emergency Management Agency (EDB-45(7))
Lori Tzuhako, Director, Department of Housing and Human Concerns (EDB-45(2), EDB-45(6), EDB-52)
Clyde (Buddy) Almeida, Housing Administrator, Department of Housing and Human Concerns (EDB-52)
David Galazin, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: John Romain (EDB-52) (via telephone conference bridge from Hana Council Office)

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

Sam Akoi, IV (EDB-52) (via telephone conference bridge from Hana Council Office)
Alohalani Smith (EDB-52)
Claire Kamalu Carroll (EDB-52)
Others (10)

Sherri Dodson, Executive Director, Habitat for Humanity Maui (EDB-52)
Max Tornai, Development Director, Habitat for Humanity Maui (EDB-52)

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

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Aloha kakahiaka kākou. O ka...`iwakālua minuke i ka hala o kahala `eiwa ma `elima o Kekemapa i ka makahiki `elua kaukani umikamaeiwa. E `olu`olu mai, e ho`omalū ke Komike Ho`omohala Waiwai me Mo`ohelu Kala. `O wai ka Iku Ha`i o keia Komike, Keani Rawlins-Fernandez. It is 9:20 on December 5, 2019. Will the Economic Development and Budget Committee please come to order. I am your Chair Keani Rawlins-Fernandez. I keia lā, me ko kākou eia, Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Member Mike Molina.

COUNCILMEMBER MOLINA: Aloha `auinalā [*sic*], Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Aloha. Member Alice Lee.

COUNCILMEMBER LEE: Madam Chair, kalimera, from Greece.

CHAIR RAWLINS-FERNANDEZ: Kalimera, and aloha kakahiaka. Chair King and Committee Vice...Council Chair and Committee Vice-Chair King will be joining us later today. Member Riki Hokama is excused. And Member Tamara Paltin and Member Tasha Kama will also be joining us a little later. And aloha kakahiaka --

COUNCILMEMBER SUGIMURA: Good morning.

CHAIR RAWLINS-FERNANDEZ: --Member Sugimura.

COUNCILMEMBER SUGIMURA: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. And from the Administration, we have with us, Budget Director, Michele Yoshimura.

MS. YOSHIMURA: Good morning, Chair.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: Good morning. We have with us--oh, sorry--our Corporation Counsel, David Galazin.

MR. GALAZIN: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. And we have the various departments with us. Our Committee Staff, James Krueger. Good morning. Yvette Bouthillier.

MS. BOUTHILLIER: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. Lesley Milner and Ana Lillis. Good morning. And our District Offices, we have Ms. Mavis Oliveira-Medeiros in Hana; Denise Fernandez on Lānaʻi; and Zhantell Lindo on Molokai. Okay. Members, we have six items. It looks ambitious but it should be quick. Well, the first five anyway. We have EDB-45(4), Amendments to Appendix A, Grants and Restricted Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Department of Police (Department of Health (DOH) Grants)); EDB-45(8), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenue [sic] by Departments and Programs for Fiscal Year 2020 (Department of Police (Edward Byrne Memorial Justice Assistance Grants)); EDB-45(7), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Emergency Management Agency (State Homeland Security Grant Program)); EDB-45(2), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Department of Housing and Human Concerns (Voluntary Contributions)); EDB-45(6), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants, Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Department of Housing and Human Concerns (Strategic Prevention Framework Partnership [sic] for Success)); and EDB-52, Amending Fiscal Year 2020 Budget: Affordable Housing Fund (Habitat for Humanity, Affordable Housing...Hana Housing Project). Okay. Members, so we're going to begin with public testimony on the first five items, EDB-45(4), 45(8), 45(7), 45(2), and 45(6). Any objections?

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. Mr. Krueger, do we have any testifiers on the first five items?

MR. KRUEGER: Good morning, Chair. There is no one in the Chamber signed up to testify on the first five items.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. Do we have anyone I guess in the District Offices with testifiers on the first five items?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MR. KRUEGER: Staff checked in with the District Offices before the meeting. They do not have any testifiers wishing to testify on the first five items.

CHAIR RAWLINS-FERNANDEZ: Okay. So, your Chair's intention is to take up the first five items. Oh, aloha kakahiaka, Member Pro Temp Tasha Kama.

COUNCILMEMBER KAMA: Aloha kakahiaka, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo for joining us. So, the intention is to take up the first five items because they should be relatively quick, and then open up...reopen up testimony for the last item, which all of the testifiers have signed up to testify on. Okay. All right. So, if there is no objections, I'll close testimony on the first five items, and then after we take these up, I'll reopen testimony on the last item. Any objections?

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo.

ITEM 45(4): AMENDMENTS TO APPENDIX A, GRANTS AND RESTRICTED USE REVENUES - SCHEDULE OF GRANTS AND RESTRICTED USE REVENUES BY DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2020 (DEPARTMENT OF POLICE (DEPARTMENT OF HEALTH (DOH) GRANTS)) (CC 19-281)

CHAIR RAWLINS-FERNANDEZ: Okay. So, we'll begin with EDB-45(4), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Department of Police (Department of Health Grants)). We have with us Ms. Yoshimura and a representative for the Police Department.

UNIDENTIFIED SPEAKER: Assistant Chief Victor Ramos.

CHAIR RAWLINS-FERNANDEZ: Assistant Chief Victor Ramos, mahalo for joining us. Ms. Yoshimura, would you like to open up with comments?

MS. YOSHIMURA: Good morning, Chair and Members. The first amendment is for Appendix A, Part I, which is Grant Revenues of the Fiscal Year 2020 Budget. We're increasing the amount received from the Department of Health by \$98,355 for a total of \$582,731 for Fiscal Year 2020. The funds is a result of a request by the Police Department to increase the costs related to collective bargaining and pay increases for the dispatch unit. So, this is additional monies. We do have the positions all filled. There are five LTA positions in the dispatch unit that are paid through this grant. So, Assistant Chief Victor Ramos is here to answer any additional questions you may have. Thank you.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Yoshimura. Officer Ramos, would you like to expand on any comments before I open it up for questions?

MR. RAMOS: That pretty much covers everything. I just want to say good morning to everybody.

COUNCILMEMBER KAMA: Good morning.

CHAIR RAWLINS-FERNANDEZ: Good morning. Mahalo. Okay. Members, I'll open the floor to questions. Pro Temp Kama?

COUNCILMEMBER KAMA: Thank you, Chair. So, what is LTA?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Chair? LTA is limited term appointment. For all of our grants, we hire them on a limited term appointment basis because if we don't get the grant, then we don't have the responsibility of funding those positions.

COUNCILMEMBER KAMA: Okay. Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Okay. Any additional questions? Okay. All right. The Chair will entertain a motion to recommend passage on first reading of the proposed bill entitled A Bill for an Ordinance Amending Fiscal Year 2020 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Department of Police (Department of Health Grants); incorporating any nonsubstantive revisions to be requested from the Budget Director, including revisions that anticipate the passage of other budget-related legislation.

COUNCILMEMBER LEE: So moved.

COUNCILMEMBER KAMA: So moved. Second.

CHAIR RAWLINS-FERNANDEZ: Okay. Moved by Member Lee, seconded by Pro Temp Kama. Any discussion? Okay. Seeing none, I'll call for the question. All those in favor please say "aye."

COUNCILMEMBERS: Aye.

CHAIR RAWLINS-FERNANDEZ: Any opposed? Okay. Motion passes unanimously with six "ayes," and three excused, Chair King, Member Hokama, and Member Paltin.

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

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

NOES: None.

ABSTAIN: None.

ABSENT: None.

**EXC.: Vice-Chair King, and Councilmembers Hokama,
 and Paltin.**

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Officer Ramos. Okay. Oh, okay, you're here for the next one too.

**ITEM 45(8): EDB-45(8) AMENDMENTS TO APPENDIX A, GRANTS
 AND RESTRICTED USE REVENUES - SCHEDULE OF
 GRANTS AND RESTRICTED USE REVENUES BY
 DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2020
 (DEPARTMENT OF POLICE (EDWARD BYRNE MEMORIAL
 JUSTICE ASSISTANCE GRANTS)) (CC 19-281)**

CHAIR RAWLINS-FERNANDEZ: Okay. Next item is EDB-45(8), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Department of Police (Edward Byrne Memorial Justice Assistance Grants)). Ms. Yoshimura, would you open with comments --

MS. YOSHIMURA: Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: --please?

MS. YOSHIMURA: This is also another amendment to Appendix A, Part I, of the Fiscal Year 2020 Budget as it relates to the Edward Byrne Memorial Justice Assistance Grant. The Department did receive an additional \$94,847. So, the total grant amount for Fiscal 2020 is \$274,847. And on the transmittal letter, I did list the four different projects that the Department will use the funding for. And again, Assistant Chief Ramos is here to answer any questions you may have. Thanks.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Ms. Yoshimura. Members, any questions? Okay. Okay. Seeing none...

COUNCILMEMBER SUGIMURA: Call for the question?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: Call...oh, I'll entertain the motion --

COUNCILMEMBER KAMA: The motion.

CHAIR RAWLINS-FERNANDEZ: --first.

COUNCILMEMBER SUGIMURA: Oh, . . . *(inaudible)*. . .

COUNCILMEMBER KAMA: We need a motion.

COUNCILMEMBER SUGIMURA: Motion.

CHAIR RAWLINS-FERNANDEZ: No more question yet. The Chair will entertain a motion to recommend passage on first reading of the proposed bill, A Bill for an Ordinance Amending the Fiscal Year 2020 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Department of Police (Edward Byrne Memorial Justice Assistance Grants); incorporating any nonsubstantive revisions to be requested by the Budget Director, including revisions that anticipate the passage of other budget-related legislation.

COUNCILMEMBER LEE: So moved.

COUNCILMEMBER MOLINA: Second.

COUNCILMEMBER KAMA: Second.

CHAIR RAWLINS-FERNANDEZ: Moved by Member Lee, seconded by Member Molina. Discussion? Okay. Seeing none, I'll call for the question. All those in favor please say "aye."

COUNCILMEMBERS: Aye.

CHAIR RAWLINS-FERNANDEZ: Any opposed? Okay. Motion passes unanimously with six "ayes," three excused, Chair King, Member Hokama, and Member Paltin.

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

	NOES:	None.
--	--------------	--------------

	ABSTAIN:	None.
--	-----------------	--------------

	ABSENT:	None.
--	----------------	--------------

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

**EXC.: Vice-Chair King, and Councilmembers Hokama,
and Paltin.**

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Officer Ramos, for joining us this morning. And I will call up Emergency Management. Okay.

**ITEM 45(7): AMENDMENTS TO APPENDIX A, GRANTS AND
RESTRICTED USE REVENUES – SCHEDULE OF GRANTS
AND RESTRICTED USE REVENUES BY DEPARTMENTS AND
PROGRAMS FOR FISCAL YEAR 2020 (EMERGENCY
MANAGEMENT AGENCY (STATE HOMELAND SECURITY
GRANT (SHSG) PROGRAM))** (CC 19-281)

CHAIR RAWLINS-FERNANDEZ: Next item is EDB-45(7), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Emergency Management Agency (State Homeland Security Grant Program)). We have with us...Mr. Andaya, but I'm sorry I forgot your title.

MR. ANDAYA: . . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: No, your title.

MR. ANDAYA: Oh, I'm the Administrator.

CHAIR RAWLINS-FERNANDEZ: Okay. Administrator of --

MR. ANDAYA: Maui...

CHAIR RAWLINS-FERNANDEZ: --the Maui...MEMA. Okay. And, Ms. Yoshimura, will you please provide us opening comments?

MS. YOSHIMURA: Chair, this is amendment to Appendix A, Part I of the Fiscal Year 2020 Budget. The Maui Emergency Management Agency did receive an additional \$204,000. We had anticipated \$500,000 when we did the budget earlier this year. They did get 704,000. I have a breakdown if you...the Members would want a breakdown of the 704,000, and the different projects and equipment that they'll be purchasing. So, Staff?

COUNCILMEMBER SUGIMURA: It's part of the...

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

COUNCILMEMBER KAMA: Yes, please.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Ms. Yoshimura. Okay. I have your title. Okay. So, Emergency Management Officer Andaya, would you like to add any further comments?

MR. ANDAYA: I just wanted to say...Madam Chair, this grant will be utilized by the Maui Police Department, Maui Fire Department, and the Cyber Security section of ITS for various projects. This was a competitive grant, and we're up against other counties and State of Hawaii departments. I'd like to recognize our County departments that submitted project proposals that were well-thought-out and well-written. Their hard work resulted in no small part to the award of this grant. That's all I have, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. Andaya. Okay. Members --

UNIDENTIFIED SPEAKER: Good job.

CHAIR RAWLINS-FERNANDEZ: --any questions?

UNIDENTIFIED SPEAKER: Good job.

COUNCILMEMBER KAMA: Just --

CHAIR RAWLINS-FERNANDEZ: Pro Temp Kama?

COUNCILMEMBER KAMA: --one out of pure curiosity, because we're looking at these grants, you know, we talked earlier during the Budget about the security...what do you call the...

COUNCILMEMBER SUGIMURA: The...to go through electronic...

COUNCILMEMBER KAMA: Yeah, to do electronic security that we're supposed to have on the second floor.

COUNCILMEMBER SUGIMURA: Second floor or lobby.

COUNCILMEMBER KAMA: So, will that come under this particular type of grant or something else?

CHAIR RAWLINS-FERNANDEZ: No, the...it would go under Risk Management, Corporation --

COUNCILMEMBER KAMA: Okay.

CHAIR RAWLINS-FERNANDEZ: --Counsel.

COUNCILMEMBER KAMA: Okay. Thank you.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: Mahalo. Member Molina --

COUNCILMEMBER MOLINA: Yeah, thank you --

CHAIR RAWLINS-FERNANDEZ: --and then --

COUNCILMEMBER MOLINA: --Madam Chair.

CHAIR RAWLINS-FERNANDEZ: --Member Sinenci.

COUNCILMEMBER MOLINA: Just a quick question for Mr. Andaya. With regards to the Maui County Community Emergency Response Team Training Program, can you describe what the training is specifically for or what it would entail?

CHAIR RAWLINS-FERNANDEZ: Mr. Andaya?

MR. ANDAYA: Madam Chair? The IMT, I believe you're looking at, the All Hazards Incident Management Training. So, we have a IMT team here on Maui, Incident Management team, and they're trained in handling various types of hazards, threats, and they have been deployed to the mainland, to...even to the Big Island whenever there's a threat, you know. And by doing that, they get a lot of experience. So, like as an example, they go out to the wildfires in California, and they bring back that experience back to Maui. And because of that, they were able to, you know, they did very well in handling the brushfires here on Maui.

COUNCILMEMBER MOLINA: Well, thank you. That's an excellent example of the benefits of that kind of training for us here. So, I appreciate the work that you and your Department are doing. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Member Sinenci, and then Member Lee.

COUNCILMEMBER SINENCI: Thank you, Chair. I just had a question about, I guess there was a discrepancy, I might have missed it, from the Federal funding and the total of \$60,500, the figure at the top and the total at the bottom.

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: Sorry. Are you looking at that--let's see--Sub Award Federal Funding, 764,500?

COUNCILMEMBER SINENCI: Yeah, and then the bottom of the page, the \$704,000. Or is that just room for...some leeway with the funding?

MR. ANDAYA: Yeah, I don't know. You know, this is from Hawaii Department . . . *(inaudible)* . . .

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. YOSHIMURA: . . .*(inaudible)*. . .

CHAIR RAWLINS-FERNANDEZ: Mr. Andaya?

MR. ANDAYA: Madam Chair? Councilmember Sinenci, that's a very good question. Actually, this form was sent to us by the Hawaii Department of Defense, Office of Homeland Security, and I'm not sure why there's a difference between the two. So, I'll check on that, then we'll get back --

COUNCILMEMBER SINENCI: Okay.

MR. ANDAYA: --to you.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Good catch, Member Sinenci. Member Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Mr. Andaya, I just wanted to ask, on the second to the last item on the sheet, Generator Upgrade for Data Center, where is this going to be located?

MR. ANDAYA: Madam Chair?

CHAIR RAWLINS-FERNANDEZ: Mr. Andaya?

MR. ANDAYA: It's going to be located where the generator is right now, the existing generator. So, we'll be replacing that generator. We'll be replacing it with a propane generator, which we found to be more reliable than what --

COUNCILMEMBER LEE: Where is that --

MR. ANDAYA: --we have right now.

COUNCILMEMBER LEE: --located?

MR. ANDAYA: Oh, it's...I'm sorry, it's on the side of the building, next to the Prosecutor's Office.

COUNCILMEMBER LEE: Oh, so, you're not moving?

MR. ANDAYA: We're not moving that generator, no.

COUNCILMEMBER LEE: Or you're not moving your office I mean?

MR. ANDAYA: No, no.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

COUNCILMEMBER LEE: Okay.

MR. ANDAYA: No, not at this time.

COUNCILMEMBER LEE: Yeah, 'cause I think I...there was some kind of discussion about you have outgrown your space and you needed a bigger quarters. So, I was just wondering. That's why I asked where this was going. Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Okay. Any additional questions? If not, I'll ask my two questions. Either Mr. Andaya or Ms. Yoshimura, do you know how we are able to get that additional \$200,000?

MR. ANDAYA: So, the process, we submit applications for different proposals, different projects, and this is submitted by various departments within the County, and then we go through what's called a red book process. So, we have a large meeting with the different departments, different counties, State, and we justify, kind of argue, you know, and justify why we need a certain project and whatnot. And so, we won't know until October or so, whether we were able to, you know, get the funding for it. And so, that's the reason why at that time when we created the budget, we didn't know what the final amount was going to be.

CHAIR RAWLINS-FERNANDEZ: Okay. So, the 500,000 was a conservative number?

MR. ANDAYA: Right, it was just what we --

CHAIR RAWLINS-FERNANDEZ: Okay.

MR. ANDAYA: --anticipated, yeah.

CHAIR RAWLINS-FERNANDEZ: Okay. And do you know specifically where that additional 200,000 went to?

MR. ANDAYA: The 200...the total amount is 704,000. So, what was given to the Councilmembers is a list of the different projects, which will...which amounts to 704,000.

CHAIR RAWLINS-FERNANDEZ: Okay. So, do you know which program when anticipating the 500,000 during Budget, you were thinking that we weren't going to get funding for, and then --

MR. ANDAYA: Oh --

CHAIR RAWLINS-FERNANDEZ: --we got funding --

MR. ANDAYA: --we --

CHAIR RAWLINS-FERNANDEZ: --for?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MR. ANDAYA: --didn't know at that time. I mean we just had one...I mean we didn't know when we created the budget, because not all the...we didn't know which projects were going to get approved. So, that didn't come until later.

CHAIR RAWLINS-FERNANDEZ: Okay. So, I guess my question is like how did you anticipate 500,000?

MS. YOSHIMURA: Chair?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: When we did the Fiscal Year 2020 Budget, we used the 500,000 based on what we received in Fiscal Year '19, and then we put in our proposals for Fiscal 2020. And upon review from the Agency, then we get a notification as to what we actually get awarded. Because we got awarded \$704,000, we're here for the amendment to recognize the additional 204,000.

CHAIR RAWLINS-FERNANDEZ: Great.

MS. YOSHIMURA: Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Ms. Yoshimura. All right. If there are no more questions, the Chair will entertain a motion to recommend passage on first reading of the proposed bill entitled A Bill for an Ordinance Amending the Fiscal Year 2020 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Emergency Management Agency (State Homeland Security Grant Program).

COUNCILMEMBER SINENCI: So moved.

COUNCILMEMBER SUGIMURA: Second.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER LEE: I missed it.

CHAIR RAWLINS-FERNANDEZ: Moved by Member Sinenci, seconded by Member Sugimura. Any discussion? Oh, sorry, incorporating any nonsubstantive revisions to be requested from the Budget Director. That was the intention of your motion, right? Okay. Any discussion? All those in favor please say "aye."

COUNCILMEMBERS: Aye.

CHAIR RAWLINS-FERNANDEZ: Okay. Any opposed? Okay. Motion passes unanimously, six "ayes," three excused, Chair King, Member Hokama, and Member Paltin.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

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

NOES: **None.**

ABSTAIN: None.

ABSENT: **None.**

EXC.: Vice-Chair King, and Councilmembers Hokama, and Paltin.

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. Andaya.

ITEM 45(2): AMENDMENTS TO APPENDIX A, GRANTS AND RESTRICTED USE REVENUES – SCHEDULE OF GRANTS AND RESTRICTED USE REVENUES BY DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2020 (DEPARTMENT OF HOUSING AND HUMAN CONCERNS (VOLUNTARY CONTRIBUTIONS)) (CC 19-281)

CHAIR RAWLINS-FERNANDEZ: Okay. Our next item is EDB-45(2), A Bill for an Ordinance Amending the Fiscal Year 2020 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Department [sic] and Programs, Department of Housing and Human Concerns (Voluntary Contributions). Okay. And then, we have joining us, Department of Housing and Human Concerns, Director Lori Tsuhako. Aloha kakahiaka.

MS. TSUHAKE: Aloha and good morning, Madam Chair, Members.

CHAIR RAWLINS-FERNANDEZ: Mahalo for joining us.

COUNCILMEMBER KAMA: Good morning.

CHAIR RAWLINS-FERNANDEZ: Okay. Ms. Yoshimura, will you please provide us opening comments?

MS. YOSHIMURA: Okay. Chair, this also amends Appendix A, Part II of...Part I of the Fiscal Year 2020 Budget. It's adding an appropriation entitled Voluntary

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

Contributions. So, the Department or Office on Aging more specifically, receives contributions or donations from family members or participants of programs that are provided by the Office on Aging. So, Title 3 requires that the Office on Aging provides opportunities for them to give back to the program. And all the monies received is reprogrammed into additional services for the senior population. So, we're just adding this appropriation into Appendix A, Part I, so the Department can utilize the donations that they have received to date. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Yoshimura. Okay. Members, questions? Member Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. Maybe for either the Director or Ms. Yoshimura or Ms. Tsuhako, so these are voluntary donations from the community and they have the right to, I guess designate where they want their...the funds or programs they want the monies to go to?

CHAIR RAWLINS-FERNANDEZ: Director Tsuhako?

MS. TSUHAKO: Thank you, Madam Chair. The donations can be collected from any program that's operated by for example the Office on Aging or Kaunoha, and the Title 3, the Federal Act requires our agencies to offer an opportunity for either the participants or their families to make a contribution. Our requirement is that we have to take those contributions made to a specific program and reprogram back into the program. So, in other words, I cannot collect a donation from Meals on Wheels participant and go spend it on staffing or equipment. It goes right back into the program itself.

COUNCILMEMBER MOLINA: Okay. All right. Thank you. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Okay. Any other questions? Seeing none, the Chair will entertain a motion to recommend passage on first reading of the proposed bill entitled A Bill for an Ordinance Amending the Fiscal Year 2020 Budget for the County of Maui as it Pertains to Appendix A, Part I, Grants and Restricted Use Revenues - Schedule of Grants and Restricted Use Revenues by Departments and Programs, Department of Housing and Human Concerns (Voluntary Contributions); incorporating any nonsubstantive revisions to be requested from the Budget Director.

COUNCILMEMBER KAMA: So moved.

COUNCILMEMBER SUGIMURA: Second.

CHAIR RAWLINS-FERNANDEZ: Moved by Pro Temp Kama, seconded by Member Sugimura. Discussion? Okay. Seeing none, I'll call for the question. All those in favor please say "aye."

COUNCILMEMBERS: Aye.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: Any opposed? Okay. Motion passes unanimously with six “ayes,” three excused, Chair King, Member Hokama, and Member Paltin.

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

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair King, and Councilmembers Hokama, and Paltin.**

MOTION CARRIED.

ACTION: **FIRST READING** of bill by C.R.

CHAIR RAWLINS-FERNANDEZ: Okay.

ITEM 45(6): AMENDMENTS TO APPENDIX A, GRANTS AND RESTRICTED USE REVENUES – SCHEDULE OF GRANTS AND RESTRICTED USE REVENUES BY DEPARTMENTS AND PROGRAMS FOR FISCAL YEAR 2020 (DEPARTMENT OF HOUSING AND HUMAN CONCERNS (STRATEGIC PREVENTION FRAMEWORK PARTNERSHIPS FOR SUCCESS)) (CC 19-281)

CHAIR RAWLINS-FERNANDEZ: And we’ll get to the last...the fifth item, and then we’ll reopen public testimony. EDB-45(6), Amendments to Appendix A, Grants and Restricted Use Revenues - Schedule of Grants, and Restricted Use Revenues by Departments and Programs for Fiscal Year 2020 (Department of Housing and Human Concerns (Strategic Prevention Framework Partnership *[sic]* for Success)). That’s a tongue-twister. Okay. Ms. Yoshimura, will you please provide the Committee opening comments?

MS. YOSHIMURA: Thank you, Chair. Again, an amendment to Appendix A, Part I, the Department of Housing and Human Concerns is receiving an additional \$110,000 for the Strategic Prevention Framework Partnership *[sic]* for Success Grant. We anticipated 100,000 when we did the budget. We are getting \$210,000, and this will be for the continued development and coordination of the substance abuse prevention system for the County of Maui.

UNIDENTIFIED SPEAKER: Yes.

December 5, 2019

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

ABSENT: None.

**EXC.: Vice-Chair King, and Councilmembers Hokama,
 and Paltin.**

MOTION CARRIED.

ACTION: FIRST READING of bill by C.R.

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SINENCI: Chair?

CHAIR RAWLINS-FERNANDEZ: All right. Those were the first five items. And we'll now open back up public testimony.

COUNCILMEMBER SINENCI: Chair?

CHAIR RAWLINS-FERNANDEZ: Member Sinenci?

COUNCILMEMBER SINENCI: I just wanted to request a quick recess at the call --

CHAIR RAWLINS-FERNANDEZ: Okay.

COUNCILMEMBER SINENCI: --of the Chair if possible.

CHAIR RAWLINS-FERNANDEZ: All right. Members, any objections to a quick recess --

COUNCILMEMBER SINENCI: Okay.

CHAIR RAWLINS-FERNANDEZ: --at the call of the Chair? Okay. It's 9:47 on December 5th, and we're going to call for a recess at the call of the Chair. We're in recess. . . .*(gavel)*. . .

RECESS: 9:47 a.m.
RECONVENE: 9:59 a.m.

CHAIR RAWLINS-FERNANDEZ: . . .*(gavel)*. . . Will the Economic Development and Budget Committee please return to order. It's 9:59 on December 5th, and we're going to reopen public testimony on item EDB-52, make sure that's right, yeah, EDB-52. We'll start...oh, sorry, okay, for individuals testifying in the Chamber, please sign up at the desk outside the Chamber door. If you're testifying at a remote location, please sign up with District Staff. Testimony is limited to three minutes. When testifying, please state your name and any...the name of any organization you may be representing. If you're a paid lobbyist, please inform the Committee. We have established connection

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

with the Council District Offices, and we'll check in with them for testifiers. Molokai Office, Ms. Lindo, do you have anyone there wishing to testify?

MS. LINDO: Good morning, Chair. There are --

CHAIR RAWLINS-FERNANDEZ: Good morning.

MS. LINDO: --no testifiers at the Molokai Office.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Ms. Fernandez, do you have anyone at the Lānaʻi Office wishing to testify?

MS. FERNANDEZ: Good morning, Chair.

CHAIR RAWLINS-FERNANDEZ: Good morning.

MS. FERNANDEZ: There are no testifiers at the Lānaʻi Office.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. And in Hana, Ms. Oliveira-Medeiros, will you please call your first testifier?

MS. OLIVEIRA-MEDEIROS: Aloha, Chair. My first testifier is John Romain, and then Sam Akoi.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. ROMAIN: Committee...good morning. My name is John Romain. I've been a Hana resident for 34 years, and I'm here to voice my support for EDB-52. We all know that affordable housing is an island-wide problem, and you may ask yourselves why should a community as small as Hana to be considered for a project this size? I'd like to point out a couple considerations. First, what makes Hana special is its people. There are families that have been here for many generations, and as such, Hana more than any place on Maui County other than maybe Molokai, really steep and perpetuate...steeped with and perpetuates the Hawaiian cultural practices and values. With the housing shortage as it is, many families are doubling and even tripling up in houses right now, and many are being forced to leave. And once that string...that progression of families breaks, and Hana is at risk of really losing what it is. Another consideration I think that's very important is that there is no better place to create a model for this type of development. As many of you know, there's a whole generation of Hana students thanks to Rick Rutiz that know...that have carpentry and house-building skills, which makes the perfect match for Habitat for Humanity. So, with these two considerations, I ask that you look at Hana as not just a place that needs to be preserved and protected the best that it can, but also as a place that can be a model for this type of a project in other parts of the island. I thank you for your time.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. OLIVEIRA-MEDEIROS: All right.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. --

MS. OLIVEIRA-MEDEIROS: Okay, now --

CHAIR RAWLINS-FERNANDEZ: --Romain.

MS. OLIVEIRA-MEDEIROS: --we have Sam Akoi.

CHAIR RAWLINS-FERNANDEZ: Oh...hold on, Ms. Oliveira-Medeiros. Members, any questions for our first testifier?

MS. OLIVEIRA-MEDEIROS: I'm sorry, did you have any questions? I cannot hear you.

CHAIR RAWLINS-FERNANDEZ: We have a question from Member Sinenci.

MS. OLIVEIRA-MEDEIROS: Okay.

COUNCILMEMBER SINENCI: Thank you, Chair.

MS. OLIVEIRA-MEDEIROS: There you go.

MR. ROMAIN: Yes?

COUNCILMEMBER SINENCI: Thank you, Mr. Romain, for your testimony. My question was as a long-time resident, can you speak to the general housing market in Hana?

MR. ROMAIN: I'm sorry, to speak to what?

CHAIR RAWLINS-FERNANDEZ: The general housing market in Hana?

MR. ROMAIN: Oh yes, well, I think as we all know that there's only so many houses here, and that the prices have accelerated to the point that it's just very difficult for families to stay here, you know. We don't really have anybody that is...nobody is making huge incomes down here, we just don't have that kind of an economy. That's another thing that this project will do is help to stimulate some economic help in our community. But yeah, housing is a very acute problem as it is elsewhere, but particularly in Hana because we want to retain Hana as Hana, what it is, and it's really the people more than anything else that makes Hana, Hana.

COUNCILMEMBER SINENCI: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo. Okay. Miss...any more questions? Okay. No other questions. Okay. Ms. Oliveira-Medeiros, will you please introduce your next testifier?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. OLIVEIRA-MEDEIROS: Okay. Next we have Sam Akoi, IV.

MR. AKOI: Aloha kakahiaka, County Chair [sic], County Council. My name is Sam Akoi, IV. I live in Hana. I support the affordable housing, Habitat for Humanity. You know, as a...I live here like seven generations, and I live with my mom them, and all my brothers and sisters, you know, until we were adults, and we raised our kids too. You know, getting out on our own, it's not even thought of. You know, this project, you know, will bring housing to our youngsters in communities and getting them out of the house, you know, with their kupunas, and the kupunas can live their life, you know, nice and quiet, you know how that goes. But anyway, you know, also, I wanted to bring out, you know, millionaires coming here and buying houses and raising our taxes on our lands here. You know, some of us own some land and we can't pay the taxes, the taxes just keep on going up, you know. And on top of that, they don't really live here. You know, they stay here like maybe once or twice a year they come and they go back, and then they hire people from where they're from, from the mainland, and no...not from here. So, it leaves us still living with our parents and stuff. But I support Habitat, and the only one thing I have about this affordable housing that I think, you know, 5 million is a lot to me, you know. We have resources right here in Hana that, you know, construction workers here, we get the County here, you know, to do the infrastructures and stuff like that, and...but to the having jobs here for the community and the youngsters with Ma Ka Hana Ka Ike, you know, building the houses, help to self-home-building their houses, it's like it's a no-brainer for us here. But anyway, I just wanted to share my mana`o with you folks. Thank you, all. Aloha. Have a great day.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Members, any questions for our testifier? Okay. Seeing none, mahalo, Mr. Akoi, for your testimony. Ms. --

MR. AKOI: Thank you.

CHAIR RAWLINS-FERNANDEZ: --Oliveira-Medeiros, will you --

MS. OLIVEIRA-MEDEIROS: Thank you.

CHAIR RAWLINS-FERNANDEZ: --please call your next testifier? Okay. I think...okay. Was that your last testifier? Okay. Mr. Krueger, will you please call testifiers signed up in the Chamber?

MR. KRUEGER: Chair, there are currently two testifiers signed up in the Chamber. First signed up to testify is Alohalani Smith, testifying on agenda item EDB-52, to be followed by Claire Kamalu Carroll.

MS. SMITH: Aloha, Chair and --

CHAIR RAWLINS-FERNANDEZ: Aloha.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. SMITH: --Councilmembers. My name is Alohalani Smith. I'm a resident in the east end community and a community leader. I not only support EDB-52, but I also commend this amendment for our Hana community. We see too much, I mean too many of our families leaving Hawaii due to a lack of affordable homes, economy that leaves them helpless to figure the credit rules and regulations to afford a home or even rent one. I'm a Native Hawaiian cofounder to a software credit company. We specialize in helping educate our community because credit-ready...and help them, sorry, to become credit-ready and worthy to function in this complex financial society. My team and I provide solution with a mission to help Native Hawaiians through community development partnerships. We will use this platform and our planning to bring a credit summit in January of 2020 to assist with financial literacy, which we lack a lot here. The purpose of our business is to prepare our families with the education and skills necessary to afford a home, create a business, or keep them in Hawaii with better financial management tools to succeed in Hawaii. This is where Habitat for Humanity would be a great partnership and able to provide the necessary tools and program to assist with the affordable homes in Hana. The problem I see in this is the cost of construction to the Hana Moku. Fuel and travel with the zone, okay, they charge you by the zone, makes it difficult for families in Hana. So, it will increase cost that will impact them. So, please factor these items so that that could be defrayed for the costs on these families. I also, I have a question, but is these 25 homes over the course of the affordability period of 30 years? We need clarification in the affordability period because it could translate to one home per year. I mean for some, we see it that way. So, we just wanted clarification. But thank you for your guys' time.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Ms. Smith. Okay. Questions? Mahalo for waiting so patiently, Chair King. Mahalo for joining us. I...sorry, you were here for over 15 minutes now.

VICE-CHAIR KING: No problem.

CHAIR RAWLINS-FERNANDEZ: My bad. I'm sorry. Okay. So, we have questions from Member Sinenci and Chair King.

COUNCILMEMBER SINENCI: Go ahead.

CHAIR RAWLINS-FERNANDEZ: Okay. Chair King first.

VICE-CHAIR KING: Okay. Thank you. Thanks for being here, Ms. Smith. I just wanted to get clarification on what you meant by 30 years affordability translating into 1 home per year? What was...

MS. SMITH: So, when you read on the bottom after the comma, 25 homes, and in the period of...I forgot, I don't have it with me, but when you read that, it kind of...it made me think that was it within 30-year period, I mean or was it just for the 30-year mortgage --

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

VICE-CHAIR KING: I think --

MS. SMITH: --period?

VICE-CHAIR KING: --affordability means it has to remain in that same resale...whatever they're buying it for, which is an affordable rate, if they turn around and sell it within the next 30 years, they have to sell it for that same price. That's --

MS. SMITH: Oh, okay.

VICE-CHAIR KING: --the affordability --

MS. SMITH: That's good.

VICE-CHAIR KING: --for 30 years.

MS. SMITH: For 30 years.

VICE-CHAIR KING: Yeah. Okay.

MS. SMITH: Got it.

VICE-CHAIR KING: So, I just wanted to...I wasn't sure what you were talking about but --

MS. SMITH: I don't have my --

VICE-CHAIR KING: --yeah, maybe --

MS. SMITH: --paper with me.

VICE-CHAIR KING: --to find clear ways to express ourselves in some of these documents.
Thank you.

MS. SMITH: Right. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Ms. Smith, for being here. You know, you started to mention about some of the challenges of doing business, you know, let alone building a home in East Maui. Can you expand what some of the challenges of just doing business out there in rural East Maui?

MS. SMITH: On the East Maui...well, I mean you're talking five generations in one household. You know, they have income, but they need to branch out to prosper. And, you know, just having the affordability is big, but then we have education because every year, credit, it changes. It puts such a damper on people to afford things. So, for instance, credit cards, now in the credit reporting companies, you have

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

to have at least three credit cards. I did not know that. I prefer one. But now, in order to establish your credit and get to that high score, you have to have three, which I don't like the idea. But again, that's the way it goes. So, does our community know simple matters like this? Another one would be 30 percent. Before the thought was for a credit card not to go over 30 percent in your spending. Not anymore, it's 8 percent. Okay. So, there's education that needs to be out there for our people, and we're not getting it. So, we're hoping that through our mission to help our communities, we can do that.

COUNCILMEMBER SINENCI: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Pro Temp Kama?

COUNCILMEMBER KAMA: Thank you, Chair. So...good morning and thank you for being here.

MS. SMITH: Thank you.

COUNCILMEMBER KAMA: I was wanting to ask you, you mentioned something about the infrastructure and charging by zone. What is...what were you trying to say?

MS. SMITH: Okay. So, I'll take Porta Potties for an example.

COUNCILMEMBER KAMA: Okay.

MS. SMITH: When I need one for a meeting in Kaupo, it costs me \$840 for a Porta Potti. Why? Because they don't like to travel the zone. It...of course, you see the road conditions, you see the hardships that every traffic...every visitor goes through. So, they do have a higher fee for going into the remote areas. I mean that's just one example, but there's many. Trucking construction materials, that's high. So, those are the items that I'm looking into that we can help our families by not getting charged extra hidden fees because of this factor.

COUNCILMEMBER KAMA: Thank you, Chair.

MS. SMITH: Yeah.

COUNCILMEMBER KAMA: Thank you very much.

MS. SMITH: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Okay. Seeing no other questions, mahalo for your testimony --

MS. SMITH: Thank you.

CHAIR RAWLINS-FERNANDEZ: --Ms. Smith.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. SMITH: Okay.

CHAIR RAWLINS-FERNANDEZ: Okay. Mr. Krueger, will you please call our next testifier?

MR. KRUEGER: Chair, the last person signed up to testify in the Chambers is Claire Kamalu Carroll, testifying on agenda item EDB-52.

MS. CARROLL: Aloha and good morning, Committee Chair and Councilmembers. I stand here today...I did testify in our last meeting, but I just kind of want to friendly remind our Councilmembers, this project has been going on for a couple of years in the process. There is not a negative word into this project. I urge you to think about our community. There was homes that was brought on the table that was voted down. But as you can tell by testimony, written testimony, we are embracing this project. We ask you today, please pass this for Hana community and our community members. Mahalo.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo. Okay. Members, questions? Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Thanks, Claire, for coming out and testifying today. You know, as a mother in Hana, are your children able to purchase their own homes in this current market?

MS. CARROLL: Actually, one of them is, but the real answer to that that I want to give you is my family is blessed. We're generational. We have not sold our lands. We have kept the houses that we have built. My grandmother's house, that's where my son lives. We have enough. I don't sign up for Hawaiian Homes. Why? Because there are other Hawaiians waiting. I fit the criteria and I have great credit, but this opportunity is not for me and my family, it's actually for the families in need. And I work with the younger generation, which I mentor them all the time, saving money, don't forget you're going to need a down payment. You're not going to wake up one day and say, hey, we got a house for you. It's being a...responsible. Our community needs to be responsible. It's up to them. It's in their hands, and we have families that have been working on their credit and financials, and with Habitat for Humanity. Would we turn this down? I don't think so.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Mahalo, Miss...oh, sorry, any other questions?

COUNCILMEMBER KAMA: Question.

CHAIR RAWLINS-FERNANDEZ: Oh, okay. Pro Temp Kama?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

COUNCILMEMBER KAMA: Thank you. Thank you for being here. So, my question is, you know, the project is for 25 homes I think, right?

MS. CARROLL: Yes.

COUNCILMEMBER KAMA: Do you have more or less than 25 families or individuals that have a need in Hana than 25?

MS. CARROLL: We have way more. We have more. This is just the beginning. Do we send our families out? We have a lot of Hana people. Hawaiian Homes in Kula, Waiehu Kou, they embraced us. This is not about where your residence is. This is for our community. These are housings, houses, homes for our community, but we have way more. We embrace this opportunity even with Hawaiian Home Lands. We made mistakes in the past but Hana is moving forward. Keep our community. I love my children being in Hana. I love my grandchildren being in Hana. It's almost you don't want to send them away because if they don't love what you have, they'll sell it the moment you die.

COUNCILMEMBER KAMA: Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Okay. Member Molina?

COUNCILMEMBER MOLINA: Yeah, thank you, Madam Chair. Good morning, Ms. Carroll. And just following up on your responses to Member Kama when she asked you, was there a bigger need for affordable housing in Hana, and, you know, I appreciate your statements, because the average lot size is going to be 10,000 square feet, and we're getting 25 homes. So, would you see a need to possibly subdivide this into maybe slightly smaller lots so we can provide more housing out there?

MS. CARROLL: You know what I would do, I would keep it that way 'cause I believe the lot size, you can put an ohana. If I'm incorrect, I'm sorry, but I believe you can put an ohana. So, that way, you can do an additional housing, your family can be on the same land.

COUNCILMEMBER MOLINA: Okay.

MS. CARROLL: And forgive me if I'm incorrect, but I believe so.

COUNCILMEMBER MOLINA: Yeah, okay. And I appreciate that, the ohana units. But again, it's assumed that the people who are going to get this have, you know, limited resources, yeah, to put an ohana, and we don't know when they could put it up, and the need is now for more housing, yeah, 'cause there's a lot of families in that area. So, anyway, I appreciate your comments. Thank you --

MS. CARROLL: Mahalo.

COUNCILMEMBER MOLINA: --Madam Chair.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

COUNCILMEMBER KAMA: Chair?

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Pro Temp Kama?

COUNCILMEMBER KAMA: I don't have a question for the testifier, but I think maybe the Habitat...would be a Habitat question, maybe later on if you'd like --

CHAIR RAWLINS-FERNANDEZ: Yeah, we're going to --

COUNCILMEMBER KAMA: --'cause --

CHAIR RAWLINS-FERNANDEZ: --bring --

COUNCILMEMBER KAMA: --I'd --

CHAIR RAWLINS-FERNANDEZ: --them up --

COUNCILMEMBER KAMA: --like to know --

CHAIR RAWLINS-FERNANDEZ: --after --

COUNCILMEMBER KAMA: --if --

CHAIR RAWLINS-FERNANDEZ: --testimony.

COUNCILMEMBER KAMA: --they can actually do an ohana on Habitat. And if --

CHAIR RAWLINS-FERNANDEZ: Yeah.

COUNCILMEMBER KAMA: --they can, if Habitat could actually do that ohana unit also.
Thank you.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Pro Temp Kama. Okay. Any other questions? Okay. Mahalo, Ms. Carroll, for your testimony.

MS. CARROLL: Mahalo.

CHAIR RAWLINS-FERNANDEZ: Okay.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Yeah, thank you. I...yeah, I was just wondering, I wanted to ask earlier, but not for the testifier, if there's a...I think you had mentioned that there was a amendment to the previous action that this Council took, but I don't see it on

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

Granicus. So, is that something that's going to be handed out to us? Is Habitat going to do a presentation and hand us out a hard copy of what they're now proposing?

CHAIR RAWLINS-FERNANDEZ: We can close public testimony and bring Habitat down and ask.

VICE-CHAIR KING: Ask --

CHAIR RAWLINS-FERNANDEZ: I --

VICE-CHAIR KING: --them.

CHAIR RAWLINS-FERNANDEZ: --don't...

VICE-CHAIR KING: Okay. So, you don't...you haven't seen anything yet?

CHAIR RAWLINS-FERNANDEZ: I'm not sure which amendment you're --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --talking about. Okay.

VICE-CHAIR KING: Well, all I see on Granicus is just testimony. So, I just wondered --

CHAIR RAWLINS-FERNANDEZ: Yeah.

VICE-CHAIR KING: --if there was supposed to be something that was coming --

CHAIR RAWLINS-FERNANDEZ: Okay.

VICE-CHAIR KING: --a report coming directly from them.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay. Mr. Krueger, do we have any other testifiers signed up?

MR. KRUEGER: Chair, there is no one else in the Chamber signed up to testify.

CHAIR RAWLINS-FERNANDEZ: Okay. So, if there are no objections, I will close public testimony.

COUNCILMEMBERS: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo.

. . .END OF PUBLIC TESTIMONY. . .

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: And then we'll call up Habitat for Humanity representatives, and then we can ask them that question. James, . . . *(inaudible)*. . . And then while we're having Housing...Habitat for Humanity walk down, our Staff will also distribute the presentation. Okay. Mahalo.

**ITEM 52: AMENDING FISCAL YEAR 2020 BUDGET: AFFORDABLE
HOUSING FUND (HABITAT FOR HUMANITY, AFFORDABLE
HANA HOUSING PROJECT) (CC 19-368)**

CHAIR RAWLINS-FERNANDEZ: Okay. So, the last item we have on our agenda is EDB-52, Amending Fiscal Year 2020 Budget: Affordable Housing Fund (Habitat for Humanity, Affordable Housing Project...Affordable Hana Housing Project). Okay. So, we have Ms. Dodson and Mr. Tornai?

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

CHAIR RAWLINS-FERNANDEZ: Okay. From Habitat for Humanity Maui. And if there are no objections, I would like to ask our Committee to...I would like to designate them as resource persons in accordance with Rule 18(A) of the Rules of the Council because --

UNIDENTIFIED SPEAKER: No...

CHAIR RAWLINS-FERNANDEZ: --of their specialized knowledge on this housing project.

VICE-CHAIR KING: No objections.

CHAIR RAWLINS-FERNANDEZ: Okay. Great. Thanks. Okay. And then we also have Budget Director Yoshimura with us, as well as Department of Housing and Human Concerns, Director Lori Tshako, and Housing Administrator, okay, Buddy Almeida. Okay. So, Budget Director, did you want to open up with comments first, and then I'll ask Habitat for Humanity, Miss...yeah.

MS. YOSHIMURA: Thank you, Chair. The proposed amendment will add the project for the Affordable Hana Housing to the Affordable Housing Fund. The request is for \$5 million, and this will be to Appendix A, Part II. Director Tshako and Housing Administrator Buddy Almeida could give you more information on the project itself. Thank you.

CHAIR RAWLINS-FERNANDEZ: Director Tshako, would you --

MS. TSUHAKE: Thank you.

CHAIR RAWLINS-FERNANDEZ: --provide comments?

MS. TSUHAKE: Thank you, Madam Chair. Habitat for Humanity applied for Affordable Housing Funds. They went through a competitive process with other applicants, and

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

their scores justified recommendation of funding from the Department. Madam Chair, if you would allow, we would like to have Ms. Dodson be able to provide her presentation to the Committee, and then perhaps we can all then address the specific questions afterward.

CHAIR RAWLINS-FERNANDEZ: Absolutely.

MS. TSUHAKE: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. Okay. Ms. Dodson, are you ready? Okay. Will you please proceed with your presentation?

MS. DODSON: . . . *(PowerPoint presentation)*. . . Good morning. I'm Sherri Dodson, Executive Director for Habitat for Humanity, and I have Max Tornai who is my Development Director who worked on this grant. We do have a presentation we'd like to share with Council. We appreciate the ability to share this project with you. So, in general, this is 25 homes in Hana. Habitat was approached by a developer family out there several years ago to be part of an affordable housing project. Originally, it was 10 homes, and as...through the course of the project, we were offered the ability to have all 25 lots, if we so wanted. And considering the need in Hana, we agreed we would if we could, we'd purchase all 25 lots. This is a map of the area. Each of the lots are about over 10,000 square feet, and the reason why they are so large is because we have to put septic systems on the...for each house. There is no public County sewage lines out there. The project is across from the dialysis center in Hana. It's just down from the only other affordable housing project in Hana. Habitat has been building and renovating homes on Maui since 1997. We have done single-family homes, multi-family homes, commercial projects, and renovations. Typically, a developer will approach us as part of their project to satisfy the affordable housing component. So, we do a lot of work with the affordable in a larger project. We work with families that make under 80 percent of the Maui County median income. Currently, that amount in Hana is less than \$52,000 a year for a family of four. This is about \$4,400 a month, which is a teacher salary or a starter firefighter. Habitat issues a 0 percent interest, 30-year mortgage. We are the lender. There's a second mortgage that is the difference between the appraised value and what we are selling the home for. So, recently, we sold a home that was appraised at 660,000. We sold it for 360,000. So, the second mortgage is for 30 years as well, and it was for 300,000, the difference between the appraised value and what we sold the house for. There is no appreciation in the first ten years. We feel that because the...so volunteer labor help build the house and there's such a large subsidy. Obviously, the difference in the house we just sold was quite large. There should be no appreciation in the first year. Year 11, the appreciation starts at 5 percent and grows over time. Just like the rest of us who started at, you know, starter home, and over years, we've grown equity in the home. And so, that's what happens with our homes. In the case of the \$660,000 appraised home selling for 360,000, on year 11, the first 5 percent would be somewhere around 18,000. An essential element to our program is sweat equity. When somebody works on a house, puts hours in on a house, they become much more vested in the house and the community. They also learn valuable skills like how to install the plumbing or

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

how to, you know, fix a hole in the wall. And so, that, you know, they've been renting for so long, they're used to calling a landlord. And from now on, once they own, there's no landlord to call. So, having those skills is really important. Homeowner education is another crucial part to our program. We require it for all our families, and we also offer it to the public. We know that families tend to fall back into bad habits. And so, we stay available to our families throughout the entire course of the mortgage should they start to get into trouble, because we are the lender, we know that first so that we can help them get back on track. Typically, developers will sell us the land at a discounted price. They do that because we demand it. In this case, the land is appraised...was appraised \$1.5 million over the sales price. And I know that was a very big issue at the beginning of this, whether this project was, you know, \$5 million does sound like a lot of money, but the appraisal came in much higher than what we're being sold the property for. This is a chart. I don't know if you can read it, but I think you guys have the presentation. The appraiser...each of the lots is appraised differently because of where they sit. They may have a different view or they may have no view. But on average, it was \$1.5 million for the whole project. The average person on Maui is probably paying close to over 50 percent of their monthly income for a place to live. That means that every other paycheck goes directly to a mortgage or to rent. Habitat believes that no one should pay more than 30 percent of their income towards housing costs. This means that some homes that we sell are subsidized more than other homes. This is an actual example of a home that we recently sold. We start with box number one, which is below, and we start with their monthly income. And once we determine their monthly income, then we backtrack into how much they can afford to pay monthly for housing costs. Once we know that, then we can calculate out what this...what the house price will be. So, you could have two homes right next to each other actually be sold for different prices based upon what the family can afford, and that's how we determine that they're affordable. In this case, the house price is 365,000 because the family makes more money, but both families' payments are well below appraised value. We believe we are making a difference one house at a time. For this family in Lānaʻi who were living in substandard conditions, that difference is the feeling of stability that they had lacked. Habitat believes that everyone of us deserves a decent and affordable place to live.

CHAIR RAWLINS-FERNANDEZ: Mahalo for your presentation, Ms. Dodson. And then before I ask Director for any additional comments, before I open up the floor, I'll recognize Member Tamara Paltin. Mahalo for joining us.

COUNCILMEMBER PALTIN: Aloha kakahiaka, Chair. Super stoked on the affordable housing.

CHAIR RAWLINS-FERNANDEZ: Aloha kakahiaka. Okay. Director Tsuhako, did you want to add any additional comments before I open up the floor for questions?

MS. TSUHAKO: Thank you, Madam Chair. I think I'll stick to a generalized comment at this point, and then we can go into more detail as we move along. But the Department is supportive of this project. We understand that there is a very urgent need for housing. We think that the Habitat model will be exceptionally successful in Hana.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

And I think it will meet a need of the people to have a place to call their own, to encourage families to stay in Hana and still remain close to their family members. They may be living in four or five generational households right now, but still want to remain close...in close proximity as families. And so, I think this gives an opportunity for the type of community that Ms. Carroll described to be maintained and to flourish. So...and thank you for your consideration.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Director. Okay. So, I'll go to my Committee Vice-Chair for questions, and then I'll go to the Hana District Representative, and then work our way down for questions. Okay.

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: Thank you, Chair. Thanks for being here. The...I think Habitat is such a great organization. I did have some concerns about the request for 5 million, and we've met on that, because, you know, going back to the original approval of the subdivision, it was presented in the last term as a project that would sell the lots, and that there was a waitlist of people waiting to buy these lots, and apparently, that didn't materialize. And I know you explained it that there was a lot of work that had to be done on the lots that delayed things and that actually caused extra expenses. But I also wanted to mention that the...I'm glad that the pricing...the actual costs of the lots came in as it did because the presentation to the Council last term was that the price per improved lot will range between a 130,000-207,000. So, it appears that the price that is actually going to be paid this thing within that range. That was a big concern. So, thank you for sharing that. A couple of things about your request is what...how much of...I mean you're going to go ahead and purchase all 25 lots. So, apparently, none of the lots were sold as presented to us originally, but how many can you actually develop within the first year do you think at...into homes?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

VICE-CHAIR KING: And would you have...and while you're doing that, you know, I...cause I don't...you know, I think we talked about this, and you weren't able to commit to all 25 homes being built within the first 3 years. But at the same time as you're developing these homes, would you still be offering these lots for sale to somebody who might want to come in and buy a lot and develop their own home on it, which was I think the original intent of the developer?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: Thank you, Council Chair. We cannot commit to building a certain amount of homes within a certain amount of time because we use volunteer labor. We anticipate the times that we've been out in Hana and talking to the community that we're going to have a lot of support. But I'll be honest, we went to Lāna`i, and in the community meetings, everybody said yeah, we're coming out to help, and then, you

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

know, life goes on. People work during the day, so we don't get as many volunteers. So, it will depend on the community. It will depend on the families how much they come out and volunteer. We...Habitat has a volunteer coordinator who works on getting groups from the mainland, groups from other islands to come out and work. So, based upon the volunteers and the project that we're doing right now, we just finished three homes, and it took about a year-and-a-half. Part of that is, you know, permitting and things like that that we have no control over. But we are committed to building as many houses as we can, as fast as we can for the community. We have not made a final decision on selling lots. I would think that it would be beneficial for us to build the houses as well because we do use 0 percent mortgage. If they go out and buy the lot, they still have to go out and get a loan to build the house or to buy the materials unless they have the money. And if they have the money, I would think that they maybe wouldn't qualify for our program. So...

VICE-CHAIR KING: Okay. So, yeah, and my main concern is having \$5 million sitting around in an account when maybe you can only spend 1.5 million in the next three years. So, that's why, you know, I'm thinking if you can, you know, sell the lots and people are ready to build and buy, and we can get those homes built quicker, and then maybe that some of the money comes back or, you know, to the account, because that's a, you know, that's \$200,000...average of \$200,000 per home that we're subsidizing, or per lot. So, that was one of my main concerns is how much of that funding was actually going to be able to be used 'cause that's a pretty big chunk of what's in our Affordable Housing Fund. And then is there a way to assure that these go to Hana residents?

MS. DODSON: I just --

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: --wanted to back up a little bit on the...we're going to be purchasing all 25 lots. So, that's \$3.9 million that we'll spend initially. The remaining balance is to get us started on the building. So, it will be...and the way the fund works, it's reimbursed. So, we have to spend the money, and then we get reimbursed. So, the money --

VICE-CHAIR KING: Yeah --

MS. DODSON: --will...

VICE-CHAIR KING: --no, I understand that, but I'm just saying, you know, we've got...we're going to have like, you know, if you can get three houses built in the next two years, we're going to have 23 lots sitting there, right? So, for how long? And so, that was my main concern is that...that if those are simultaneously being offered for sale, and say five people come in and buy lots and build houses, then we get stuff done quicker because that's the idea is we're trying to house people. We're trying...we'll provide affordable housing and affordable lots as quickly as we can.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. DODSON: And I'm sorry I --

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: --forgot your second question.

VICE-CHAIR KING: Well, I'm just wondering, you know, there's a lot of talk about Hana residents getting these houses, and is there a way to assure that these are limited to Hana residents?

MS. DODSON: Legally --

VICE-CHAIR KING: . . .*(inaudible)*. . .

MS. DODSON: --again, we're a licensed mortgage company. So, legally, we cannot restrict the sale to only people who reside in Hana or only people who reside on Maui. We have already been out in the community, and we will be out in the community accepting applications. The way our program works is you can't just mail an application to somebody. They fill it out and send it back. We...they have to meet with us to go over the application. They have to have the documents, you know, just like you would any other mortgage. And then if they're...if the application is not complete, they have 30 days to get additional information to us. We're going to do a really tight application period. I think that will somewhat hinder somebody from the mainland or, you know, trying to apply for a lot out there. Our goal is to be a 100 percent Hana residents, but legally, we cannot restrict anybody from applying.

VICE-CHAIR KING: Right. Does it help that they have to be involved in building it? Because, you know, somebody from the mainland would have to move over here and start working on the building if they're going to, you know, do your model. So, hopefully, that would help.

MS. DODSON: Certainly, yes, even --

VICE-CHAIR KING: Okay.

MS. DODSON: --taking the homeowner education class, which is a requirement even to apply.

VICE-CHAIR KING: Okay. And then my last question, Chair, and then I'll yield, was, you know, we...it was mentioned earlier about the possibility of putting ohanas or subdividing further, and then you mentioned having to put septic tanks. But what we've been discussing with a lot of the recent affordable housing projects that have come to us is the individual wastewater aerobic units that they're putting in homes rather than a septic tank. Because septic tank, it's better than a cesspool but it's not that much better, you know, still the material that goes in there still makes its way into the environment at some point. So, have you looked into that at all, the individual...I mean it ranges...there's individual units that you can put in, and then

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

they range from anywhere from the compostable toilets that Dr. Pang is talking about, to really sophisticated anaerobic technology. But they are independent units you put in the homes, so they wouldn't require you to take up the space that you'd be taking up, you know, that could possibly house another ohana or, you know, putting a duplex in there or something.

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: We have not looked into it. It's something that we certainly can. It will all depend on price.

VICE-CHAIR KING: Right.

MS. DODSON: Our goal is to keep the houses as inexpensive as possible because, you know, we're building for...we don't have that...every dollar that we spend on construction materials, we have to raise that money, so.

VICE-CHAIR KING: No, I understand, but I mean I don't want to do it at the cost of later on having to go and remediate, you know, something or in the environment, because at some point we're going to find that septic tanks are not that much more acceptable than cesspools. So, you know, we need to be thinking ahead on these things too for the greater good of the community. And actually, I just thought of one more question. So, we're not...there's actually a condition in your...I just want to make sure there is a condition in your model that nobody can do short-term vacation rentals. There won't be any tourist vacation rentals in this subdivision.

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: No, there will be no short-term rentals. It's in our agreement with the Housing Department [sic], and it's not part of our policy. We would never...

VICE-CHAIR KING: Okay.

MS. DODSON: We require owner-occupant in all our houses.

VICE-CHAIR KING: Okay. Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Okay. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. Thank you, Ms. Dodson and Max, for being here. I just wanted to speak, you know, in 2017, our community saw probably the last affordable inventory. We had about four or five homes in Hana that was put on sale. And within a month's time, all four were sold, and they were all turned into short-term rentals. And the people who bought them were some professional doctors out here, and some other short-term rental owners that wanted to expand their business to East Maui. So, we saw the last four affordable housing being spent that way. And because of that, a couple Hana residents had gotten together and tried to

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

institute the hui system of back in the days where everybody, you know, pony up all their finances and hey, let's try and purchase some of these lots that are just going like hotcakes. And so...but of course, you know, with financing hurdles, this was not possible for some of the families to create these hui to start...stop the onslaught almost. So, my question was that, you know, just for the...you've heard that we are a multigenerational community and our households are likewise and...but sometimes life happens. And so, if some of these homes were to be resold, we want...is...are they going to be sold at the same AMI as they were initially purchased at?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: Habitat does have a buy-back clause in our mortgages so that the...we will get the house back, and we only sell to 80 percent and below. We don't sell market-rate homes at all. I think in most cases, especially when it's intergenerational, and then hopefully, we do the education part right, and the kids are able to take over the mortgage. That would be the most ideal situation for the kids to...like most people want their kids to have a home, and that's the reason why they're doing what they're doing is trying to get their kids to be able to have a home when they pass. So --

COUNCILMEMBER SINENCI: Right.

MS. DODSON: --in our program, what we've seen is most of the transfers have been to the kids.

COUNCILMEMBER SINENCI: Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. I've got a number of questions. So, if my colleagues, be patient with me. I don't normally ask a ton of questions, but this is an interesting project, and I appreciate what you guys have done for many, many years. My first question is with regards to the homeowner. They're going to be required to make the down payment, and then who's going to be responsible for the silent second mortgage?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: Again, Habitat for Humanity is the lender. So, we issue the first and second mortgage. The second mortgage is where the deed restrictions are for the buy-back clause and for the appreciation.

COUNCILMEMBER MOLINA: Okay. And then occupancy period, is there an occupancy period as well too?

MS. DODSON: The owner-occupancy is for the period of the mortgage.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

COUNCILMEMBER MOLINA: Period of...so, if...30 years. Okay. And then homeowners will be allowed to build attached ohanas or second dwellings?

MS. DODSON: Yes.

COUNCILMEMBER MOLINA: Okay. I bring this up because, you know, like I had mentioned to one of the testifiers, you know, the lots are 10,000 square feet, and, you know, you had mentioned why the large lot size is needed for a septic system. How much acreage is needed for a septic system of that 10,000 square feet?

MS. DODSON: It depends on the size of the system.

COUNCILMEMBER MOLINA: Okay. Explain that to me further 'cause I'm not knowledgeable in this area. So, I know you have two bedrooms, and three bedrooms, four-bedroom units you're looking at putting up, yeah?

MS. DODSON: Again, each of the lots is over 10,000 square feet. Typically, you need at least 10,000 square feet to put a septic system.

COUNCILMEMBER MOLINA: Okay.

MS. DODSON: A four-bedroom house would have a larger septic system to accommodate more people. So, it's going to be a little --

COUNCILMEMBER MOLINA: But --

MS. DODSON: --bit larger.

COUNCILMEMBER MOLINA: --you're allowing ohanas to be built, right? Okay. So, I'm just trying to...because they're...I'm bringing this up because with the amount of land being purchased, and I just want more homes. I think 25 homes are nice, but we heard it in testimony, there's a great need for more affordable housing in Hana, East Maui. So, the...was that ever considered to have the lots maybe a little bit smaller so you could, you know, accommodate more families? 'Cause I feel sorry for the, you know, families that are not going to get an opportunity where I see maybe one is here, we could add more. And I guess maybe I'm just looking at it too simplistically but was...so there was no consideration for slightly smaller lots so we can put more homes?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: Well, Habitat didn't do...we're just buying the lots. We're getting what we're getting. I think that the landowners had really...and the landowners live in Hana, had really wanted to get as many lots as they could, but making them large enough again, to accommodate septic systems and to accommodate ADUs or ohanas. You know, hopefully, this won't be the last project in Hana, but it is the opportunity that we have right now, has been given to us and the engineering and the subdivision approval are

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

well into its process. To change it now would delay the project considerably. So, I would ask that we just move forward with what we have now.

COUNCILMEMBER MOLINA: Yeah. And then I know you're relying on volunteer labor and there's no assurance that we can get 25 lots. So, that's kind of a big uncertainty for me, yeah. So, I mean I support the project but I do have...express a tremendous disappointment that I just see an opportunity we could do more, we could provide more. And it's now like you said, we've already progressed this far, but again, you know, try to explain that to the families that are going to be left out, lacking an opportunity when I see when we could do potentially, it could have been maybe 40 homes put up here. So, I don't know, maybe I just don't know enough, but just I'm disappointed. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Member Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. Hi, Ms. Dodson.

MS. DODSON: Aloha.

COUNCILMEMBER LEE: Okay. So, several questions. On the land, is there more land to be purchased in the future?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: Are you talking about in Hana?

COUNCILMEMBER LEE: In this area. Or did you buy all the land the landowners have?

MS. DODSON: The...

COUNCILMEMBER LEE: Or is there more land to buy in the future?

MS. DODSON: We have not been offered any more land. This was a part of a larger parcel. I don't know what the landowner is doing with the land above it. I know part of it, I think is some sort of concrete plant up there, some...they do gravel or something quarry, something like that, I'm not sure. This particular portion of the land is the easiest to build on without much infrastructure. So, it's closest to the road, things like that. So, it seemed the fastest and easiest way to get homes quickly.

COUNCILMEMBER LEE: Okay. So, secondly, I understand that, you know, \$5 million, and is a lot of money, and \$200,000 is a lot of money for subsidy, but actually, this is reality. And we...I expect in the future, a lot of these homes will require this type of subsidy because this is what we have been requiring of private developers, and that's why nothing went forward. So, this is the hard part, all this subsidy. Now, I noticed that on...you have a list. I think some homes started a 118,150, and then it goes to 206,750. Is that the range of prices?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: Mr. Tornai?

MR. TORNAI: So, I think you're looking at the estimated, the appraisal, the appraised value of the lot versus the sales price of the lots. Is that right?

COUNCILMEMBER LEE: Okay. So, if those are the lot prices, what's the house prices?

MR. TORNAI: The house...

COUNCILMEMBER LEE: Where is that listed?

MR. TORNAI: So, the house price, if you go to the housing price calculator in your presentation, in your handout, the house price will always be set at 30 percent of the homeowner's income as opposed --

COUNCILMEMBER LEE: Oh, so, you mean --

MR. TORNAI: --to...

COUNCILMEMBER LEE: --we have to do the math, it's not listed?

MR. TORNAI: We will do the math. Well, we don't --

COUNCILMEMBER LEE: Oh.

MR. TORNAI: --know who's applying yet so we don't know what those incomes are yet.

COUNCILMEMBER LEE: Okay. And that leads me to the next question, which you mentioned that you don't have an active list. Do you have...you don't even have a list of applications, right? All you have are people who are in your education class. So, how many people are...is that?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: We've had I think two classes out there, two or three classes out there. So, we've had 30 people go through the class. We have about 90 people who are interested in taking the class. But we continue to get two to three calls a week, sometimes more, sometimes less of people inquiring about the project especially when something like this goes on, they think it's getting closer. So, then we'll...I guarantee you, next week, we'll have a flood of calls, can I get an application, can I get an application? We will wait until the subdivision is completely ready, and then we will open an application period. We'll do plenty of marketing in the area. We will go down to Hana and meet with families individually to take applications, and then we will have the application period closed once we get a certain amount of applications.

COUNCILMEMBER LEE: So, it sounds like you have close to a 100 people interested in this project of 25 lots, right?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. DODSON: I think it's probably three times that.

COUNCILMEMBER LEE: Three hundred people.

MS. DODSON: At least.

COUNCILMEMBER LEE: And...so, how much...is there a limit that you have with regard to how much you will lend an applicant in terms of your first mortgage, second mortgage?

MS. DODSON: The first mortgage to the family will be no more than...will calculate out to charging them no more than 30 percent of their monthly income. So, if they make \$3,000 a month, their mortgage will be \$1,000.

COUNCILMEMBER LEE: Right. What about the second mortgage though?

MS. DODSON: The second mortgage is the difference between the appraised value and what we're selling it to them, the first mortgage. And then that is forgiven starting 11...in the 11th year, 5 percent each year. So, if they...and it only kicks in if they sell or refi or --

COUNCILMEMBER LEE: Okay.

MS. DODSON: --if they try to refi.

COUNCILMEMBER LEE: Did you mention if there...if the owners have the ability to draw some equity before the 11 years? Like into the fourth, maybe the third or fourth year, somebody gets sick, and they need additional money for medical expenses or, you know, college tuition or something? Do they have that ability to use equity in their homes?

MS. DODSON: Not during the first ten years, no. If we've done our job correctly in homeowner education, again, most people are paying 50 percent of their monthly income in housing cost, if we reduce that to 30 percent, the net difference hopefully is being saved for things like that. We also talk to them about home maintenance, you know, after ten years, your water heater is going to be...need to be replaced, and that type of thing. So, hopefully, if we've done our job right in homeowner education, they are preparing the...for those types of contingencies.

COUNCILMEMBER LEE: And what happens in the case where, you know, some families have a lot of relatives, so sweat equity is not a problem, but what happens with the person who doesn't have too many friends or relatives? What happens in that case?

MS. DODSON: Again, our program, we bring in a lot of volunteers. A lot of...the project we're doing right now, we have consistent volunteers that come all the time. They will donate their hours to some of our families. We have a single veteran who's disabled in

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

the Kahoma project that we're building now, and a majority of his hours is done by other people who have met him on the job site --

COUNCILMEMBER LEE: Yeah.

MS. DODSON: --and then he's done hours in our ReStore 'cause he can't be out on the job site.

COUNCILMEMBER LEE: Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mr. Tornai?

MR. TORNAI: Sorry, I also wanted to add that a lot of times after partner families or partner homeowners have completed their sweat equity, they continue to volunteer for Habitat for years, donating their sweat equity to other people that might have a hard time making those totals just because of their lack of a larger ohana.

COUNCILMEMBER LEE: Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo.

COUNCILMEMBER LEE: Oh, one last one, one last. How many --

CHAIR RAWLINS-FERNANDEZ: Okay. One --

COUNCILMEMBER LEE: --foreclosures --

CHAIR RAWLINS-FERNANDEZ: --last one.

COUNCILMEMBER LEE: --have you had? How many foreclosures have you had in your history?

MS. DODSON: We have had two deed in lieu of foreclosure. One was because unfortunately, our homeowner passed away and didn't do a will. And so, we're in the process of trying to get the property back. The other one was a young individual who applied. He lost his job as soon as he...the project was finished, and never really got back on his feet, but agreed to turn the house back to us, but we've never had to foreclose because of lack of payment.

COUNCILMEMBER LEE: Thank you very much.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Lee. Okay. Chair King went. Member Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Dodson and Mr. Tornai, for being here, and I apologize for my lateness. We just got about few hundred affordable houses approved in West Maui. So, so happy to come off of that to assist in our other

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

side of the island, East Maui, where it is also so desperately needed. I was wondering if you had made any changes to your paperwork in light of the client that had passed away and didn't have any will? Is there something in the future where it will be clear-cut what happens in those cases moving forward?

MS. DODSON: Well, we continue our education of trying to work with our...especially our kupuna to have their documents in order, but there really isn't anything we can do. Again, as a mortgage company, we have to abide by Federal mortgage laws, and they're really...we did try to approach the family to take over the...and one of them really wanted to, but none of them really could afford it. I think there was like six or seven kids, several of them were incarcerated, several of them were homeless. It was...it's even a challenge...was to get a hold of them. The one that we thought had the best opportunity, we tried to work with her for about two years while this case has been ongoing, and it's just not working out unfortunately.

COUNCILMEMBER PALTIN: Sorry to hear that. I was wondering too as...I'm not sure in the process, but is it possible to put on conditions in exchange for this \$5 million?

CHAIR RAWLINS-FERNANDEZ: Mr. Galazin?

MR. GALAZIN: Thank you, Chair. Maybe could you rephrase your question? Are you talking about amending the ordinance that's in front of you?

COUNCILMEMBER PALTIN: So, in the project that was improved...approved in West Maui, we were allowed to have a lot of leeway in working with the community. And part of the problem of housing on Maui is the desirability of the location, West Maui and East Maui often considered idyllic. And although folks want to come there and live there, they don't want to live there forever or all the time, and they think of it because it's so great as an investment opportunity. And I think all of our goals here today is for, you know, 100 percent Hana residents to live there in perpetuity, and how we can do it legally. And I was wondering as a condition of giving this 5 million to Habitat for Humanity, if you, as then the purchaser of the land from the current landowner, would be willing to put a deed restriction on the properties that they must be either owner-occupied in continuity or rented out long-term for an affordable workforce housing rate.

UNIDENTIFIED SPEAKER: Oh, I'll let you answer . . . *(inaudible)* . . .

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: Our current deed restriction is 30 years --

COUNCILMEMBER PALTIN: I understand.

MS. DODSON: --again, and it is...we've been asked by previous Councils about perpetuity. As you know, Na Hale O Maui is a nonprofit housing builder, and that does keep their houses in affordability and perpetuity. It is our board's position that they are going to

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

stick to the 30-year restriction. This income group is 80 percent and below income group. Their home ultimately ends up being their sole source of wealth. It is...they don't have pensions, they don't have heavy retirements. And so, as Chair King mentioned...or I think it was Councilmember Lee mentioned, if they should have an illness or something like that, they have the opportunity to pass it on to their kids, get a little equity out of it, and then be able to retire. So, this would be their retirement. I know...I've talked to this Council before, I'm kind of in that position. I've been chronically ill all my life, and I have a home, thanks to my parents. And I'm actually in the process of selling it now in preparation for retirement, and it is...I don't...I work for nonprofit. And so, I don't have a huge pension or retirement. So, this is going to be my retirement. It allows me to live the rest my life comfortably.

COUNCILMEMBER PALTIN: I...oh, thank you. Can we hear --

CHAIR RAWLINS-FERNANDEZ: Mister...

COUNCILMEMBER PALTIN: --from Mr. Tornai?

CHAIR RAWLINS-FERNANDEZ: Mr. Tornai?

MR. TORNAI: I just also wanted to address your question about restricting to rentals. In our program, it's already restricted to renting it outright. It has to be homeowner-occupied. There can be an exception for renting a room as long as you're living there, but it would never be within our program to allow the homeowner to move out and rent it. It's already restricted.

COUNCILMEMBER PALTIN: I understand all the things that you were saying. My concern is how Member Lee was saying that this is the trend where we're going to have to subsidize affordable housing in the future. And so, I'm not talking about the 30 years and under. I think that's all very acceptable. I'm talking about after the 30 years. And I don't think I'm restricting folks from having that nest egg if you will. There's nothing saying that they can't then sell it for \$10 million. I'm just saying, you know, in the climate of change that we have, and what we've been told by our Environmental Coordinator and Mr. de Roode is, you know, in the face of climate change, community cohesion is so important. It's...living in West Maui, we have so many neighborhoods where nobody actually lives there. It's empty houses that they come and visit in the winter and summer time when it just adds to the traffic. And I think it's important also for Hana people to be able to know their neighbors whether they're from Hana, or from the continent, or wherever they are, that they have a commitment that they're going to have somebody in the house and it's not going to sit empty, or 40 years from now become a short-term rental. So, it's not saying that they can't go and make that money down the road. But for our community, for our County, for our island, for the way we do business, we need people in the houses to build the community, to be prepared and resilient for any kind of disaster that's approaching with the changing climate that we're living in, and then perhaps we wouldn't have another 25 houses to subsidize 30 years from now, because these would still be owner-occupants, and it would be building the community and folks that live in Hana would have...there would

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

be 25 houses for folks that live in Hana. I'm not saying that they can't sell it for an inordinate amount. I'm just saying that we want people to live in houses. We have enough. We've learned that empty houses are a plague on our County.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. And that was kind of the statement that I made yesterday at the Affordable Housing Committee meeting. Mr. Galazin, Member Paltin asked a question initially, and I'm hoping to get her a response before we forget what that question was. And that question was whether this Council has the authority to put conditions in this affordable housing amendment. And my understanding is that we would have the authority because this is not part of the Mayor's Budget, Operating Budget.

MR. GALAZIN: Thank you, Chair. So, this is something that was, you know, initiated from the Budget Office. And my interpretation would be it's initiated by the Administration. That being the case that, you know, the more cautious approach would be to treat it as something that is initiated by the Mayor, in which case your purview is limited to either approving or denying it. But certainly, you know, that you have an option to convey your message back to the Mayor that if there is a middle ground that this body would prefer to see that you request that it come back in a different form. But as far as amending it on the floor today, I would not recommend that.

COUNCILMEMBER PALTIN: Thank you. No further --

CHAIR RAWLINS-FERNANDEZ: Mahalo, Mr. --

COUNCILMEMBER PALTIN: --question.

CHAIR RAWLINS-FERNANDEZ: --Galazin. Mahalo, Member Paltin. And we don't have our attorneys on the floor at the moment, but our attorneys disagree, I believe with the assessment that...or advice that Corp. Counsel provided. Okay. And, Ms. Dodson, it looks like you wanted to comment on Member Paltin's last comments?

MS. DODSON: I was just going to say that under our current policy as drafted by our board of directors, our affordability period is 30 years. So, if the Council decided to, on this particular project, to change that and make it in perpetuity, then it would not be a Habitat project.

COUNCILMEMBER PALTIN: Yeah, I don't think I was ever suggesting that it be affordable in perpetuity. It...is that what you thought I said?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: Yeah, I thought that's where you were going with it. We, as Max said, we do not have...people don't have the ability to move out of their house and rent it out. It's an owner-occupancy agreement for the full 30 years. So, they would not live part-time in San Francisco and part-time in Hana. And I think that as to the question of, you know, what would happen, you know, after 30 years, I think some of the testimony

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

and certainly, our...my experience in the last 17 years, is the home is kept in the family just as my parents worked really hard for the home I'm living in. You know, I'm going to, you know, the proceeds and everything, I don't have any children. So, I have nothing to pass it on to, but my nephew and niece...my two nephews will be the beneficiary of my parents' hard work. And I think most people, you know, putting in their sweat equity and stuff, their goal is so that their kids will have some place to live when they pass.

COUNCILMEMBER PALTIN: I understand all that. I think that you're not understanding what I'm trying to say, and it has nothing to do with affordability or passing it on to your kids. It's the big picture of who's going to be in this seat 30 years from now, and what they're going to need to provide once these 30 years is up and it's over. And what I think all of our goals here is to build up the community of Hana and ensure that there's people in these houses because houses are so desperately needed. It's nothing in my mind to do with affordability. If somebody comes in from New York and they want to pay this Hana resident who needs medical treatment a million dollars for their house, I don't want to get involved in that, but I want to make sure that that person is then going to live in the community. And if not, going to provide a home for somebody in the community. It's not anything that, you know, is meant to stop the affordability or success of the client that you choose, it's something meant to promote the success of the community as a whole, which would promote the success of our County as a whole, which would promote the success of Ko Hawaii Pae Aina. And so, I think that there is like a misunderstanding in the affordability part. It's in the building up of our community part that my concern lies, and empty houses are a big blight as are empty storefronts, as are any kind of developed land that is left to vacant and uncared for, and that's where my concern lies.

MS. DODSON: I apologize. I thought we we're going down another road. But yeah, that is our concern too, that, you know, the whole premise of our program is to build our families up, and that builds up communities. So, I think we're on the same page.

COUNCILMEMBER PALTIN: Awesome. I like when that happens.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member...Mr. Tornai?

MR. TORNAI: I just wanted to make another comment. So, after the 30-year affordability period, I think it's very difficult for us to guarantee what's going to happen. We can only restrict it for so much. But I certainly think that providing the instruction that comes along with sweat equity is going to strengthen the Hana community in terms of their skill base to be able to build elsewhere. I also wanted to make the point that when we issue a 0 percent interest mortgage, we get monthly mortgage payments, and those monthly mortgage payments get put into a revolving fund or home-build fund that is being used to build future projects. In this case, I think we've committed to maybe over 300...about 350,000 from our own funds, from our home-build program, to help build the...this Hana project. So, the County's \$200,000 investment per house isn't just going to end in Hana. As those mortgages payments come in, that investment, that \$200,000 investment is going to go...paid...it's going to be paid

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

forward to build future affordable housing potentially in Hana, potentially elsewhere in Maui or Lānaʻi.

COUNCILMEMBER PALTIN: Yeah, I understand that part. I'm...I have no problem with how it is up to the 30 years and paying it forward like that. I just, you know, if we keep doing things that...the way we've always been doing them, we're still going to get the things that we've been getting so far. And for West Maui, we took a leap and, you know, only time will tell if that's going to give us a better deal than what's on the floor here today.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Paltin. Member Sugimura?

COUNCILMEMBER SUGIMURA: Thank you. I'm so glad we're at this point. And I just want to say that through my community experience, Rick Rutiz, and I don't know the name of his nonprofit...

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

COUNCILMEMBER SUGIMURA: Okay. That. But in previous projects that I've done in Hana, and through Hawaii 3R's, which were helping the schools, I just want to share with the community my experience of what his nonprofit was able to do, and he took students from Hana High School [*sic*] and he showed them the skills so that they would be able to do this kind of project. And what they were doing at that time besides doing...they built like a bus garage for Hana School [*sic*] and portables, and they were doing, you know, these kinds of amazing projects. And he was teaching them skills and discipline 'cause he was pretty strict I remember. And...but he also was doing simultaneously helping the kupuna. So, he was helping them put on ramps to their homes and the upgrades that they needed so that they could still maintain and live in their houses. So, maybe other communities, they didn't have a Rick Rutiz, and I think he's ready to retire. Last time I saw him in Hana for one of the Budget meetings, he said he's turning his baton over and he was training his, you know...

UNIDENTIFIED SPEAKER: He retired.

COUNCILMEMBER SUGIMURA: He did retire? So, anyway, he has somebody who's, you know, fulfilling his dream, and I think they would be a great asset to fulfill these 500 hours, you know, that's needed. Just that statement, and then also, I'm glad you're here...you're doing your financial literacy, your financial planning. And with the amount of people that you have who are going through your program, I mean that's your waitlist from what you're saying. So, you do kind of have a waitlist. At the same time, you're building stronger communities, which is what, you know, Tamara was just talking about. So, there's a lot of good elements happening simultaneously. And I remember the testifiers that came during Budget last year or last term, and talking about how many people live in their house and generations, and the story was kind of heart...you know, heartbreaking, including Bob Carroll and Geraldine came and testified about, you know, some of their experiences as a family too. So, it's a real problem. I support this to happen. I think you hear our anxiousness about, you

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

know, wanting to help, and I look forward to, you know, you breaking ground and making this all happen. So, thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sugimura. Pro Temp Kama?

COUNCILMEMBER KAMA: Thank you, Chair. This is an exciting day for the people of Hana. I have great faith in that community. Last year, when we went out to the Budget hearings and they were talking about...and I took a tour with them to go and visit some of the sites that were out there, and one of the things that we funded this past time. And I asked a question I said, so who's going to do this? Who's going to make sure that you're going to preserve this area for you folks? Who's going to do all of the work? And they said, we will. And people in the community said yes, we will, we will, we will. So, what we heard regarding this, it's the same thing. It's the people in Hana who are saying we can do this if you let us. And they have the capacity to do this with the help of Habitat for Humanity, with the co-partnership with the County. And so, I am totally in favor of these 25-plus families, and we can work out the details, I believe that. I don't know what it is, the yardage for a septic tank, but I'm sure that a quarter of an acre, you can put a house, an ohana, and a septic tank. That's what I believe, and I believe the people of Hana can make it happen. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Did you want to ask your question about whether Habitat for Humanity Maui are going to build the ohana units?

COUNCILMEMBER KAMA: Well, you can answer that question, Sherri?

MS. DODSON: Typically, again, if we do our job right with homeowner education, if they're paying less, they can save money, and they can build the ohana themselves. Typically, once we service a family, because there are so many families who need our help, we don't go back in unless it's a critical repair for a kupuna to --

COUNCILMEMBER KAMA: Yeah.

MS. DODSON: --put in a ramp, we certainly would help somebody with that. We do have our, you know, plug our Habitat ReStore, where the families --

COUNCILMEMBER KAMA: Yes.

MS. DODSON: --can come and shop, and they get an additional --

COUNCILMEMBER KAMA: Yes.

MS. DODSON: --discount --

COUNCILMEMBER KAMA: Yes.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. DODSON: --as a partner family. And of course, because we'll still be out there servicing and being a part of the community, 'cause once we build in a community, we really --

COUNCILMEMBER KAMA: Yeah.

MS. DODSON: --become part of the community. We can help them with technical assistance as well.

COUNCILMEMBER KAMA: Right, and I still think they have the capacity to build their own ohana unit. Thank you. Thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Pro Temp Kama. Okay. I'm going to ask questions, and then I'll open it back up to the floor to ask questions. Is that okay? Any objections? Okay. Okay. So, my first question was asked by Member Lee, and that was if there are any Habitat for Humanity Maui homes that went into foreclosure. And your answer was no, but there were two deed in lieu. Were any of these County-funded projects? Acquisition, construction, or renovation, or refurbishment.

MS. DODSON: The one that was a deed in lieu was County-funded through the HOME Program and through the Affordable Housing Fund program. We continue to work with...we're just in the process...we have just identified a family that qualifies for that unit. We work with...very closely with the Housing Department [sic] on making sure that they review the file, as well as us to make sure that they qualify under the HOME guidelines and under Affordable Housing Fund. And the family actually just came in yesterday and signed an assignment of owner-occupancy agreement. So, all the original restrictions on this additional sale of the property are going to be transferred to the new owner.

CHAIR RAWLINS-FERNANDEZ: Mahalo. For how long the restrictions?

MS. DODSON: Thirty years.

CHAIR RAWLINS-FERNANDEZ: Okay. So, the clock starts again for 30 years. Okay. Okay. Second question, can you specify the current mortgage laws that you're complying with in settling the sales price of the units at their appraised values as stated in your executive summary? Perhaps, a silent...a second mortgage would be unnecessary if these units were sold at the adjusted price?

MS. DODSON: That was a big question. I'm sorry.

CHAIR RAWLINS-FERNANDEZ: Do you want me --

MS. DODSON: Do you want me to cite the mortgage --

CHAIR RAWLINS-FERNANDEZ: --repeat it?

MS. DODSON: --law?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: Yeah. The...in the first question, and then I'd...

MS. DODSON: Well, under Dodd-Frank, we're actually a predatory lender, because we lend to people under 80 percent. So, there is a amendment to the Dodd-Frank's called the SAFE Act, which allows Habitat, in particular, to lend to somebody who wouldn't normally qualify for conventional loan under mortgage laws. So, I'm not sure which...

CHAIR RAWLINS-FERNANDEZ: Okay.

MS. DODSON: Does that answer your question?

CHAIR RAWLINS-FERNANDEZ: Yeah.

MS. DODSON: Okay.

CHAIR RAWLINS-FERNANDEZ: So, will the terms of the silent second mortgage stay fixed for the lifetime of the mortgage?

MS. DODSON: Yes.

CHAIR RAWLINS-FERNANDEZ: Okay. You want to say something? Okay. And then, while we're on the second mortgage, Mr. Galazin, at the break, you were provided with a copy of Section 3.35.070. Were you able to review that section, and do you feel that there is any additional required action by the Council in order to release the use of the Affordable Housing Funds under the current terms of the application by Habitat? And 3.35.070 is in regards to the second mortgage.

MR. GALAZIN: Thank you, Chair. Yes, I was able to take a look at that. When you're looking at Subsection B, when it talks about loans from the fund being secured by a first mortgage in favor of the County, or secured by a second mortgage lien being in favor of the County, really what you're looking at is the two functions for which the fund can be used, either...well, the multiple functions for which the fund can be used. But in this particular section, it's either grants or loans. And in this case, what's being proposed to my understanding is a grant and not a loan. So, Subsection B will only apply to a proviso that would be a loan from this fund, that would be intended to be paid back to the County. If we're just talking about a grant to Habitat, in this case, then it would just be subject to the provisions of Chapter 3.35 anyway because that's the fund that it's coming out of. So, I don't believe there will be any further action necessary by this body.

CHAIR RAWLINS-FERNANDEZ: Okay. So, even though Section 3.35.070(A)(3) states that the subject project shall not be sold, exchanged, divested, or converted to other uses that are inconsistent with the purpose set forth in this Chapter, without prior approval of the Council by resolution. So, in your assessment, the...this section where Council would have to approve this by resolution is not required?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MR. GALAZIN: Chair, you...what would be required is if there is some kind of proposed conversion of the use that would be inconsistent with what this fund has been established for. That is something that will require approval of the Council by resolution and rightly so because, you know, by Charter, this is set up for a very specific purpose, and then fleshed out by ordinance. So, as long as this is used for, you know, affordable housing project in some way, shape, or form, you know, anything that's not inconsistent with those purposes, then that would be fine. Anything that would be against that, or anything that would be inconsistent with affordable housing, you know, trying to turn this into a shopping center, you know, clearly, a grant under this agreement that would require a Council approval before anything like that could take place, and any action to attempt that would be...we'd be able to avoid that in a court.

CHAIR RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. Galazin. Okay. Ms. Dodson, after the 30-year deed restriction, are the remaining mortgages refinanced at a higher interest rate?

MS. DODSON: Well, the 30-year mortgage would end at the end of 30 years. So, there would be nothing left to pay back.

CHAIR RAWLINS-FERNANDEZ: Okay. That's all I have right now. Member Molina?

COUNCILMEMBER MOLINA: Thank you, Madam Chair. Ms. Dodson, when did you...you know, some of us were not here the previous Council term, when did you first approach the landowner with this proposal? How long ago was that?

MS. DODSON: The landowner actually approached us.

COUNCILMEMBER MOLINA: Oh, okay. And that was when? What year?

MS. DODSON: I believe...I actually looked that up yesterday, and the only way I could look it up 'cause I don't remember, I think the first contact was somewhere around the end of November of 2017.

COUNCILMEMBER MOLINA: Okay.

MS. DODSON: We weren't really pulled into the original Land Use Committee meeting. I do know that Max went down and testified because we had talked about being a part of it. And...

VICE-CHAIR KING: Chair? Just...maybe I can shed some light on this because I have the minutes from the October 18, 2017 meeting.

CHAIR RAWLINS-FERNANDEZ: Okay. Chair King?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

VICE-CHAIR KING: And the...thank you. And the developer actually says Habitat is onboard for 12 units...lots. So, apparently, in October of that year, you folks had already talked to him or gave him the impression somehow that you were onboard.

MS. DODSON: Yes, towards the end of the year, what...we had talked to them and we definitely told him we were interested. We did not have a letter of intent. We did not have an MOU.

VICE-CHAIR KING: Okay.

MS. DODSON: There was nothing solidified because he hadn't had the project approved yet.

VICE-CHAIR KING: Okay. So, that was just his statement to us based on some conversations he had had with you folks? Okay.

COUNCILMEMBER MOLINA: Okay. And, you know, Madam Chair --

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King.

COUNCILMEMBER MOLINA: --the reason I --

CHAIR RAWLINS-FERNANDEZ: Member Molina?

COUNCILMEMBER MOLINA: --asked that because I know Ms. Dodson had mentioned early on that, I guess the developer or the landowner had already sized these lots out at 10,000 square feet, and...so I guess there was time to consider maybe smaller lots, yeah. So, again, it just comes out to my point about...I just feel we could have done more, provided more lots for more homeowners, potential homeowners out there. And I appreciate the fact that you're allowing the owners to build ohanas. And you guys will monitor the homeowner to ensure that the ohanas are built to Code?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: When we sell a home, you know, we have sold the home. They get to do with it what they want. And we tell our homeowners you can, you know, paint it funky colors after we get out, or you can add granite countertops. So, they are allowed to do pretty much anything --

COUNCILMEMBER MOLINA: Yeah.

MS. DODSON: --they want.

COUNCILMEMBER MOLINA: So, based...but they have to follow County Codes too to make...ensure that on these properties you sell, that they build ohanas that meet County Codes, yeah. We don't want anything illegal or not up to Code, yeah.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. DODSON: Yeah, that was going to be my follow-up was that we will...because we service the loan, we do stay very connected with the family. And so, they often come to us for technical assistance, how can I, you know, put a larger kitchen in or more bedrooms in. And the houses that...we have a standard set of plans that we use, and they are very easily added on to. They're boxes basically, and it's that...designed that way so that they can add more bedrooms if they desire. Again, we, you know, a small family, a two-bedroom, one-bath house for a family that's just starting out, we...if they have more kids, we want them to be able to add on to the house.

COUNCILMEMBER MOLINA: Okay. And then with the subject of the septic systems, and I guess it depends on the size you said, can you get that information to us at some point just I guess from the Department of Health? So, we just...so, for me, well maybe through you, Madam Chair, so I have a full understanding of how much acreage is needed, like I know you're doing three...two-bedroom, three-bedroom, and four-bedroom, bath houses, yeah. So, I guess either way, if you have a four-bedroom, you could still have enough room to put an ohana, as well on a...with a four-bedroom house on there too, yeah, with the septic system that's in place, yeah. And my final subject is more on the approval process. You have...I guess the family selection committee does the initial review and home visit with the applicants and submits their recommendations to you as the Executive Director. Do you have the authority to delete applicants that are recommended by the family selection committee?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: I'm not sure I would. Yes, I do have...actually the board has the ultimate decision, the last, you know, they're the last ones to approve. I look over the files. Again, I am the licensed mortgage originator. It's my license. So, I definitely want to be looking over everything to just make sure that, you know, they do meet guidelines, that they will be able to afford this house, that we're not cost-burdening them, things like that.

COUNCILMEMBER MOLINA: Okay. And then on your scoring I guess criteria, obviously, they got to meet the income criteria. Anything else, any other criteria they need to meet to qualify?

MS. DODSON: Yeah, our three criteria that they have income, that they will be able to afford the property; that willingness to partner, in other words, that they will agree to do the sweat equity, homeowner education, and/or anything else that we deem reasonable for them to do to prepare for homeownership; and lastly, that they show a need. In projects like this where we know there's going to be a large amount of applicants, we narrow it down, the family selection committee and myself, and then it is a...and the board...and it is a lottery system at the end.

COUNCILMEMBER MOLINA: Okay. And then finally, if a homeowner does not fulfill the obligations over time, then you have a waiting list that you could have someone else considered, yeah?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. DODSON: Yes. In the current project that we built with 10 homes, and obviously, with many, many more applications, 15 names were drawn. And it just so happened that the one family that was chosen was a local family, but decided they wanted to move back to the mainland. So, one of the alternates stepped into the position. So, yes, we have people that will step in. And generally, the alternates will be kind of doing everything else, you know, just in case that they get a home too.

COUNCILMEMBER MOLINA: Okay. All right. Thank you. Thank you, Madam Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Chair King?

VICE-CHAIR KING: Thank you, Chair. Good questions, good discussion. I...before I ask my questions, I just wanted to give you some information on if you guys could start looking at alternatives to septic. I did sit down and have a meeting with...actually, Member Lee and I, with Dr. Pang, and the compostable toilets that he's trying to get approved by DOH are less than \$1,500 to install. So, that actually might be a lot cheaper than going septic, and more environmental and more efficient. So, there are...I think there are those options that could help maybe even drop the price a little bit more. But I wanted to ask Ms. Tsuhako, after...if this is...if this 5 million is approved, how much is left in the Affordable Housing Fund for this year?

CHAIR RAWLINS-FERNANDEZ: Director Tsuhako?

MR. ALMEIDA: Thank you, Chair. And thank you, Chair King, for that question. Based on the current estimates that we have with the \$5 million and the remaining balances for the projects that are approved, we were given a total from Finance of approximately 14 million. So --

VICE-CHAIR KING: Okay.

MR. ALMEIDA: --this would leave...still leave a substantial balance in the fund.

VICE-CHAIR KING: Okay. So, this would not necessarily hold up any other projects? Okay.

MR. ALMEIDA: That's correct, no, it wouldn't.

VICE-CHAIR KING: Okay. And yeah, I just wanted to kind of make the comment that, you know, I appreciate the comment about getting a flood of calls, but we heard that about the empty lots as well. And, you know, last term, we were told oh there's like 12 people already lined up to buy these lots, and then that didn't come through. So, I think when you pare it down to who really qualifies and who really is willing to do the work, as you're probably going to find out, it's a much smaller percentage of the 100 or even the 300. But that's kind of my only...that's my only...well, let me ask you this question, the ten homes that you were just speaking about that you built, how long did that take you to complete those?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. DODSON: That's actually the Kahoma project that we're currently building.

VICE-CHAIR KING: Yeah.

MS. DODSON: We did have again delays on permitting and on getting the project ready to be built. Once it was, we just finished three homes. They have moved in, and those families, it took I want to say about 14 months. The next four...no, the next two families will move in the first quarter of next year, probably no later than March, and then two more after that by June, and then all of them will be finished by the end of next year.

VICE-CHAIR KING: Okay.

MS. DODSON: Once we get the project going, it goes a little faster.

VICE-CHAIR KING: But you have to...do you have to permit each single lot, each home separately, or do you try to get permits for the entire subdivision?

MS. DODSON: We...on the Kahoma project, we got permits on the entire subdivision --

VICE-CHAIR KING: Okay.

MS. DODSON: --at once.

VICE-CHAIR KING: And you...do you anticipate being able to do that on this Hana project?

MS. DODSON: Well, permits do expire, so we may not do all 25, but we will go --

VICE-CHAIR KING: Okay.

MS. DODSON: --in bulk --

VICE-CHAIR KING: Okay.

MS. DODSON: --to go in for --

VICE-CHAIR KING: So --

MS. DODSON: --permitting.

VICE-CHAIR KING: --from the time you got the permits for the entire subdivision, how long until you think all those ten lots would be done?

MS. DODSON: By the end of the next year --

VICE-CHAIR KING: Right.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

MS. DODSON: --so.

VICE-CHAIR KING: And how long is that total?

MS. DODSON: It was about two-and-a-half years.

VICE-CHAIR KING: Okay. That's not too bad. And then my main concern is just, you know, when we first looked at this, we thought there were people that were going to be immediately lined up to buy some of the lots, at least half of them. And then we were told Habitat was going to step in and do the other half. And so, you know, my main concern is just having, you know, going at a pace of three lots every year-and-a-half, having that money sitting there, and then also having those lots sitting there not being developed. And so, we're not...so, you know, we're not addressing the need as quickly as we could because we have a...obviously, we have a expediency issue too. We've got a lot of people who need this now and not in five years. So, I mean if there's an anticipation that we could get through these project...I mean can you do...are you limited to three at a time, or can you do more if you get more volunteers, or how does, you know, how do you determine how many you can do at one time?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: It's not just volunteers, it's our own capacity. We are a very small nonprofit for what we do.

VICE-CHAIR KING: Right.

MS. DODSON: We have four administrative staff. I have two people, construction, you know, employees --

VICE-CHAIR KING: Yeah.

MS. DODSON: --construction employees. If we had, you know, endless amounts of funding for our program, and I don't mean that from you guys, just if we had more donations, if we had, you know, more funding --

VICE-CHAIR KING: Yeah.

MS. DODSON: --sources...

VICE-CHAIR KING: No, I'm not...I mean I understand that. I just want to know, because I want to know what we're looking at time-wise for these 25 lots and this \$5 million. I mean are we looking at 10 years out to get this all done, and, you know, maybe a more efficient way might be to do the 12 lots, and meanwhile, let the developer try to sell the other ones too 'cause he can...the developer can limit it. They're his private lots. He can decide I'm only going to sell this to Hana residents. That's what he told us last term he was going to do. He was committed to selling the lots to Hana residents. And

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

if that can happen simultaneously with you folks developing the homes, then we can get people into those lots quicker. So, that was...that's kind of one of my main concerns.

MS. DODSON: And we're not adverse to selling the empty lots to those people. I just, you know, until we get into the community and --

VICE-CHAIR KING: Yeah.

MS. DODSON: --ask the community, if I were buying just the lot, and then had to go build my house and get a loan versus I could get a lot and a house at 0 percent interest, I'd take that option. But maybe, I could be wrong.

VICE-CHAIR KING: Well, if you don't want to wait, and you could get a lot for 130,000, you might want to go ahead and get that, and get your house built rather than waiting till the next capacity, you know, five years down the line or something. So, that's kind of...I mean I guess my concern was if you guys were willing to sell those lots if someone approached you, are you able to use the same criteria to try to make sure they get into the Hana residents that, you know, into the hands of folks who live in Hana versus mainland people or, you know...cause that's to me the value of the developer selling them when he originally told us he was going to do that, was that he could say I'm going to sell it to Hana residents. It's his plan. He can do whatever he wants. But once it gets into, you know, where you have to follow Federal mortgage laws, I don't...can you do that? Can you follow the same criteria that you're going to try to use to make sure that the developed homes get into the hands of Hana residents?

MS. DODSON: Yeah, my concern about selling lots is that you sell the lot to the family, and then it does sit vacant. You know, obviously, if we're building it, we're continuing to build, we're making sure the houses are moving along. If somebody commits to buying a lot and saying I'm going to build, there's no...once we sell the lot, we have no control over what they do. They could sit on that lot, and it could be vacant for years. That's a concern of mine. You know, again, we want to sell only to Hana people.

VICE-CHAIR KING: Right.

MS. DODSON: We're going to do what we can to, you know, assist the Hana community in receiving the applications so that...

VICE-CHAIR KING: Okay. But if the need is there, it would seem like, you know, if you're going to sell it to someone, it's going to be someone who's going to build the house right away because the need is there. I mean that's what we're hearing, there's this great need. So, you know, hopefully, we wouldn't be selling to speculators because that's not the intent.

MS. DODSON: Yeah.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

VICE-CHAIR KING: I'm just more...I'm just trying to figure out the quickest way to get these lots, get people into these lots, because that's...you know, we look at these other projects, and people come and testify and they say we need affordable housing now. And then we just approved one project that the minimum, I think the minimum that we're requiring is in...he has to start it within five to ten years, you know. So, people...I don't want people to be deceived that, you know, we're out here testifying for this project but we might...even if we get a lot, we might not be able to start building for five years. And that's I think where people don't understand what happens with some of these projects. They take a lot longer than maybe the intent was, and our need is, you know, I think we're using the year 2025 right now that, you know, where we need to be with affordable housing. So, that's only five years away. So, anyway...

MS. DODSON: And if I can...

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: And I don't want to mislead this Council that this project if it's approved, you know, in a month, if it goes through the process and the funds are allocated, that the project is going to start right after that. The owner is still going through subdivision approval. The plans have been drafted. They're with the County. And so...and then the work has to be done on the grading and --

VICE-CHAIR KING: Okay.

MS. DODSON: --getting the lots ready and all the infrastructure. So, hopefully, we can work simultaneously on starting to work with families to get them homeowner-ready while that's happening. We want to finish this project as soon as possible --

VICE-CHAIR KING: Right.

MS. DODSON: --as well too, so.

VICE-CHAIR KING: Yeah, and I know you do. I just...I know you also have capacity issues because you are a small nonprofit. So, I'm just trying to, you know, think out loud and the best way to get these homes built for the residents and add them to our affordable housing inventory. I don't personally have a problem with subsidizing the lowest income, and I know we're looking at another projects in Maui Lani where I'm totally in favor of putting that out to RFP, and that would be a similar type of subsidy, because I think that's all...that's the...like we said, we always say property is the biggest expense. And if we're going to do that for this project, I just want Councilmembers to remember that we have other projects out there that we can move ahead with pretty quickly if we're willing to do that there too. So, we need to look at things...we need to apply the same standards to all the projects and not just pick and choose. So...anyway, that's my...thank you, Chair.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Member Molina?

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

COUNCILMEMBER MOLINA: Yeah, thank you. Just two quick questions. First, the...looking at your summary, August 20, 2019 summary, Income Source, USDA 502 Loans, it said pending, it is now confirmed the 1.8 million?

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

COUNCILMEMBER MOLINA: Yeah.

MS. DODSON: USDA loans are actually loans made by the potential homeowner directly to USDA. Habitat...myself, I'm a licensed mortgage packager for USDA, but it's what we call a zero-equivalent mortgage in that there is a 2 percent USDA interest rate, but we just lower the house price, so that it becomes zero equivalent. So, those loans will depend on whether USDA has money. It will depend on whether our current administration in...on the Federal level continues to fund --

COUNCILMEMBER MOLINA: Okay. So, that's --

MS. DODSON: --USDA.

COUNCILMEMBER MOLINA: --still up in the air yet, yeah. It's not...okay. And then the Krambo Corporation, the 400,000, was...is that confirmed now?

MS. DODSON: We continue to work with Krambo. They're a company that helps us with major financing.

COUNCILMEMBER MOLINA: Okay.

MS. DODSON: They find purchasers of income streams, and we have an income stream, our mortgage income stream, and who...HomeStreet Bank is one and Central Pacific Bank is another, purchase those income streams so that we don't have to wait 30 years for reimbursement of funds.

COUNCILMEMBER MOLINA: Okay. Thank you. And then the last...what is...maybe Ms. Yoshimura, what is our current balance in the Affordable Housing Fund?

CHAIR RAWLINS-FERNANDEZ: Ms. Yoshimura?

MS. YOSHIMURA: The current balance is about \$30 million, but that includes monies that's earmarked specifically for West Maui and other projects. So, that's the...but that's the total balance that's available.

COUNCILMEMBER MOLINA: All right. Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Molina. Okay. So, when this project first came to my attention, I didn't realize that there was a 201H project. I think when we talked about it during Budget, and Chair King brought it up, there...I'm not sure if the

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

Members went through the exemptions. This project benefits from the exemptions received from last term. Is that correct, Ms. Dodson?

MS. DODSON: We weren't a part of the 201H so I don't know that.

CHAIR RAWLINS-FERNANDEZ: Oh, okay. So, this is...so all the exemptions received by this project, you wouldn't benefit from, including not paying for inspection fees, not putting in gutters, sidewalks, and all those things? It...those are not exemptions that this project would benefit from?

MS. DODSON: I hope we will. It would be a legal question, I'm not sure.

VICE-CHAIR KING: Chair?

CHAIR RAWLINS-FERNANDEZ: Oh...Chair King?

VICE-CHAIR KING: Yeah, I think those exemptions were on the development of the lots, not homes. So...because we were just...last term, we were just dealing with the developer who owned the property.

CHAIR RAWLINS-FERNANDEZ: Right.

VICE-CHAIR KING: So, those...I mean the benefit of those exemptions would be realized by the developer --

CHAIR RAWLINS-FERNANDEZ: The developer.

VICE-CHAIR KING: --and the landowner, and then the lots...so, what Habitat is doing, I believe is buying the developed lots that...and so, that was one of the rural character exemptions was not having curbs and gutters.

CHAIR RAWLINS-FERNANDEZ: Okay. I just...I wanted to make sure that was on the record throughout so that there is some historic record of...for any homebuyers that would want to then wonder why the County never gave them sidewalks or curbs and gutters and, you know, cul-de-sacs. Okay. I'd still like this to go with this, the exemptions, so that people understand if they ever research why their subdivision didn't get the benefit of street lights and other things that usually, you know, some homeowners would expect to have and would expect the County to have installed, either the County itself or the County requiring the developer to do that. Ms. Dodson?

MS. DODSON: Yeah, we'll make sure that's part of their homeowner education.

CHAIR RAWLINS-FERNANDEZ: Okay. Great. Okay. All right. Members, any further questions? Mr. Galazin?

MR. GALAZIN: Thank you, Chair. I just wanted to offer a quick point of clarification. So, based on what you have before you on the agenda today that, you know, it is my

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

opinion that your actions are limited to either approving or denying; however, as your attorney, I would say that under Chapter 3.35, this is perhaps not the only way of initiating access to some of these funds, and I'm happy to work with you to look at other ways in which that might be accomplished in the future.

CHAIR RAWLINS-FERNANDEZ: Okay. Thanks. Okay. Any other last comments, questions? Okay.

VICE-CHAIR KING: Chair, can I just clarify --

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: --what was...because we've been hearing all these different figures. So, Mr. Almeida, when I asked you what the balance of the Affordable Housing Fund, and he said 14 million after obligations, and that's after the 5 million, if that's approved as well?

CHAIR RAWLINS-FERNANDEZ: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. It will be approximately 9 million if --

VICE-CHAIR KING: After...

MR. ALMEIDA: --5 million was --

VICE-CHAIR KING: Okay.

MR. ALMEIDA: --allocated to this project.

VICE-CHAIR KING: Okay. So, if we...so, with all the other previous allocations that we've committed to plus this one, we'd be down...we'd be at 9 million?

MR. ALMEIDA: That would be the unencumbered --

VICE-CHAIR KING: Okay.

MR. ALMEIDA: --balance --

VICE-CHAIR KING: Okay.

MR. ALMEIDA: --per our research on...with the remaining balance in the fund that's not encumbered currently.

VICE-CHAIR KING: Okay. And you feel like that is sufficient to get us through till the end of this fiscal year till we reallocate? 'Cause I know when we originally went through Budget process, and we were putting more money in affordable housing, we were actually were told by Housing that there's a limit to what they could actually expend.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

So, you know, I think we were willing to put more in, and then you guys said well, don't put that much because we can only use so much anyway.

MR. ALMEIDA: Oh, I'm sorry I wasn't part of those discussions --

VICE-CHAIR KING: Yeah, you...

MR. ALMEIDA: --but we're more than welcome to additional --

VICE-CHAIR KING: Okay.

MR. ALMEIDA: --funds in the fund if the Council --

VICE-CHAIR KING: I remember --

MR. ALMEIDA: --will appropriate.

VICE-CHAIR KING: --Ms. Munsell saying that. So, anyway, I just wanted to make sure that we...that those figures are out there. So, what we have left is approximately 9 million for...and you got...you don't have any other...you don't have any immediate projects that are on the horizon that need that? Okay. Thank you.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Chair King. Member Sinenci?

COUNCILMEMBER SINENCI: Thank you, Chair. I just wanted to provide some quick comments. I did want to mahalo the Members for your line of questioning, and for, you know, in protecting...well, and your efforts to protect the Hana community and ensuring long-term affordable housing. Currently, there are no professional builders in Hana that are working on any affordable housing projects for the last several years now. We've never had one from the County anyway ...*(inaudible)*... So, we appreciate the Habitat for Humanity for coming in and meeting with our community. And just as a reminder, the project is a 100 percent affordable. So, we don't, like many other projects that come before us, we don't have the dangling, the market-rate homes in front of us, so that they could pay for the affordable units. So, I just wanted to make that clear that this is a 100 percent affordable. And our community like Ms. Dodson said, they have...they're a small staff, and they just go from project to project. So, I believe my community have exercised the value of hoomanawanui. We've been waiting as they finished up other projects so that they could finally come to East Maui. So, I just want to thank you, thank them for that. Mahalo.

CHAIR RAWLINS-FERNANDEZ: Mahalo, Member Sinenci. Okay. Mr. Galazin, last question hopefully. Okay. So, on the Land Use Committee meeting, November 3, 2017, in the Committee report, on Page 6, last paragraph, it says, "Your Committee recommended a modification be added to require the Developer to record in the Bureau of Conveyances a restriction against the property permanently providing that the use of...or operation of any dwelling for transient or short-term rentals, including any

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

rental for a term of less than 180 days, is prohibited on the lots.” Would you be able to explain what that means for these lots beyond the 30-year deed restriction?

MR. GALAZIN: Thank you, Chair. So, I’m assuming that was made as a result of, you know, granting of a land use entitlement.

CHAIR RAWLINS-FERNANDEZ: Yes.

MR. GALAZIN: And that being the case, you know, as a legislative body, you’re certainly free to make those kinds of caveats and those kinds of conditional changes. And so, that would apply regardless of this 30-year event. That is something that so long as the land was granted this change, the condition was that they would give up the ability to ever use those homes for short-term rental or vacation rental purposes. So, regardless of the 30-year restriction, that’s something that would continue to run with the land, that anybody who searched, you know, title on that as deeds would transfer, would always pull that up.

CHAIR RAWLINS-FERNANDEZ: Mahalo for that clarification. Okay. So, I think that kind of helps to satisfy some of the concerns that some of the Members have. So, it...that is in perpetuity and with the Bureau of Land Conveyances. Okay. Any other comments? Okay. If not, the Chair will entertain a motion to recommend passage on first reading of the proposed bill entitled A Bill for an Ordinance Amending Appendix A of the Fiscal Year 2020 Budget for the County of Maui as it Pertains to Part II, Special Purpose Revenues - Schedule of Revolving Special Funds for the Fiscal Year 2020, Affordable Housing Fund (Habitat for Humanity, Affordable Hana Housing Project); incorporating any nonsubstantive revisions; and filing of County Communication 19-368.

COUNCILMEMBER SINENCI: So moved.

VICE-CHAIR KING: Second.

UNIDENTIFIED SPEAKER: Second.

CHAIR RAWLINS-FERNANDEZ: Okay. Moved by Member Sinenci, seconded by Chair King. Discussion?

COUNCILMEMBER SUGIMURA: Let’s vote.

CHAIR RAWLINS-FERNANDEZ: I think we’re discussed out.

COUNCILMEMBER SUGIMURA: Yes.

CHAIR RAWLINS-FERNANDEZ: Okay. Okay. I’ll call for the question. All --

VICE-CHAIR KING: Oh --

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CHAIR RAWLINS-FERNANDEZ: --those...

VICE-CHAIR KING: --I just have one --

CHAIR RAWLINS-FERNANDEZ: Chair King?

VICE-CHAIR KING: --request, sorry. Yeah, you know, I support this, but I was...I'm hoping that we can get annual reports on...and updates on how the project is going, so we can like maybe do a review of what's happening with the empty lots and, you know, what's...what money is sitting around, so, you know, which is my biggest concern. So, other than that, I'm happy to help you folks in any way to move forward too. So, I'll try to send all the volunteers your way, keep nominating you at 100 Women Who Care.

CHAIR RAWLINS-FERNANDEZ: Ms. Dodson?

MS. DODSON: We certainly can commit to checking, and every once in a while, letting you know how it is, and we invite the entire Council to come out for a Council build day.

VICE-CHAIR KING: Hey, that sounds great. If Mr. Sinenci will buy us lunch, we'll come out there.

COUNCILMEMBER SINENCI: Of course.

CHAIR RAWLINS-FERNANDEZ: Okay. I'll call for the question. All those in favor please say "aye."

COUNCILMEMBERS: Aye.

CHAIR RAWLINS-FERNANDEZ: Any opposed? Okay. Motion passes unanimously, eight "ayes," one excused, Member Hokama.

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

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Councilmember Hokama.

MOTION CARRIED.

ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

ACTION: FIRST READING of bill and **FILING** of communication by
C.R.


CHAIR RAWLINS-FERNANDEZ: Okay. And that is the end of our agenda. Mahalo --

VICE-CHAIR KING: Okay.

CHAIR RAWLINS-FERNANDEZ: --for everyone's hard work in getting complete before
12 noon. Yay, you can applaud. Okay. So, the Economic Development and Budget
Committee is adjourned at 11:53 on December 5th. We're adjourned. . . .(gavel). . .

ADJOURN: 11:53 a.m.

APPROVED:



KEANI N.W. RAWLINS-FERNANDEZ, Chair
Economic Development and Budget Committee

edb:min:191205:acqp

Transcribed by: Ann Carmel Q. Pugh

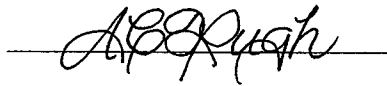
ECONOMIC DEVELOPMENT AND BUDGET COMMITTEE
Council of the County of Maui

December 5, 2019

CERTIFICATE

I, Ann Carmel Q. Pugh, 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 19th day of December, 2019, in Kihei, Hawaii

A handwritten signature in black ink, appearing to read "A. C. Pugh", is written over a horizontal line.

Ann Carmel Q. Pugh