

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

MINUTES

October 19, 2020

Online Only

CONVENE: 9:02 a.m.

PRESENT: VOTING MEMBERS:

Councilmember Tasha Kama, Chair
Councilmember Michael J. Molina, Vice-Chair
Councilmember Riki Hokama (video on 10:54 a.m.)
Councilmember Kelly Takaya King (in at 10:45 a.m.)
Councilmember Alice L. Lee
Councilmember Tamara Paltin
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Shane M. Sinenci
Councilmember Yuki Lei K. Sugimura (in at 9:13 a.m.)

STAFF: Alison Stewart, Legislative Analyst
Ana Lillis, Legislative Analyst
James Forrest, Legislative Attorney
Stacey Vinoray, Substitute Committee Secretary
Jean Pokipala, Council Services Assistant Clerk
Wilton Leaunae, Legislative Analyst (Trainee)

ADMIN.: Mimi DesJardins, Deputy Corporation Counsel, Department of the Corporation Counsel
Linda R. Munsell, Deputy Director, Department of Housing and Human Concerns
Clyde “Buddy” Almeida, Housing Administrator, Department of Housing and Human Concerns
Jessica Crouse, Assistant Housing Administrator, Department of Housings and Human Concerns
Michele McLean, Director, Department of Planning
Rowena Dagdag-Andaya, Director, Department of Public Works

Evan Dust, Executive Assistant to Councilmember Tasha Kama
Davideane K. Sickels, Executive Assistant to Councilmember Tasha Kama
Kate Griffiths, Executive Assistant to Councilmember Kelly Takaya King
Sarah Friestat Pajimola, Executive Assistant to Councilmember Keani Rawlins-Fernandez

PRESENTERS: Kali Watson, President and CEO of Hawaiian Community Development Board and Partner in Ikenakea Development, LLC

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Patti Barbee, Vice-President, Hawaiian Community Development Board

Chris Flaherty, Principal of 3 Leaf Holdings Inc. and Partner in Ikenakea Development, LLC

Keegan Flaherty, Consultant, Ikenakea Development, LLC

Jay Krigsmann, Executive Vice-President and Asset Manager, Krausz Companies, Inc.

David Pyle, Executive Vice-President, Krausz Companies Inc.

Gwen Hiraga, Senior Advisor, Munekiyo Hiraga

Gwendolyn Rivera, Senior Associate, Munikiyo Hiraga

OTHERS:

Alicia Ruelke

Dr. Mary Trotto, Board Member, Kihei Community Association

Albert Perez, Executive Director, Maui Tomorrow

Faith Chase

Randy Wagner, Design Review Committee Chair, Kihei Community Association

(12) additional attendees

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

CHAIR KAMA: . . .*(gavel)*. . . The Affordable Housing Committee meeting of October 19, 2020, is...shall now come to order. It is now 9 o'clock a.m. And so I would ask if you are not speaking to please mute your microphone. Or if you have a noisemaking device near you, please silence it. Let me take the opportunity to do that right now with my phone. Thank you, Members, for being patient. So I'm Tasha Kama, I'm the Chair of the Affordable Housing Committee. And I'd like to say good morning to my Committee Vice-Chair, Mr. Mike Molina. Aloha, Mr. Molina.

VICE-CHAIR MOLINA: Aloha, Madam Chair. It is a beautiful day here in Wailuku, and I'm up here in my office in the County Building. Blessings to you, my colleagues, and everyone. Aloha.

CHAIR KAMA: Ditto back at you. I'd like to say aloha kakahiaka also to Member Riki Hokama.

COUNCILMEMBER HOKAMA: Good morning, Chair.

CHAIR KAMA: I like to hear your voice. I'd like to say good morning also to...aloha kakahiaka, Member Kelly King.

COUNCILMEMBER KING: Aloha kakahiaka, Chair. How are you doing?

CHAIR KAMA: Fine, thank you. It's a beautiful Monday morning in the neighborhood of Kahului.

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COUNCILMEMBER KING: And Kihei as well.

CHAIR KAMA: Great. Aloha kakahiaka to Council Chair Alice Lee.

COUNCILMEMBER LEE: Madam Chair, in Visayan we say maayong buntag. Maayong buntag.

CHAIR KAMA: Maayong buntag.

COUNCILMEMBER LEE: Yeah.

CHAIR KAMA: Thank you, Council Chair Alice Lee. Maayong buntag to Councilmember Tamara Paltin.

COUNCILMEMBER PALTIN: Maayong buntag. Aloha kakahiaka kākou and hau'oli Po'akahi kākou.

CHAIR KAMA: Hau'oli Po'akahi kakou ia 'oe. Aloha kakahiaka also to Council Vice-Chair Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha kakahiaka, Chair. Mai Moloka'i nui a hina and maayong buntag kākou. How appropriate, it's...it's also Filipino History Month. So happy Filipino History Month.

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: I knew that.

CHAIR KAMA: For all the Filipinos out there. And we're going to go all the way to Hāna, Maui, say aloha kakahiaka to Member Shane Sinenci.

COUNCILMEMBER SINENCI: Aloha kakahiaka, Chair, mai Maui hikina and maayong buntag.

CHAIR KAMA: So I heard that Member Yuki Lei Sugimura was going to be a little late, so when she comes in we'll go ahead and acknowledge her presence. We also have from the Administration, from the Department of Housing and Human Concerns, Linda Munsell, the Deputy Director. Good morning, Linda.

MS. MUNSELL: Good morning, Chair. Good morning, Committee Members.

CHAIR KAMA: We also have Buddy Almeida from the...the Housing Administrator. Good morning, Buddy.

MR. ALMEIDA: Good morning, Chair and Committee Members.

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CHAIR KAMA: We also have with us Jessica Crouse, the Assistant Housing Administrator. Good morning, Jessica.

MS. CROUSE: Good morning, Chair. Good morning, Committee Members.

CHAIR KAMA: We also have from the Department of Public Works, Rowena Dagdag-Andaya, Director. Good morning.

MS. DAGDAG-ANDAYA: Maayong buntag, Councilmember. So it's maayong. And in Ilocano it's naaimbag a bigat yo amin apo.

COUNCILMEMBER LEE: Thank you.

CHAIR KAMA: Ditto back at you too.

COUNCILMEMBER LEE: You know, we were close.

CHAIR KAMA: We also have from the Planning Department, our Director, Michele McLean. And I understand that you're going to be with us until 11 o'clock this morning. Good morning.

MS. MCLEAN: I'm just going to say a simple good morning, everybody.

CHAIR KAMA: We also have with us from Corp. Counsel, Mimi DesJardins. Aloha, Mimi.

MS. DESJARDINS: Aloha. Good morning, everyone.

CHAIR KAMA: We also have the Affordable Housing's Committee Staff, Alison Stewart, our Legislative Analyst. Good morning, Alison.

MS. STEWART: Good morning, Chair. Good morning, Members.

CHAIR KAMA: And we also have Ana Lillis, our Legislative Analyst. Good morning.

MS. LILLIS: Good morning, Chair.

CHAIR KAMA: And we have with us Stacey Vinoray, our Committee Secretary. Good morning.

MS. VINORAY: Good morning, Chair, Councilmembers.

CHAIR KAMA: And so other resources that we have this morning with us are for the project proponent, Mr. Kali Watson, who is the President and CEO of Hawaiian Community Development Board and Partner in Ikenakea Development, LLC. Aloha, Kali. Welcome.

MR. WATSON: Oh, good morning, everyone. I had a hard time getting off mute. Aloha.

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CHAIR KAMA: Thank you for being here. We also have Chris Flaherty, the Principal of 3 Leaf Holdings Inc. and Partner in Ikenakea Development, LLC.

MR. C. FLAHERTY: Good morning, everyone.

CHAIR KAMA: Thanks for being here, Chris. We also have --

MR. C. FLAHERTY: Thank you.

CHAIR KAMA: -- Patti Barbee, the Vice-President of Hawaiian Community Development Board. Good morning. So I'm sure that she's with us. I don't hear her, but hopefully she'll be along in due time. And we also have Mr. Keegan Flaherty from Ikenakea Development, LLC. Good morning.

MR. K. FLAHERTY: Aloha. Good morning, everyone.

CHAIR KAMA: Also with us this morning from the Krausz Companies are Jay Krigsman, the Executive Vice-President; and David Pyle, the Executive Vice-President. And the Krausz Company [sic] has been the leading developer in this area of Kihei. And with the proponent's team are their consultants from Munikiyo Hiraga, Gwen Hiraga, Principal [sic]; and Gwendolyn Rivera, Senior Associate. Good morning, everyone.

UNIDENTIFIED SPEAKER: Aloha. Good morning. Or I should say aloha...

CHAIR KAMA: So welcome, everyone.

UNIDENTIFIED SPEAKER: I should say aloha kakahiaka, Chair.

CHAIR KAMA: Aloha kakahiaka ia oukou. Thank you. So welcome, everyone, and thank you for attending the regularly scheduled meeting of the Affordable Housing Committee. We have a single item on the agenda, it's Hale O Pi'ikea Affordable Housing Project or AH-45. The Committee is in receipt of County Communication 20-473, dated September 25, 2020, from Presiding Officer Pro Tempore Tasha Kama, referring the matter of Hale O Pi'ikea Affordable Housing Project. Hale O Pi'ikea is proposed for development at the corner of Pi'ikea Avenue and Liloa Drive in Kihei, Maui, Hawai'i on a parcel identified for real property tax purposes as tax map key (2) 309-002:076 [sic]. The proposed project consists of 90 multi-family rental units for households at or below 60 percent of the area median income. The ...*(audio interference)*... from the Affordable Housing Fund for land acquisition costs. We're going to receive a presentation from the representatives of the project proponents and partners, Ikenakea Development, LLC, Hawaiian Community Development Board, and 3 Leaf Holdings. It is also my understanding that representatives of Krausz Companies are available to provide information about the setting for this project. But at this time, I would like to open public testimony on the agendized item. And therefore, testifiers wanting to provide video testimony should join the online meeting of the BlueJeans meeting link provided on today's agenda at mauicounty.us/agendas.

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Testifiers wanting to provide audio testimony should dial 408-915-6290 and enter meeting code 798 867 277, which is also noted on today's agenda. Written testimony is highly encouraged through the eComment link listed for today's agenda on mauicounty.us/agendas. Since eComment is a new testimony feature we're using for this and other committees of the Council, but I'd like to provide some direction for the record before proceeding with oral testimony. An individual wishing to provide testimony via eComment can scroll through the selected agenda and click "comment" on the agenda item as they wish to address. Only one testimony can be submitted at a time, but users can go back and select additional items that they wish to address. After an agenda item is selected, the user will use...will see a textbox where they can type in their testimony, select a position, either opposed, neutral, or support, and even upload attachments up to 100 MB in size. To attach a file and to submit your testimony, you must sign up for a free account at the top right of the page. To complete the login process, new users must open a confirmation e-mail and complete the setup of their profile. After "submit" is clicked, you will be promoted to . . .*(audio interference)*. . . if you are not yet logged in. This is a requirement, but only your name will be published with any testimony. The other information will be kept private. A confirmation message will appear on your screen if the testimony is successfully published. Individuals are free to provide testimony via eComment on as many agenda items as they would like. Please note that if you are encountering difficulties with eComment, you may need to try using a different web browser, such as Edge or Firefox, Chrome, or Safari. Instructions on how to submit testimony via eComment can also be found at mauicounty.us/ecomment. Oral testimony is limited to three minutes. If you are still speaking beyond that time, I will ask you to complete your testimony. So when testifying, please state your name and the agenda item you are speaking on. If you are testifying on behalf an organization or you are a paid lobbyist, please let us know that also. We will do our best to call testifiers in an orderly fashion, and a link to the testimony log is posted in the chat section for testifiers to see where they are on the list. The chat platform should not be used to provide testimony or to chat with other testifiers or Councilmembers. Also, please be courteous to others by muting your microphone and your video when it's not your turn to testify. If you only wish to view the meeting without providing testimony, you can watch it live on *Akakū* Channel 53 or at mauicounty.us/agendas. Please be patient as we continue to navigate this new platform. And therefore, Ms. Stewart, if you would, please announce our first testifier on the list and the testifier who will follow.

. . .BEGIN PUBLIC TESTIMONY. . .

MS. STEWART: We've added two testifiers to the list, Dr. Mary and Albert...Dr. Mary Trotto and Albert Perez.

CHAIR KAMA: Thank you.

MS. STEWART: Dr. Mary, if you'd like to unmute and provide testimony.

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MS. TROTTO: Aloha. Can you hear me? Hello?

CHAIR KAMA: We can. Thank you. Yes, we hear you, Dr. Mary.

MS. TROTTO: Aloha. Thank you. Aloha, Chair and Committee Members. I'm Dr. Mary Trotto, and I'm representing today the Kihei Community Association on this, testifying on the Hale O Pi'ikea Affordable Housing Project, which the KCA had reviewed with the developers. And basically, we are in support of this project for many reasons. The location, it's finally a project where actually residents can walk to stores and shopping and schools. It's just amazingly wonderful that way. Large shade trees are planned. Beautiful pathways through the property for biking and...and walking. All of this is fabulous. One thing that we're concerned about in...in the KCA and...is some of the design. One of the things we feel that the...the Affordable Housing Committee can do is provide for all developers, especially people who want to develop in Kihei, that we have...even though it's hot, we have the Tradewinds. We need to take advantage of that in the afternoon. We need to provide affordable housing that doesn't rely on air conditioning. Electricity is too expensive. We need to be able to provide solar energy for our affordable housing. These things, you can require in all affordable housing projects. Knowing what's happening with climate change and increased environmental gases and all these things, the idea of having solar panels, PV panels, whatever you want to call them, so that the electricity can be paid for by the heat of the sun that we have in Kihei 360 days of the year. And also provide in each unit cross-ventilation, screen doors that allow for the people to keep their doors open and get the cross-ventilation and cool off their apartments so they don't have to rely...remember, this is affordable housing. Our most expensive utility is electric. Let's reduce the electric cost. Let's provide ventilation for our people so they're comfortable even in their new apartments. So these are the concerns that we have that we feel that the Affordable Housing Committee can address to all developers. Are you doing this? Are you putting in PV? Are you putting in ventilation? Are you allowing for the breezes to come in? You and I know that the elders in our society, our kupuna, do not automatically turn on air conditioning. They love it when the doors are open, the windows are open, and they're getting fresh air. And it's healthier for them. And one of the concerns is what happens in a power failure if they rely only on air conditioning. Then they become what, hotboxes for them. So please consider these things as part and parcel for all the affordable housing being built on Maui. Thank you so much for your time.

CHAIR KAMA: Thank you, Dr. Mary. Members, any clarifying questions for Dr. Mary? I see Ms. Tamara Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. If you wanted to recognize Member Sugimura before I ask my question, I'll...I'll be happy to yield.

CHAIR KAMA: Thank you very much. I'd like to welcome our Member Yuki Lei Sugimura to our Affordable Housing Committee meeting this morning. Aloha.

COUNCILMEMBER SUGIMURA: Good morning. Good morning from the County Building.

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Thank you, Tamara.

COUNCILMEMBER PALTIN: No problem. Thank you, Chair. Thank you, Dr. Mary Trotto, for your testimony and all your hard work in looking into these projects before they come before us. My question was just like when you say that the Kihei Community Association supports this project, what sort of outreach do you do to the surrounding neighbors? On the last project we passed, now we're getting some feedback from the surrounding neighbors that they are not happy with what we did. And so I just was wondering, when you say the Kihei Community Association supports it, is it like the board, or did you also go out and do outreach within the community?

MS. TROTTO: What we have is a...we call it the design review committee in the Kihei Community Association. And the design review committee is open to anyone who would like to become...any person who lives in Kihei, South Maui can come and join the design review committee. So we have people on that committee that are not on our board. That...this particular area, surrounding area is a wetlands on the southside. And then we have, of course, the Pi'ikea, you know, shopping center on the...on the northside. And then...so there's really not a lot of neighbors around there except for the apartment houses next to the elementary school and the junior high school. So it is...it's a really, really good location to put in affordable housing.

COUNCILMEMBER PALTIN: And...

MS. TROTTO: I don't think you'll have any problems with that.

COUNCILMEMBER PALTIN: Thank you. And the design committee didn't have any concerns about the wetlands?

MS. TROTTO: Well, it's not actually in the wetlands, they're...they're on top...they're on the upside of it. So they would end...the property would end before you go into the wetlands.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR KAMA: Any other questions, Members? If not, thank you very much, Dr. Mary.

MS. TROTTO: You're welcome. Thank you very much for having me.

CHAIR KAMA: Alison, our next testifier please?

MS. STEWART: The next testifier is Albert Perez, to be followed by Faith Chase.

MR. PEREZ: Good morning, Chair.

CHAIR KAMA: Good morning.

MR. PEREZ: Are you waiting for me?

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CHAIR KAMA: Yes.

MR. PEREZ: Okay. Good morning. Aloha, Chair Kama and Councilmembers, Members of the Committee.

CHAIR KAMA: Aloha.

MR. PEREZ: Albert Perez, Maui Tomorrow, and we definitely support this kind of housing. We support this project in concept. I just looked again at the Legistar, and this is the first time I've actually seen the plot plan. So we do have some concerns. We really want to see this kind of housing, especially at this...at this price level. This is really where we need our residents to have affordable housing. But I just...I...I just wrote down a few of the concerns that we have expressed in the past. So we've already heard about the wetlands, and we know that Kihei area used to have a lot more...I think we're down to about one-sixth of the wetlands that we used to have. And wetlands provide flood storage. So if we are doing anything to reduce the amount of flood storage, then that's going to impact the surrounding neighbors. So we are somewhat concerned about that. From looking at the plot plan this morning, it's hard to tell what the original topography of the site is. So if it's...if it's in a low-lying area that's near the wetlands, it still could be functioning as a flood storage area. And we don't want our affordable housing residents to be impacted by flooding. That's one of...actually one of my main concerns about a lot of the proposals that we see are in flood areas. So I think that just because you have low income doesn't mean you should be having to have your...your home flooded. I don't want to go too much into that because we really are hoping that this project will be able to avoid or minimize the impacts. There are also a couple of cultural sites that were identified on the...on the area, and so we will be waiting to see how that...how those cultural sites are treated. And anyway, we hope to be able to fully support this. We currently support it in concept. We're looking forward to seeing the application. Thank you very much.

CHAIR KAMA: Thank you, Mr. Perez. Members, any clarifying questions? Ms. Kelly King, yes. Kelly...I think you're muted, Kelly.

COUNCILMEMBER KING: Thank you. Albert, if you want to unmute your video or open up your screen, all we see...we don't see your lovely face right now, we just see a blank screen. But I wanted to ask if...if you're involved at all with the wetland restoration project that's been funded in this current budget? Since you brought up the wetlands.

MR. PEREZ: Sorry, I had my backup screen blocker on.

COUNCILMEMBER KING: There you go. There you are.

MR. PEREZ: You know, I've heard about it, but I'm not involved. But I do think that if we were to restore some wetlands that that could mitigate some, you know, some filling in some areas. But I don't think this is actually in a wetland, I think it's --

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COUNCILMEMBER KING: No, it's not.

MR. PEREZ: -- near a wetland.

COUNCILMEMBER KING: Yeah. It's...

MR. PEREZ: But as the...as the sea level rises, our wetlands are going to want to expand. And if we have development in there, then that's going to be an issue. So I don't know if this is within the SLR-XA area or not, but.

COUNCILMEMBER KING: Yeah, this is above...this above the wetlands. The wetlands are below it across the street --

MR. PEREZ: Right.

COUNCILMEMBER KING: -- from...across South Kihei Road, so. But I just...I just thought it would be good if you were able to, you know, start talking with Char Schulenburg and HILT about the wetland restoration project since that is on your radar. But I don't believe it is, I don't believe the project...I think they've cut it off well above the wetlands.

MR. PEREZ: Okay.

COUNCILMEMBER KING: All right. Thank you for your testimony.

MR. PEREZ: Thank you.

COUNCILMEMBER KING: Oh, the other thing I wanted to ask you, Albert, was, you know, the...the previous iteration of this project was mostly, you know, retail, a movie theatre, and...and I think...and did you guys support it back then?

MR. PEREZ: I wasn't...I was gone at that point. I hadn't come back yet.

COUNCILMEMBER KING: Oh, right, right, okay. That was a while ago.

MR. PEREZ: But I do know --

COUNCILMEMBER KING: That was like 15 years ago.

MR. PEREZ: -- I do know that we have met with Mr. Krigsman and Krausz Development in the past, and we do appreciate that organization for trying to comply with the community plan, so.

COUNCILMEMBER KING: Okay. But this is preferable to retail development for Maui Tomorrow?

MR. PEREZ: It could be.

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COUNCILMEMBER KING: Okay.

MR. PEREZ: We...we hope to be able to support it.

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

MR. PEREZ: Thank you.

CHAIR KAMA: Mr. Sinenci, did you have your hand raised?

COUNCILMEMBER SINENCI: Thank you, Chair. No, I had a question for you. I mean, I don't...we didn't receive...the office didn't receive...like normally we receive the...the project manual. And I was just wondering, today is just a presentation, Chair?

CHAIR KAMA: Or...well, we could make a recommendation to send it on to the Economic and [sic] Development and Budget because all we're doing today is hearing the project and hopefully recommending it to EDB.

COUNCILMEMBER SINENCI: I was just wondering if the Members...

CHAIR KAMA: So this is not a 201...this isn't a 201H project.

COUNCILMEMBER SINENCI: Okay. All right. Thank you, Chair.

CHAIR KAMA: So if there are no other questions, Members, Alison, could you please call our next testifier?

MS. STEWART: The last person on the testifier list is Randy Wagner.

MS. WAGNER: Did I show up? Aloha, Affordable Housing Committee. I met you...can you hear me?

CHAIR KAMA: Yes, we can.

MS. WAGNER: Okay. I...I testified not that long ago about Liloa Hale. And I'm back again with the similar concern. With this project in...oh, I'm...I'm the chair of the design review committee at KCA, and I'm an architect and a LEED-accredited professional, which is leadership in energy and environmental design. I believe there are several pros about this project. I believe the location near the commercial and schools is good. I really support the live-work component of the design. We have met with the Krausz Company [sic] and told them our concerns, and they have tried to respond. We've asked them to put seating area in front of the work portion, and have it as close to the street as possible. We wanted it up along the street, but they insisted that there be some parking between the street. They have also agreed to put large shade trees along Pi'ikea between the sidewalk and the street. They've agreed to put large shade trees throughout the parking area and around the buildings. And they have agreed to

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put clear, safe pedestrian walkways and bikeways throughout the site so that the people in the residential can get to the commercial and vice versa. And also towards the wetlands. I share the concerns about...obviously about drainage and increasing stress on the ocean and increasing flood problems. I understand the law is that there can be no more runoff after construction than prior. And I also believe that the process of construction should be very well monitored with best practices to prevent any, you know, pollution. The...the part of the design that hasn't been developed yet that I think is extremely important is the building designs. This is a very high-density project. It has a lot of parking, so it's going to be a very hot environment. That's mostly what the trees come into, is to try to lessen the impact of that parking. And I also really, really believe that all affordable housing should be able to function well without the use of air conditioning. Now, these projects seem to be double-loaded single corridors. And this is what I brought up in Liloa Hale. You can build double-loaded single corridors that allow for cross-ventilation. . . .*(timer sounds)*. . . Is that my time?

CHAIR KAMA: Yes, that is. I'm sorry.

MS. WAGNER: Okay. Well, anyway --

CHAIR KAMA: Please wrap up.

MS. WAGNER: -- I sent you a paper that describes --

CHAIR KAMA: Okay.

MS. WAGNER: -- the things that need to be done that I believe this Committee should include in all affordable housing projects because the people deserve to be comfortable without creating a hardship on the environment and on them.

CHAIR KAMA: Thank you. Members, questions? Oh, Ms. Keani Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I...I was wondering...aloha, Ms. Wagner. Mahalo for your testimony.

MS. WAGNER: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: I was wondering if perhaps we could ask Ms. Wagner to serve as a resource? If we have more in-depth questions when we are deliberating.

CHAIR KAMA: Ms. Wagner, are you able to stay after the...after the presentation so that if the Council had questions that they could ask you?

MS. WAGNER: Yeah, I know that happened last time. I'm a working person and I can't...if I...I can try to keep this separate computer on.

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CHAIR KAMA: Okay.

MS. WAGNER: If somebody would...if I gave you my phone number and you texted me and said we have a question for you now, then I could definitely come back. Do you want my phone number?

CHAIR KAMA: I think the Staff will be able to do that.

MS. WAGNER: Okay.

CHAIR KAMA: Thank you.

MS. WAGNER: Yeah, I'm happy to do that.

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

CHAIR KAMA: And I think...I think Miss...Ms. King had a question also.

COUNCILMEMBER KING: Thank you, Chair. Hi, Randy. How are you doing?

MS. WAGNER: Hi, Kelly. I'm doing well. Thanks.

COUNCILMEMBER KING: So you know, this...this issue comes up...it's probably going to come up every single time we have a development. And I'm just wondering if you feel that we could actually take care of this as a...as an issue for the entire area if we had an advisory committee. You know, we're trying to get this official, you know, the community advisory committee for South Maui and Paia-Haiku to become an official body. And maybe that this...is that one of the things that you would foresee that we could make those kinds of requirements or suggestions for the entire area?

MS. WAGNER: Absolutely. I think that this is critical for the entire area. You know, it's only been in the last 30 years that people have been designing with air conditioning, even in the most expensive homes. It used to be...prior to 30 years ago, even in the fancy houses in Wailea, there was no air conditioning. People designed the buildings to be cool with proper overhangs, with proper landscaping, with windows, with jalousies, all kinds of things like that. And it's a huge burden on our energy budget to place all this air conditioning and to design places that cannot function without it, especially affordable homes.

COUNCILMEMBER KING: Yeah, thank you. I appreciate that because...yeah, I know that because 30 years ago, I was fighting for air conditioning for the schools when our kids were sitting in pools of their sweat because they were...the portables were so poorly designed. But I think it's something that we might be able to address on a larger issue so that we don't have to keep coming back every...

MS. WAGNER: Yeah, absolutely. I think as a...as a basic guideline, it would be great. And air conditioning can be optional, it just shouldn't be pretty much mandated.

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COUNCILMEMBER KING: Okay. And then there's the recognition also that we've heard from developers, and I think that the KCA recognizes the fact that solar is helpful, but there's...there's no amount of solar that's going to cover the entire cost of air conditioning. So it would help maybe defray the cost a little bit, but it's still --

MS. WAGNER: Yeah, solar is --

COUNCILMEMBER KING: -- a lot of energy.

MS. WAGNER: -- is a bonus.

COUNCILMEMBER KING: Right.

MS. WAGNER: But things should be able to function. Like if there's a power outage and there's not a battery backup for solar, it doesn't do you any good. So things should be able to be comfortable without power.

COUNCILMEMBER KING: Okay. Well, thank you. And thank you for all your work on the design review committee.

MS. WAGNER: You're welcome.

CHAIR KAMA: Thank you. Ms. Sugimura, do you have a question for...

COUNCILMEMBER SUGIMURA: Thank you. So Randy, you mentioned that you submitted something to us. I'm looking in our Granicus, I don't see it.

MS. WAGNER: It's one page. At the top, it just says testimony, Hale O Pi'ikea Affordable Housing Project, AH-45. I don't...I submitted it through two ways. I sent it to the Committee and I also sent it through --

CHAIR KAMA: eComment.

MS. WAGNER: -- like some new uploading thing.

CHAIR KAMA: eComment.

MS. WAGNER: Yeah.

CHAIR KAMA: Oh, very good. Thank you. Thank you for trying that out.

MS. WAGNER: So it should be there. It's very clearly specified exactly what I think they should do in my testimony.

COUNCILMEMBER SUGIMURA: Thank you. Thank you.

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CHAIR KAMA: Seeing no other questions. Thank you so very much, Randy. We appreciate you.

MS. WAGNER: Thank you.

CHAIR KAMA: Thank you. Alison, do we have any other testifiers?

MS. STEWART: There are no other testifiers on the list. If...Randy Wagner, if you could please check your direct chat messages for your phone number, that would be appreciated. And there are no other testifiers signed up at this time.

CHAIR KAMA: Thank you. Okay. So Members, without objections, I'd like to be able to close public testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR KAMA: So ordered. So also without objections, the Committee will receive into the record any written testimony received.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR KAMA: Thank you.

. . .END OF PUBLIC TESTIMONY. . .

AH-45: HALE O PI'IKEA AFFORDABLE HOUSING PROJECT (CC 20-473)

CHAIR KAMA: So Members, we have Kali Watson to start the project proponent's presentation with other team members to present, depending on the aspect of the project. And so we're going to ask Mr. Watson to do his presentation right now. So Kali, are you ready?

MR. WATSON: Yes, I am.

CHAIR KAMA: Okay. Take it away.

MR. WATSON: Thank you. Good morning, Chairperson Kama and Members of the Affordable Housing Committee. My name is Kali Watson and I'm the President and CEO of Hawaiian Community Development Board. I'd like to first start by thanking you for this follow-up opportunity to update the Committee on our application for County funding to assist us in the development and construction of our Hale O Pi'ikea Affordable Housing Project. However, I think it's important to initially view the broader, bigger picture of how this project is a part of the master plan Downtown Kihei project. Therefore, our Executive VPs, Mr. Jay Krigsman and David Pyle of the Krausz Companies, will start the presentation, with my partner Chris Flaherty then explaining

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the Pi'ikea housing project, and our VP Patti Barbee detailing the use of the Maui funds to leverage and obtain the overall funding for HH...from HHFDC. I will end the presentation by talking about Pi'ikea's projected schedule. Thank you. Jay?

MR. KRIGSMAN: Aloha, Chair Kama. May I share my screen at this time and show our presentation?

CHAIR KAMA: Absolutely.

MR. KRIGSMAN: Okay.

MR. KRIGSMAN: Okay. Aloha Kali, for that introduction. Aloha, Chair. Aloha, Members of the Affordable Housing Committee. Mahalo for your time this morning. Let me just verify that you can hear me. Can you hear me? Okay, great. I hope that everyone is safe and healthy. My name is Jay Krigsmann. I am a Principal with the Krausz Companies. And as Kali mentioned, with me today is David Pyle, also a Principal with the Krausz Companies, as well as Chris Flaherty and Kali Watson, Principals with Tkenakea Development. As many of you know, the Krausz Companies has been an active part of the Kihei community for over 17 years. During this entire time we have always worked closely with the local community to make sure we are being a good neighbor. Today we are here to provide you with an update on Downtown Kihei, our mixed-use, infill development just makai of the roundabout on Pi'ikea. The Krausz Companies has been an active and proud member of the Kihei community since June, 2003, just over 17 years ago, when a Krausz Companies affiliate became the proud owner of the Pi'ilani Village Shopping Center. We are happy to be part of Kihei, and wanted to ensure the ongoing success of our tenants at Pi'ilani Village by making sure the land just makai of us at Pi'ikea and Liloa was developed in a way that was complimentary to our center and good for the community.

MS. VINORAY: Oh, she sent it on Saturday.

MR. KRIGSMAN: It is with this reason in mind that a Krausz Companies affiliate purchased this land, providing us with a canvas to properly develop the entire intersection makai of the roundabout. Wherever we invest, we always make sure we meet with planning and the community to start our relationship off right from the beginning. It was at an early Planning Department meeting that we were introduced to the Kihei-Makena Community Plan, which educated us about what the residents of Kihei wanted to see in their hometown. We've learned that the vision of the residents of Kihei had for our site was to establish a distribution of land uses which provides housing, jobs, shopping, open space, and recreation areas in close proximity to each other to enhance Kihei's neighborhoods and to minimize the dependence on automobiles. Understanding this, we realized our goal was to create a fun, exciting, and affordable place to live, work, and shop that meets the desires and wishes of the community as outlined in the Kihei-Makena Community Plan. This became the driving focus for everything we have . . . *(audio interference)* . . . In 2017, affordable housing in Kihei jumped to the forefront of the needs of the people. Our community needs affordable housing, said Mike Moran. People were wearing shirts and hats around town

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expressing their concern. The County leaders realized the hurdles "Show Me the Water" was placing on development of new affordable housing, and they went to work fixing it. As a result, Maui County made it easier to build affordable housing without triggering "Show Me the Water" and many people on the island asked us to reconsider affordable housing at Downtown Kihei. Councilmember Kelly King impressed upon us to try to add affordable housing on our site. Mayor Victorino told us that affordable housing is one of his top priorities, and he would really appreciate us putting housing at this site. Randy Wagner and the KCA wrote us, asking us to reconsider affordable housing now that "Show Me the Water" is no longer an issue. We heard the cries of the community, and went back to the drawing board to add an affordable housing component to our plan. Wanting to do it right, and not having affordable housing experience, we brought in an affordable housing expert with experience developing 100 percent affordable housing projects in Hawaii. Krausz, working closely with Ikenakea Development, came up with a mixed-use plan that provides 218, 100 percent affordable housing units in three phases. It is this working relationship between Krausz and Ikenakea we want to introduce you to today. And this vision for a mixed-use, 100 percent affordable housing project in the heart of Kihei that we want to share with you today. Krausz and Ikenakea will work closely together to ensure that the site plan and the development is done in a cohesive and complimentary way to best serve the community and the project. Krausz will focus on the commercial components of the property on both the north and south side of Pi'ikea, and Ikenakea will focus on the affordable housing components of the project on the south side of Pi'ikea. Since we are here today to talk about affordable housing, I thought it would be best if I were to introduce you to Chris and Kali with Ikenakea and let them, as our affordable housing experts, presents our project to you and answer any questions you may have. With that, ladies and gentlemen, I give you Chris Flaherty and Kali Watson with Ikenakea Development.

UNIDENTIFIED SPEAKER: Chris?

MR. C. FLAHERTY: Mahalo, Dave, for the introduction and allowing us the chance to tell you about our phase one affordable housing development, Hale O Pi'ikea. My name is Chris Flaherty, and I'm a Partner in Ikenakea Development. And with me are Kali Watson, the Director of Hawaiian Community Development Board and a Partner in Ikenakea Development, along with Patti Barbee and Keegan Flaherty, both with Ikenakea as well. As Jay mentioned, Ikenakea Development is the affordable housing developer for the Downtown Kihei project. Ikenakea has years of affordable housing development experience in Hawai'i and the mainland. As a backdrop to our most recent experience, Ikenakea will be completing a new 52-unit affordable, for-rent housing development on O'ahu at the end of this year. And we'll be beginning a new 105-unit kupuna affordable housing for-rent development in Mō'ili'ili in July of this coming year. All were developed with the use of Low-Income Housing Tax Credits. At the request of the Affordable Housing Commission [sic], we reached out to the community to gain insight on the community needs. We have been fortunate to have worked alongside the Krausz Companies with Jay and David in the presentations to both the Kihei Community Association and the South Maui Advisory Committee. We were able to earn the community support by incorporating their recommendations into

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our project's design, while following the Downtown Kihei Community Plan. We have included their letters of support. And we have just heard from one of the members of the KCA design committee. As you can see in the site plan presented to the community associations, and that which they support, we've incorporated both community associations' recommendations, and it included all three phases of our project. Phase one is 90 units of 100 percent affordable family for-rent apartments of one, two, and three bedrooms. Phase two is 96 kupuna, 100 percent affordable rental apartments consisting of studios and one bedrooms. And phase three consists of 100 percent affordable townhomes for sale or rent. The Commission's suggestion to reach out to the community for input allowed us to revise the site plan to create more walkability in the second phase by connecting the sidewalks along Pi'ikea to the retail frontage on the ground floor of the residential building. You will notice the generous gathering area in front of the retail area. We now feel that our project is more pedestrian friendly to the community members that will be living and visiting the development. However, today we are here to tell you about our first phase. Phase one sits on the south mauka corner of the property on 2.66 acres and is comprised of two buildings, each four stories, consisting of 90 affordable units targeting 30 percent to 60 percent of AMI, which remain affordable for a period of 61 years. There will be one, two, and three-bedroom units, a community center, centralized laundry, outdoor space, onsite parking, and provisions for social service programs. We have engaged Design Partners as our architect, who has completed quite a few affordable housing projects recently on Maui, and Warren S. Unemori Engineering as our civil engineer. We've also hired Munikiyo Hiraga as our planning consultant. We have hired our property management company, Mark Development, to manage the property, and Hawaiian Community Assets as our lead service provider for the project. We have also been working with Moss Construction for the general contracting of the construction portion of the project in a design/bid/build format. As you will notice in the chart, we have 18 one-bedroom, one-bath units that are 528 square feet in size. We have 58 two-bedroom, one-bath units that are 722 square feet, and 14 three-bedroom, two-bath units that are 1,046 square feet in size. Nine of the units will be reserved for 30 percent AMI, nine at 50 percent AMI, and 71 will be reserved for 60 percent AMI. There will also be one manager's unit. Of the nine units at 30 percent, two of the units will be one-bedroom, five of the units at 30 percent will be two bedrooms, and two of the units at 30 percent will be three bedrooms. The same ratio will hold true for the units at 50 percent, or described as 30 percent of AMI. The units at 60 percent will be distributed as follows: 14 one-bedroom, 47 two-bedroom, and 10 three-bedroom, and one manager unit. You will notice that the units are quite spacious and illustrate a generous floor plan layout for families. As you will see in this next slide, the net rents after utility allowance based on the County of Maui's 2020 Affordable Rent Guidelines are truly affordable to local working families, and are deeply targeted to very low-income families as well. For example, \$479 for a two-bedroom unit at 30 percent AMI, and \$533 for a three-bedroom at 30 percent AMI. At the 60 percent level, it will be \$1,137 for a two-bedroom unit, and \$1,293 for a three-bedroom unit at 60 percent AMI. As you will notice in the site plan, we have priced...we have provided ample parking. This will help working families navigate multiple car ownership within one household. We have also included over 3,700 square feet for community space resource center, including community meeting rooms, computer labs, library and

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social programming offices, along with community area kitchen and bathrooms. With that, I'm going to hand it over to Patti Barbee to walk through the financing and development schedule. Mahalo again.

(Note: Ms. Barbee is having technical difficulty.)

MR. C. FLAHERTY: Patti, are you there?

COUNCILMEMBER KING: We can't hear you.

COUNCILMEMBER RAWLINS-FERNANDEZ: She said she is muted. So she chatted that she is muted, but it looks like she is not muted from our end. So sometimes this happens where if you were on Zoom prior that you may need to restart your computer if the audio is not working.

MR. WATSON: Chris, you want to go through the financing?

MR. C. FLAHERTY: Yeah, I will...I will do that.

MR. WATSON: I'll do the schedule.

MR. C. FLAHERTY: Okay. Bear with me everyone. Let me open up her presentation. Aloha, Chair Kama. As you know...I'm speaking, by the way, as I am --

CHAIR KAMA: Yes.

MR. C. FLAHERTY: -- Patti. This was written by Patti.

CHAIR KAMA: Okay.

MR. C. FLAHERTY: So as you know I've been working with Kali for almost 20 years ,and I met you nearly 25 years ago when we advocated for funding for a self-help housing project in Waiehu Kou. Since then I've admired how you lead with positivity, passion, and integrity, and it's a pleasure to present how we are financing our project to you and your Committee today. 'Ikenakea Development currently has nine projects in its portfolio in Hawai'i using the Low-Income Housing Tax Credit program. Three projects are completed, two projects are in its final months of construction, three towers are in closing, and one project is on Hawaiian Home Lands, where we are submitting a tax credit application...bond application in December. Hale O Pi'ikea phase one is a \$45.7 million project. Our estimated construction cost per square foot is approximately \$370 per square foot, which is the average cost to build in today's market. Our funding stack for the project includes a permanent loan, Low-Income Housing Tax Credit equity, rental housing revolving funds, and the Maui County affordable housing program. The permanent loan is for \$3.6 million, and this is based on a debt-coverage ratio of 1.15. We are current...we currently have an LOI from American Savings Bank for both the permanent loan and the construction loan amounts. Through the IRS tax credit program, Section 42, an estimated \$14.2 million

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in tax equity can be generated for this project. In general, based on the developer's experience, a market study and pro forma, profitable companies invest in affordable housing projects to reduce their tax liability. We currently have an LOI from Enterprise Community Partners, an investment firm specializing in affordable housing project syndication. The State of Hawai'i Finance Development Corporation administers the Low-Income Housing Tax Credit program and the Rental Housing Revolving Fund. The Low-Income Housing Tax Credit program is highly competitive. The amount of tax credits available each year are based on the State's population. For the 9 percent Low-Income Housing Tax Credit program, only three to four projects are awarded tax credits per year in Hawai'i. The amount of rental housing revolving funds that is available varies from year to year based on the State Legislature. In this next funding round in February of 2021, the projects awarded tax credits will also be awarded low...rental housing revolving funds to fill the funding gap. We will be requesting [sic] 22 million in rental housing revolving funds. Finally, the \$5.7 million requested today is for site acquisition, and is not eligible for tax credits. Our team has carefully analyzed the scoring criteria, and believe that an affordable housing program award will help us score in the leverage category and demonstrates participation by a government agency. Your funds will not only bridge a funding gap for us, but it will help us garner critical points for us to win a tax credit allocation and rental housing revolving funds. Last year the top three successful projects were separated by only one point. And now I will hand it back to Kali.

MR. WATSON: Thank you, Chris. Our projected schedule is shown on this slide. With the award of your affordable housing grant, we anticipate going in for the main HHFDC funding in February of next year. We'll be working with Maui County to complete the workforce housing agreement, and quickly move forward with the permitting process. We hope to close the financing a year later, and then immediately start construction and have the housing completed and filled with people by March of 2023. Thank you. That completes our presentation, and we are available for question.

CHAIR KAMA: Thank you for that presentation. So Deputy Director Munsell, does the Department have any comments on the project?

MS. MUNSELL: Thank...thank you, Chair. Good morning. Good morning, Committee Members. My name is Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. Obviously with me today, as you already know, is Buddy Almeida, our Housing Administrator, and Jessica Crouse, our Assistant Housing Administrator. So you...you've just heard the presentation from the developer, and so I'm not going to take up a lot of your time. But as Chair mentioned, Hale Pi'ikea in this first phase is proposing to do 90-unit affordable housing complex there in Kihei. They've submitted an application to us for just a little over \$5.7 million in affordable housing funds for this project. The leveraging of this project is very significant, as you've...you've seen. With some investment from our Affordable Housing Fund, we could leverage additional funding from the State. This application is supported by both the Department as well as the Mayor, and we're here to ask for your support as well. We really appreciate your time and your consideration today. And obviously, we're here if you have any questions. Thank you.

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CHAIR KAMA: Thank you, Ms. Munsell. So Members, what we're going to do now is we're going to have two rounds of questions with three minutes per Member. So I'd like to be able to start the questions with our Committee Vice-Chair Mike Molina.

VICE-CHAIR MOLINA: Okay. Thank you very much, Madam...

CHAIR KAMA: You have any questions?

VICE-CHAIR MOLINA: Yes, I do, Madam Chair. My first two questions in my three minutes are for the developer. First, thank you for your presentation. You mentioned the use of the Rental Housing Revolving Fund for roughly 22.7 million. Have you found any drawbacks to using that, such as potentially the abundance of reporting, meeting certain guidelines for development, et cetera? And if you are finding that there is some drawbacks, have you considered other funding sources other than the Rental Housing Revolving Fund? I know there was mention of the Affordable Housing Fund. Can you comment on that please?

MR. C. FLAHERTY: Yes. Mike, this is Chris. We haven't found the Rental Housing Revolving Fund process to be in any way prohibitive to accomplishing what...what we're trying to do, which is build affordable housing. We found that the reporting is no more intense than any of the HUD reporting that we do, and we haven't found it to be, you know, something that's a burden to us. We did run a model without the use of rental housing revolving funds with just a 9 percent tax credit application to HHFDC. We still can support a 9 percent application only, without the use of rental housing revolving funds, and that was the case this past year when there were no rental housing revolving funds available. So we were told via HHFDC's correspondence to us that there would be funds available for a 9 percent application this coming year, 2021. So we're planning on using the rental housing revolving funds for such. We could also choose not to use them and go straight with a 9 percent deal and still support our perm debt. So we haven't found it be to any burden to us. So hopefully that answers your question.

VICE-CHAIR MOLINA: Okay. Yes it does. Thank you very much, Mr. Flaherty. And Madam Chair, one quick question for Ms. Munsell from the Department.

CHAIR KAMA: Yes.

VICE-CHAIR MOLINA: Good morning...good morning, Linda. The reason I asked that question was that if it would help expedite the project, if the revolving...the Rental Housing Revolving Fund seemed to be cumbersome, the possible use of bonds to fund the project, in addition to the Affordable Housing Fund commitment. So I just kind of throw that out there. It sounds like a good project. It definitely meets the needs of especially those in the low-income rental area. So...so at this point, do you see a need to look at other avenues, or is this fine that we can...this project can move forward as is with just these two funding sources?

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MS. MUNSELL: So thank...thank you, Mr. Molina, for the question. So according to their sources and uses, they're not only using the Rental Housing Revolving Fund, but the LIHTC funding as well. So the affordable housing funds are about...about 12 percent, a little over 12 percent of the funding they're actually going to be using for this, including their permanent loan and things. So as far as the mix in order to do the construction, we leave that generally up to the developer themselves to determine what kind of debt that they can afford to...to carry. But the Rental Housing...or the Affordable Housing Fund percentage is very critical to their applications. I'm not sure that we would be in a position to suggest alternate funding for them at this point. So thank you though.

. . .*(timer sounds)*. . .

VICE-CHAIR MOLINA: Okay, great. Thank you for your responses, Director. Thank you, Madam Chair. Right on time.

CHAIR KAMA: Yes. Perfect timing. Okay, we're going to go now to Member King. I think I saw your hand up earlier, I'm sorry.

COUNCILMEMBER KING: That's okay. Thank you, Chair. I appreciate it. And I appreciate the folks who did the presentation. And changing your project to fit the needs of our community, that's much appreciated. I had a couple questions. One is in the...in your...your floor...kind of the area plan where you had the different buildings, you've got some listed as residential and some listed as rental, but it sounds like it's all rental. So what is the...what's the differentiation between the labels of residential and...and rental?

MR. C. FLAHERTY: The...it's all rental. I think that labeling was just to identify the mixed-use component, like on phase two where it's retail below and residential above, but it's all rental.

COUNCILMEMBER KING: Okay. That's what I thought. It was a little confusing to me. And my other question was half answered, I was going to ask about the...what...what would happen if you didn't get the, you know, the Rental Housing Revolving Fund. But it sounds like you're still okay to go ahead with it. And so...because we...we...you know, we talked about using affordable housing funds for the purchase of land, and how if the project didn't happen then the land would revert to Maui County. Is that...that's your recollection?

MR. C. FLAHERTY: That's correct. Yes.

COUNCILMEMBER KING: Okay. Okay, that's what I thought. But it sounds like you're not in danger of it not happening due to the 22 million in the RHRF fund.

MR. C. FLAHERTY: Correct. And we would plan on applying...if we didn't get awarded in 2021, we would apply obviously in 2022 and 2023. So yeah, we...we...we are in a position if rental housing revolving funds aren't available, we can fund it with just a

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9 percent...with all tax credit equity, so.

COUNCILMEMBER KING: Okay. And then my last question is you have onsite a management unit. So will you be installing the onsite management with the first phase?

MR. C. FLAHERTY: Yes. Yes, we will.

COUNCILMEMBER KING: Okay. Because I think it's important to have that onsite, you know, a manager. I've...I've seen it working in other areas. But I appreciate your focus on the very low income and making truly affordable rentals. That's really important for, I think, every community on the island. And we haven't had that up until this...this last couple of years. So thank you for everything you guys are doing. I'm going to let somebody ask the question about the ventilation and the air conditioning because I think my time is about up. But...

CHAIR KAMA: Mr. Sinenci? Mr. Sinenci, followed by Chair King [sic].

COUNCILMEMBER SINENCI: Chair, yeah. Member King mentioned, so it looks like Ms. Wagner came on, Mr. Flaherty, and said that if the...you're providing cross-ventilation in the units that are not solely reliant on air conditioning and taking --

MR. C. FLAHERTY: Oh, that...

COUNCILMEMBER SINENCI: -- advantage of the cross-ventilation trades thing.

MR. C. FLAHERTY: Yes, absolutely. They will not be solely dependent on air conditioning. Air conditioning will be offered, but we will have the ability to have cross-ventilation. We're targeting...and I believe Patti can comment, is it LEED Silver on this project, Patti? Oh, Patti, you're muted.

CHAIR KAMA: Again.

MR. C. FLAHERTY: Yes, LEED Silver. Yeah. So it will have cross-ventilation. And you know, we hope to incorporate a lot of the...the items that Randy Wagner spoke about into our project.

COUNCILMEMBER SINENCI: Oh, okay. So your...the corridors are not double loaded, there's...there's opportunity to have...have it open, the corridors?

MR. C. FLAHERTY: Yes, on the end. So our current project in Mō'ili'ili has that same strategy, where it is a single-loaded corridor and so it's not double loaded. Well, I guess it's double loaded from the...from the residential side with a single corridor, but we do have cross-ventilation ability in that building type, so.

COUNCILMEMBER SINENCI: Okay, great. And then my last question was, you mentioned

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Moss Construction and I know they're out of Florida. Do they normally hire local, and what percentage do they hire local?

MR. C. FLAHERTY: In fact they are...they are part of the Hunt Companies. They were at one time, I believe, joined together. So they've been in Hawai'i. They've done quite a few projects for us in Hawai'i. They hire all local. They have a local presence on Maui and on O'ahu as well. So yeah, we're...we're very in tune with the local market and the need to, you know, keep the local, you know, families working. And we...we plan on using all local workers.

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

CHAIR KAMA: You're welcome. Chair Lee?

COUNCILMEMBER LEE: Thank you, Madam Chair. I have two questions for I'm not sure who. Whoever is...whomever is handling the finances. I see that your total projected cost is 45,753,000; is that correct?

MR. C. FLAHERTY: Yes.

COUNCILMEMBER LEE: Okay. So in other words, if you were able to obtain all the funding that you hope to through these various sources, would you say that this...this project is about 50 percent subsidized?

MR. C. FLAHERTY: Well, I...I would say if...if you...that's...I don't know the answer to that question. But I would say that I use the word "subsidized" as not including rental housing revolving funds.

COUNCILMEMBER LEE: Yeah, that's why...

MR. C. FLAHERTY: Or I should say not...

COUNCILMEMBER LEE: That's why it comes down to 22 million.

MR. C. FLAHERTY: Yeah. Yeah.

COUNCILMEMBER LEE: So would you say it's 50 percent subsidized?

CHAIR KAMA: Yeah.

MR. C. FLAHERTY: I guess you could say that. I like to say that we're using 50 percent of...of equity from the major banks, including the major Hawai'i banks. But yes, you are correct, there's 50 percent --

COUNCILMEMBER LEE: Okay, so...

MR. C. FLAHERTY: -- in subsidies.

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COUNCILMEMBER LEE: Okay, all right. So in other words, you're going to have a mortgage of about \$22 million?

MR. C. FLAHERTY: No, our mortgage...I believe our perm debt is...

MR. WATSON: 3.6 million.

MR. C. FLAHERTY: Yeah, 3.6 million.

COUNCILMEMBER LEE: You mean the funding from the Rental Housing Fund is forgiven, it's not a loan, it's a grant?

MR. C. FLAHERTY: It's...it's typically a residual receipts loan. So it's based off of cash flow. So it's...it's not a debt that's required to be paid, it's just based on residual receipts. So the cash flow percentage is usually just a repayment of that over time.

COUNCILMEMBER LEE: Okay. All right. So what...so your mortgage is going to be \$3 million, did you say?

MR. C. FLAHERTY: Yes, 3.8, Kali, is that correct?

MR. WATSON: 3.6 million, the permanent loan. And then the...usually the Rental Housing Revolving Fund is a soft loan in a sense that unlike the permanent, you know, you got to pay the permanent. The soft loan, which would be from the HHFDC Rental Housing Revolving Fund, would be a soft loan dependent upon the rental revenues. And if we should run short and we need more money for maintenance or whatever, that would be, I guess, not forgiven, but would be deferred. So the whole idea is to use that money partly as a tax base as to generate more Low-Income Housing Tax Credits, which we can sell in the private sector, generate...basically like free money from the private sector to subsidize a project like this, which is your typical approach in these kind of affordable housing projects. So we leverage not only your folks' money, but also the Rental Housing Revolving Fund money. But again, it's a soft...

COUNCILMEMBER LEE: Okay. Kali, it's hard for me to understand that . . . *(timer sounds)* . . . you're only going to have a \$3 million mortgage. Thank you.

CHAIR KAMA: So Ms. Sugimura, and Mr. Hokama. I think you're muted, Yuki.

COUNCILMEMBER SUGIMURA: Yeah, unmuted myself. So I wanted to just continue along that line. So I took a picture of the financing part. So can you explain to me...okay, so the amount that you're asking for the Affordable Housing Fund is 5.7, I got that. With the financial condition of the State, with HHFDC being part of the State, is there a problem getting the 22 point...22 million from the revolving fund, or...or is that already funded and is not being affected by the COVID-19 funding, or lack of funding? Is that solid?

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MR. C. FLAHERTY: Kali, do you want to answer that?

MR. WATSON: Yeah, sure. You know, the...it's really a priority of the Legislature. I mean, with all the legislators that I've been talking about, the...the primary goal is to kind of address the lack of housing, especially affordable housing for our...within our community. And they...HHFDC actually does give a priority to outer island projects. So I think this particular project, not only with the leveraging of the money you folks will be making available hopefully, as well as the fact that it's an outer island project, as well as the fact that the target group all 60 percent and below, and then we're also doing some 30 percent, it's...it's a wonderful project. I think it will be very, very competitive. It is a competitive process, but I think based on the...you know, what we're putting out and based on our track record of being very, very successful in these kind of projects, I think is...you know, we're not going to guarantee, we might have to go in a second time or whatever. But we will persevere and continue to go after that Rental Housing Revolving Fund, which is very critical to projects like this.

COUNCILMEMBER SUGIMURA: Oh, I see. So it's competitive?

MR. WATSON: Very competitive.

COUNCILMEMBER SUGIMURA: And so that's why the...that's why the 5 million from our affordable housing...or the statement...

MR. WATSON: Be very key. Very key.

COUNCILMEMBER SUGIMURA: Okay. And then can you explain to me the tax credit equity for 14 million, 14.2?

MR. WATSON: I'll...I'll defer to Chris on that. He's better with that kind of...

MR. C. FLAHERTY: Yeah. So in a 9 percent model, to keep it...to not go into the weeds too...too deep and kind of stay...to keep it simple, that's \$14 million of equity that's coming in typically from like...I think Bank of Hawai'i will come in, First Hawaiian Bank, along with American Savings into a fund. And they will put up that \$14 million into the limited partnership. And one thing I did want to mention that Kali touched on, if rental housing revolving funds aren't available, we will use all Low-Income Housing Tax Credit equity. So for example, if...if the...if the State Legislature decides that the rental housing revolving funds aren't going to be available because of the COVID-19 issue, we will use all Low-Income Housing Tax Credits for...to fund this, which will bring in...that'll end up being, what, 14 and 22 will end up being 30...\$36 million in...in tax credit equity. So we do have that as a backup plan as well. But the equity is just that, it's just equity coming with the limited partnership. And they are looking for a yield, which they're buying those credits at a reduced price, and then they get all the depreciation, all the losses, so.

CHAIR KAMA: I see.

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COUNCILMEMBER SUGIMURA: Okay. Thank you. So you are starting this process with...with us, and then you're moving forward, I guess, to the State HHFDC?

MR. C. FLAHERTY: Correct.

COUNCILMEMBER SUGIMURA: Thank you, Chair. That's it.

CHAIR KAMA: You're welcome. Mr. Hokama, followed by Ms. Paltin.

COUNCILMEMBER HOKAMA: Thank you very much for my...my opportunity, Chair. I really appreciate my colleagues' earlier questions, especially Ms. Lee. So I'm going to approach it from another perspective regarding the subsidies from the County. So this would be for the development team. And you got to help me yeah, because I'm trying to project what it would kind of look like with all phase...three phases. So...but with phase one you got 90 units. It's only rental. So my first question is, do we already have language in the potential agreements with our Department that we will not duplicate what happened to Front Street Apartments in West Maui? I see my colleague nodding her head, Ms. Paltin. So I think that's an important question for us. Either Housing Department or the developers.

MS. MUNSELL: Chair?

CHAIR KAMA: Yes.

MS. MUNSELL: Thank you for the question. That's actually a very important question for a developer, especially if we're going to make an investment like this. One of the things that HHFDC did recently as a result of the...and I'm not an expert of this, but as a result of the Front Street Apartments, they did change their application. And so now the developers have to certify that they will not stop being an affordable project after the first 15 years. I'm not exactly sure what that...what that certification is. But I know that they've...Kali and...and his folks have filled out these applications before. So he probably is familiar with the mechanism that I'm talking about. But it does not allow them to get out of the affordability period after 15 years.

COUNCILMEMBER HOKAMA: So when they say 61 years for phase one, Ms. Munsell, can the Council make an assumption that it is for 61 years, it's not going to be shorter than that?

MS. MUNSELL: The developer...the developer will have to confirm that, but that's my understanding of the way that they've changed the application now.

MR. WATSON: Yeah, when we...when we go in for our application with HHFDC, one of the points items that they take a look at, and they'll give you so many points, is your willingness to commit to a long-term Low-Income Housing Tax Credit project, as well as the rental units being maintained for the 60 percent AMI and below. In this case, by using 61 years in our application, we kind of max out the points. Like I said, it's a very competitive process, and we don't have a problem with that. All of our projects

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typically we go that long-term approach. We're committed to affordable housing long-term.

COUNCILMEMBER HOKAMA: Yeah, thank you, Kali...Mr. Watson. You know, I know you've been doing this for a long time with Hawaiian Homes Department and others. But I'm not really worried about the HH...the State money. To me, if you want the County money, this is what we want for our money.

MR. WATSON: I understand.

COUNCILMEMBER HOKAMA: But it depends . . . *(inaudible)*. . . the County subsidy, yeah. And then the next point is...

. . . *(timer sounds)*. . .

CHAIR KAMA: Next round, Mr. Hokama.

COUNCILMEMBER HOKAMA: Yeah, thank you.

CHAIR KAMA: Okay. I think Ms. Paltin had some questions.

COUNCILMEMBER PALTIN: Yeah. Thank you, Chair. Thank you, Mr. Hokama, for going before me. My question for this round, I guess, would be...and I'm not sure which entity it's for, so if everyone could listen. Why wouldn't you pursue the 2.97 expedited, which allows for exemption of fees?

MR. C. FLAHERTY: That...that is a...that's a great question. And originally we contemplated that, and then we realized that through that process, we had already planned on not asking for that exemption. It would have lengthened the time that it would have taken for us to get an application into HHFDC. We...if we...if we don't win an award in 2021, I believe we will go back in for a 2.97 exemption of fees. But right now, our budget show us paying the fees.

COUNCILMEMBER PALTIN: Okay. Awesome. Thank you for your succinct answer. My other question was, I think it said something about November 2020 Army Corps of Engineers thing. I'm wondering what's the plan if that doesn't go the way that you expect it to go?

MR. C. FLAHERTY: Well, the nice thing that we've received the confirmation from our Army Corps that we've...we are okay. So we've just received that last week, so that's not an issue any longer. So we're fortunate...

COUNCILMEMBER PALTIN: Oh, okay. So you're ahead of schedule then?

MR. C. FLAHERTY: Yeah. Yeah.

COUNCILMEMBER PALTIN: Wow. Okay. And then my next question would be, I see on

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your first presentation the phase one, phase two, phase three. What is the timeline for the buildout of the three phases, and is any of it dependent on the other? Like, is it possible that just one and two might be built, or how does that work out?

MR. C. FLAHERTY: So that is great question because phase two, we just applied for the most recent funding for the exact same scenario as phase one. We'd like to apply for...we had planned on applying for both projects in 2021. So we could potentially have both phases going at the same time. Now, I'm not quite sure if there'll be enough tax credit equity available for both phases to be built at the same time, but we are planning on continuously submitting phase two right after phase one, or right at the same time as phase one. Obviously we applied, and we hope we're successful in our request for grant funds for phase two as well in the same manner that we did for phase one. So...but we just submitted. We submitted it last month for phase two. And then phase three would follow phase two as well, so.

COUNCILMEMBER PALTIN: Okay. And then, you know, we just did approve 100 percent senior affordable housing. What was the impetus for 96 senior affordable renting...rental units and 90 multifamily affordable rental units? And I'm assuming the senior units might just be one-bedrooms or something?

MR. C. FLAHERTY: That's correct. And the reason that we split it up into first project a family phase one, we knew that there was a need from our market study. But we also know that there's a tremendous need for senior housing as well in phase two. So...and those were all one-bedroom and studios in phase two. So the market study...

. . .*(timer sounds)*. . .

COUNCILMEMBER PALTIN: Thank you. Thank you so much, Chair. And thanks for being quick with the answers and complimenting my questions. That was very nice.

CHAIR KAMA: Thank you, Ms. Paltin. Ms. Rawlins-Fernandez, questions for the developer or the Department?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I do. Okay. I think I want to dovetail off of the questions that Member Sinenci asked about cross-ventilation. In the KCA...Kihei Community Association's testimony and the testimony we received today from Ms. Wagner and Dr. Trotto, it talked about utilizing Tradewinds more. There was supposed to be a sketch attached to the testimony, but I don't see one attached, unfortunately. And maybe I can ask Ms. Wagner after. But Mr. Flaherty, you responded to Member Sinenci that there is sufficient cross-ventilation, but I guess the design committee disagrees. Is it possible to increase cross-ventilation or add some other suggestions to make it cooler so that it's not so hot with all of the concrete and...

MR. C. FLAHERTY: Absolutely. Yeah. No, absolutely. We will...we will...we will take that into our design criteria. We currently have the corridor cross-ventilated. There's...so there's two buildings. So in the elevator corridor, the common area will be ventilation,

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as well as at each end. So we will take all that into consideration. We think it's important obviously for...for the residents of the building to have that ability to not have to depend on electricity, which is quite expensive. So no, we will definitely take...we're...we're in the stages of design now where we can incorporate that.

COUNCILMEMBER RAWLINS-FERNANDEZ: I have weed-eating going on. I hope you can hear me okay --

CHAIR KAMA: We can.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- still. Okay. Okay, great. So when you say you'll consider it, what does that mean in action?

MR. C. FLAHERTY: Well, we...we will do...we...we're currently doing cross-ventilation in our...in our corridors. So I don't know what...you know, we're doing all the things that we can to include cross-ventilation. So I don't know that...we are not...we'll do everything we possibly can, we're already including it. So I don't know what other types of...of ventilation that she might be referring to, but we will include it. It's being included now.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. Flaherty. And I understand that there are two cultural sites on the parcel. Is there a plan for those cultural sites?

MR. C. FLAHERTY: Is Patti on? Patti, do you want to address the archaeological study? I don't know if Patti can hear us. . . .*(timer sounds)*. . . I know that an archeological study was done for the Downtown Kihei project, and those sites were identified. We will...we will hire, and plan on hiring a consultant to help us with that process as we've done on other sites at other projects. So Patti was really close to that study and has done the follow-up on our...on our Environmental Assessment. So...but we will hire a consultant to...to advise us on how to...to deal with the archaeological sites.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo, Mr. Flaherty. So basically there isn't a plan right now, so the plan is to hire a consultant to come up with a plan. And then for...

MR. C. FLAHERTY: There is a plan. I...I probably misstated. There is a plan currently. There is a plan. Patti, can you...Patti, you're on mute. Can you comment --

COUNCILMEMBER RAWLINS-FERNANDEZ: If Miss...

MR. C. FLAHERTY: -- as to the...

COUNCILMEMBER RAWLINS-FERNANDEZ: If Ms. Barbee is still having audio issues, there's also a number that, Ms. Barbee, you can call and then that way we can hear you...if your computer is still giving you audio issues. And...and I'm happy to, you know, yield the floor for now until we've...we can figure this out, and I can get the response in my second round.

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CHAIR KAMA: Okay. So...

MS. BARBEE: Can you hear me now?

MR. C. FLAHERTY: Oh, yes, we can.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

CHAIR KAMA: Yes.

MS. BARBEE: Okay. I had to change computer, and I was trying to listen on the phone, but I'm so sorry. Can you repeat the question real quick? I know you guys were trying to get me on the line.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Ms. Barbee. The two cultural sites, what is the plan for those?

MS. BARBEE: Okay. So it's a nine-acre parcel, and where we are planning our project avoids that area. So we weren't required to do any studies at this point. I'm...we are going to get a consultant onboard though to help us, you know, make sure there's nothing there. And I want to do point out that our nonprofit are all Native Hawaiians, so we take this to a higher standard. So we will take a look at those sites and make sure we avoid it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Ms. Barbee. Mahalo, Chair.

CHAIR KAMA: You're welcome. So Members, this is what I'd like to do. I'd like to be able to take a morning recess, but before I do, I'd like to see if Ms. Wagner is still with us. And if she is, if she'd like to comment on --

MS. WAGNER: I am.

CHAIR KAMA: -- what she has heard. Go ahead.

MS. WAGNER: I would very much appreciate making a comment now. There's a building...an affordable housing project that exists in Kihei that is probably at least over 15 years old. It's on Lailoa [sic], and it's right behind the Seventh-day Adventists and Hope Chapel. If you go down the Hope Chapel road, there's a project that is...sorry.

COUNCILMEMBER RAWLINS-FERNANDEZ: For clarification --

MS. WAGNER: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- is...if...is it Lailoa L-A-I-L-O-A, or is it Liloa, L-I...

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MS. WAGNER: Liloa. I'm sorry. My mispronunciation. Liloa. Sorry. It's Liloa. And it's a senior affordable housing project. And it is designed so beautifully because it is a double-loaded single corridor; however, they have allowed a few feet in between the...the corridor is kind of like a bridge with a few feet in between the wall of each unit that faces the corridor. So there's a lot of airflow that goes through. And all the units have windows, and they have screen doors that have security screens on them. So when you walk through that project, there are no air conditioners on, there's plenty of shade, and the airflow is constantly through there. And everyone has their doors open and their windows open and it's just so beautiful. I feel like if your Committee could take a field trip there, you would really know what I'm talking about. Because if you only open a corridor at each end, I don't think you're going to get the proper airflow. Like if there's an entrance in the of the middle building that could be a little bit wider open, and then the ends are also open, and just a little bit more space, it allows for greater ventilation. So that's just what I'm trying to share, that it can be done without causing too great a hardship on the developer. And I think that the project will endure and be a sought after place to live as opposed to a place that is not as comfortable. And as...

CHAIR KAMA: Thank you.

MS. WAGNER: That's less expensive.

CHAIR KAMA: Thank you for that comment. So Members...

MS. WAGNER: And I made a list in my testimony --

CHAIR KAMA: Thank you.

MS. WAGNER: -- that you can see. Sorry.

CHAIR KAMA: So...yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Ms. Wagner, in your testimony...or perhaps this isn't...

MS. WAGNER: You might be seeing the one for Liloa Hale.

COUNCILMEMBER RAWLINS-FERNANDEZ: This is dated June 14, 2020.

MS. WAGNER: Yeah, the one that I have today is dated 10/16/20. I think that you might have the wrong one.

COUNCILMEMBER PALTIN: Refresh. It's on if you refresh it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. Okay, and is there a sketch on that one?

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MS. WAGNER: There's no drawings on it, but they're in green. There's...there's type in green that says conditions that should be placed by the Affordable Housing Committee on the project. Just to make it easy.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo. I see it. Mahalo, Member Paltin.

MS. WAGNER: Okay. Thank you so much for your consideration.

CHAIR KAMA: Thank you. So Members, without objections, I'm going to call for a recess until 10:40.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR KAMA: If not, the Affordable Housing Committee is now in recess until 10:40. . . .(gavel). . .

RECESS: 10:32 a.m.

RECONVENE: 10:42 a.m.

CHAIR KAMA: . . .(gavel). . . The Affordable Housing Committee of October 19th will now reconvene. It is now 12:42 p.m. [sic] and...

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, you're muted.

COUNCILMEMBER PALTIN: You got muted somehow.

CHAIR KAMA: Thank you. So we just completed our first round of questioning and I know you all might have some...some more questions, so we're going to go ahead and continue. And we're going to continue starting with our Chair Lee, and go on to our Vice-Chair and then go to on our...the Committee Vice-Chair, and all the chairs as we go. So Council Chair Lee, additional questions for our --

COUNCILMEMBER LEE: Yes, I have two --

CHAIR KAMA: -- presenters?

COUNCILMEMBER LEE: -- questions. Thank you, Madam Chair. I have two questions. Number one, I'd like to request a pro forma. That's one.

CHAIR KAMA: Okay.

COUNCILMEMBER LEE: And...and secondly, I would like to ask one of the representatives how much...on average, what's the cost of a unit? Is it 45 million divided by 90?

MR. C. FLAHERTY: Yes, that's correct. That's correct. It would be 45 million divided by 90,

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that would be the --

COUNCILMEMBER LEE: Okay. So --

MR. C. FLAHERTY: -- the...

COUNCILMEMBER LEE: -- \$500,000 per unit.

MR. C. FLAHERTY: Yes.

COUNCILMEMBER LEE: All right.

MR. C. FLAHERTY: Yes.

COUNCILMEMBER LEE: Thank you. That's all I have.

CHAIR KAMA: Okay. So we're going to ask them for a pro forma, and we'll send them a letter probably. Thank you, Chair. Vice-Chair Rawlins-Fernandez? Round two.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I...I had a clarifying question first, whoever wants to answer. So there are...so for this project, I know that it's being built on one of the parcels. But with the \$45 million for this project, does that include the second parcel too, the land acquisition? Both parcels?

MR. C. FLAHERTY: It does not. It does not. It's only...

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. C. FLAHERTY: It's only the phase one parcel acquisition and the construction of those 90 units.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification. Would you be able to share how your team determined that \$5,768,650 would come from County Affordable Housing Fund?

MR. C. FLAHERTY: I'm sorry, can you ask that one more time? I don't know that I understood that. I apologize.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, I was just wondering how your team came up with the amount that you're requesting for the Affordable Housing Fund that was for land acquisition.

MR. C. FLAHERTY: Yes. That was the land acquisition amount, and that is what was...that was based on the appraisal as well. The appraisal substantiated that amount. And because the Affordable Housing Fund allowed for at least in the...in the...the reading of the...of the NOFA allowed for site acquisition. We felt because site acquisition land is excluded from basis, and therefore you can't use tax credit equity, we felt that that

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was the...the best use of funds for the land acquisition.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo. So after the 61 years of affordability, does that...does the project then revert to the County, or we would then cross that bridge when we get there?

MR. C. FLAHERTY: Well, I...I don't know how this...I don't know. This would be a grant, I would imagine, and so it would probably be a soft loan. So I think during that time period, the proceeds from cashflow would go to pay off that loan is how I believe our...how we were contemplating it. So I don't know that the project would revert back to the County, but there would be a deed, I would imagine, a soft second that the County would have for the land. I believe that's the way we contemplated it. But Kali or Patti may want to confirm that.

MR. WATSON: Yeah, it would be a soft second. And just like the Rental Housing Revolving Fund, we would pay that over time with, you know, very minimal interest. I mean obviously, we don't want a high interest rate that we got to deal with. That's how you do the subsidies, so. But at the end of the 61-year period, probably even before that, we might go in and do another LIHTC and rehab the...like we're doing on a couple of other projects. And just sort of like a preservation approach of affordable housing. That's what we do, we go in, rehab the existing ones, use the same kind of funding approach, and then perpetuate these kind of affordable housing projects.

COUNCILMEMBER RAWLINS-FERNANDEZ: Awesome. I support that. Do we still have Ms. Munsell on, Deputy Director Munsell?

CHAIR KAMA: Yes, she should be here.

MS. MUNSELL: Yes, I'm here.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha, Deputy Director Munsell. So the team is saying that this would be sort of a soft loan. What is the mechanism for collecting funds to repay this as a soft loan versus a grant?

MS. MUNSELL: So obviously that...that kind of information would be included in our affordable housing grant agreement or...or loan agreement with them, and the details of that would be worked out in that agreement. Hearing that they're looking for a loan, probably when this goes to the Budget Committee, we would be talking about what those terms would be, and so that would be included and discussed there. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Deputy Director Munsell.

. . .*(timer sounds)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: Perfect timing.

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CHAIR KAMA: Perfect timing.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR KAMA: Okay, Mr. Molina, Vice-Chair of the Committee, followed by Mr. Sinenci.

VICE-CHAIR MOLINA: Thank you, Madam Chair. Question for Mr. Flaherty. There is a commercial component of your project and, you know, with the pandemic and economic downturn, do you anticipate a market for your commercial...for commercial properties when so many are going out of business? And a second question, quick one, some of us have received calls and e-mails about the traffic issues for Pi'ikea. Any possible improvements to help resolve any potential traffic concerns?

MR. C. FLAHERTY: So I'd...I'd like to defer to David Pyle or Jay Krigsman. They are going to be the owners of the retail portion of that, and they could comment probably much better than I could with that respect. I don't know, David, are you on? Or Jay? David or Jay on?

MR. PYLE: I'm here.

MR. C. FLAHERTY: David . . . *(inaudible)*. . .

MR. PYLE: I...I can...I can speak to the Pi'ikea. Yeah, there will be improvements to Pi'ikea. The road will be widened. There's...there's a right in, right out, deacceleration/acceleration lanes. It'll be up to the same level of development as in front of the Pi'ilani Village Shopping Center. And even down that...that piece, there's a segment there that the improvements have been put in between the Azeka mauka and the Longs shopping center. The retail...Jay...Jay, are you here? No? The retail, you know, this is local serving retail. And especially with the housing component coming in there, I think the...that you will find more local-type tenants and small food users and stuff that will be able to provide for the Pi'ilani Village Apartments, as well as the new affordable housing type of uses in there. It's not a whole lot of retail, and they're smaller spaces.

VICE-CHAIR MOLINA: Okay, great. Well, thank you for your responses. Thank you, Madam Chair.

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

COUNCILMEMBER SINENCI: Mahalo, Chair. Yeah, thank you. I just had a couple questions about the landscape. One of Dr. Mary's questions was to provide large shade zones along Pi'ikea between the sidewalk and the street on the site, and that the tree should be allowed to grow into shade trees. And so in past projects, particularly in South Maui we talked about maybe some drainage plans. I know the Kihei Community Association is always concerned about how drainage, and that there is no erosion, and how to slow down water to...to...if there's any bases on site...basins. Are you using drought-tolerant plants, or are you using some R-1 recycled water for...for

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irrigation? So just some...some thoughts about outside the affordable homes.

MR. C. FLAHERTY: So...

MR. PYLE: Chris, do you want me to go into this, or do you want to?

MR. C. FLAHERTY: Yeah, why don't...yeah, you can speak to that, Dave.

MR. PYLE: Let me...let me start. Chris, you can...you can give it more color. A couple things. Yes, definitely R-1 water will be used. The main R-1 waterline is adjacent to the site by the bicycle trail, existing bicycle trail. So we will be tapping into that. That's essentially on our site. You know, the County of Maui Planning has a requirement for shade trees in...in these centers, and they are specific trees. There's like five different breeds or species, types of trees. So we will be using those extensively. And I believe the Code is one tree for every five parking spaces. It's pretty dense. And...and you can't just put in palms and call them shade trees, you know, and it's all part of the Maui County Code. So we'll be abiding by that. Another part of your question was a basin. There's definitely a basin on the makai end of the site before the wetlands. We're actually, you know, cleaning up the water, slowing it down, holding onto it before it continues on. And...and I think it was stated earlier, the Code is no more...no more water off the site than flows onto it from the top. So we're...we're abiding by all of that in our plan. Chris, do you have anything specific to your end of the development?

MR. C. FLAHERTY: No, just that was...that was well stated. I...the only thing I can add is we will be using drought-tolerant landscaping as well, so.

MR. PYLE: Yeah.

COUNCILMEMBER SINENCI: All right. And then there might be some...some plant species that may be endemic to the specific site. I don't know if that might be a consideration. My second question was, you mentioned that there was commercial areas. Is there any areas for community gatherings? I mean, not so much now, but later on. Is there any space for that within the...within the project?

MR. C. FLAHERTY: Well, for...for the housing component, we have a community...we have...actually a quite...3,700 square feet of community space, but it's typically reserved for, you know, social service programs or for community-type events, maybe a birthday party or such with a little kitchen inside it. So I don't know that it would necessarily be open to the general community. We did not contemplate that. Typically that wouldn't be...I don't even know that we can do that with the...in the...in the low-income housing tax credit world of financing. But . . . *(timer sounds)*. . . I don't...I don't know about the commercial center. But from our standpoint, we have community [*sic*] for the local community that reside there.

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

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CHAIR KAMA: You're welcome, Mr. Sinenci. Ms. King, you have questions, Ms. King? And then Ms. Paltin.

COUNCILMEMBER KING: Thank you, Chair. Let's see, I have a question for Ms. Munsell if you're still on. And...and this...this relates to the issues with parking and traffic. Is there any way that...I mean, this is...this...this project is infill, and it's got, you know, walkable areas for...for commerce and schools and parks. Is there any...anything that would allow us to relax that parking code that requires one car for every bedroom?

MS. MUNSELL: Thank...thank you for the...for that question. I would actually defer the answer to that to either the Planning Department or to Public Works. I believe that they're both on this...in this --

COUNCILMEMBER KING: Okay.

MS. MUNSELL: -- meeting.

COUNCILMEMBER KING: Because it's really...it bothers me that we have to have this dense parking when...and then it's an area too, where there's bus service. So we should be able to discourage, you know, that many vehicles per unit. But is some...someone from Planning on? There she is.

MS. MCLEAN: Hi. You asked about --

CHAIR KAMA: Hi.

MS. MCLEAN: -- a parking reduction for the...for the multifamily. Right now the parking requirement, I believe, is just one parking space for each unit. And you know, when we have projects that have the minimal amount of parking, we often get objections from neighbors saying oh, there's not enough parking, they're going to be parking on the street. You know, so it's really...you have to balance those out. The Code does allow for some flexibility for parking reductions when there is, as you mentioned, bus stops or other features that would demonstrate that all of those parking spaces aren't needed. So yes, there are options, but we have to look really carefully at that because we know that people are still going to have cars. And we don't want them parking on the street or parking places where...where they shouldn't be parking. But yes, the opportunity is there for reduction because --

COUNCILMEMBER KING: Okay.

MS. MCLEAN: -- the bus stops are close by.

COUNCILMEMBER KING: Okay, great. Thank you for that. And then just wanted to ask the developers if...when you...when you pick the trees that you're going to put in there, could you do some research on what's been happening in Kihei? We had a whole row...rows of monkey pod trees along the highway at one time that had to come out because the roots get under the sidewalks and start pushing the sidewalks up. And

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then we had a whole protest against taking those sidewalks...or those trees out. So I think it...it would be...it would be great to be able to look at the types of trees that are in Kihei, and what's causing us problems and what's acceptable when you start looking at shade trees for that. Because usually, everyone goes right to monkey pods, but that's not always the best application if you're nearby sidewalks.

MR. PYLE: Yeah. The...again, as I...as I mentioned before, the...the County Planning has designated what trees can be allowed for shade trees, and the monkey pods are not allowed anymore. They're a beautiful tree.

COUNCILMEMBER KING: Okay.

MR. PYLE: Everybody loves them with that high canopy. But because of the problems people have had with them, they're not allowed anymore.

. . .*(timer sounds)*. . .

COUNCILMEMBER KING: Okay.

CHAIR KAMA: Perfect timing.

COUNCILMEMBER KING: . . .*(inaudible)*. . . Chair.

CHAIR KAMA: Thank you.

COUNCILMEMBER PALTIN: Thank you, Chair. I was hoping to catch Director McLean before she leaves.

CHAIR KAMA: Is Planning still here?

MS. MCLEAN: Yes, Chair, still here.

CHAIR KAMA: Okay. I think Ms. Paltin has a question for you.

COUNCILMEMBER PALTIN: Thanks, Chair. Thank you, Director McLean. It's my understanding that this is mostly B2 Business Community with a little piece of OS1 passive open space. Part of it is in the tsunami evacuation zone, and all of it is within the SMA area. And I was just wondering if you could walk us through the process. Like do they need any kind of zoning change? They'll probably have to go to the Planning Commission for SMA; is that correct? They don't need anything from us for zoning.

MS. MCLEAN: The entire Downtown Kihei project did receive SMA approval. But now with this change, they would have to go back to amend the SMA permit because this is very different. You know, oftentimes we see minor modifications, but this is quite a notable change. But they wouldn't need a Change in Zoning because the B2 District allows multifamily. And I don't know off the top of my head about limitations relating to

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tsunami. I don't recall there being any for the original concept, so I don't know that there would be any for this change. But we would evaluate that through the SMA review when the amendment goes forward.

COUNCILMEMBER PALTIN: Okay. And then my other question would probably be for the developer. Given that, you know, we've heard complaint about like, say, 28 units on six acres, and we're talking about like 90 units on less than nine acres, is there a time when you're going to reach out to the broader community, or maybe in concert with Kihei Communication Association? And then my other question was, is there any way we can get that 15-year number up to 61 years? Whoever wants to answer.

MR. C. FLAHERTY: This is Chris. The...the last question, I'll take a shot at. It is a 61-year regulatory agreement that we have. So it remains restricted in terms of the rents that we can charge for 61 years. Fifteen years is a period of time by which the syndicator and the tax credit investors stay in the limited partnership. So the 15-year period is just...that has nothing to do with the affordability of the project. This is a 61-year affordable project for 61 years. Fifteen years has nothing to do with the rent restrictions or anything on our end.

COUNCILMEMBER PALTIN: I guess the concern is we heard Front Street Apartments was affordable for 50 years, and then it didn't happen that way until we went to court. So that was...that was the concern.

MR. C. FLAHERTY: Yeah. We...we sign a regulatory agreement, which is 61 years. There's no ability to...to...for us to make it any less than 61 years. So there's...what happened at Front Street can't happen at our project because it's a 61-year regulatory agreement. So that can't happen.

COUNCILMEMBER PALTIN: And then was...I guess would the broader outreach be before it goes to the Planning Commission again, or was there opportunity for that to happen?

MR. C. FLAHERTY: Yeah. I'm not...I'm not . . . *(timer sounds)*. . . I mean, if the...if the Council would like to see us go out to the broader community, we could make...we could make arrangements with KCA and South Maui Advisory Committee to do such and...and reach out to everyone. We...we wouldn't be opposed to that, in fact, we'd welcome that, so.

COUNCILMEMBER PALTIN: Awesome. Thank you so much.

CHAIR KAMA: Okay. So next, Ms. Sugimura, do you have questions?

COUNCILMEMBER SUGIMURA: Just a kind of quick one. So in your analysis that you presented on financing, soft cost, 3.7 million are...are...what are soft costs, please?

MR. C. FLAHERTY: Soft costs are going to consist of like the architectural, civil engineering, the legal. I'm not sure if interest costs are in there. But it's usually legal, architectural, engineering, consultants for the SMA exemption, for the archaeological

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monitoring. So it's all the soft costs that aren't directly related to the construction of the building.

COUNCILMEMBER SUGIMURA: Okay. Interest is 1.4 million, and then financing 649,000.

MR. C. FLAHERTY: The financing of 649,000?

COUNCILMEMBER SUGIMURA: Uh-huh.

MR. C. FLAHERTY: Is...Patti, are you on? I don't...

MS. BARBEE: Yes.

MR. C. FLAHERTY: Patti, are you...

MS. BARBEE: I...I'm sorry, I don't have the spreadsheets in...in front of me. But if that's what you're reading, yes, that's what it is.

COUNCILMEMBER SUGIMURA: So finance what?

MR. C. FLAHERTY: I believe that...is that the interest, Patti, the...the financing of 649,000.

MR. WATSON: No, that's completely separate.

MS. BARBEE: Yes, that's interest.

MR. C. FLAHERTY: Interest.

MR. WATSON: Well, no, there's...there's two separate lines, one is interest 1.4 million and, Patti, you have financing at 649,000, which is different. And they're asking what...what is the financing made up of that cost.

COUNCILMEMBER SUGIMURA: Because I would think...because I'm...because I'm not in your business, so I would think that's like interest. So what is financing?

MS. BARBEE: Okay. I'm sorry, I don't have the spreadsheet in front of me. But to do these types of transactions, unfortunately it's very expensive, and we have to hire attorneys to...to look at every single document. So a lot of it is attorneys, have to hire financial consultants to help us package the loans, and that's origination fee and so forth. It is very expensive.

COUNCILMEMBER SUGIMURA: And that's different than soft costs then, which was explained earlier?

MS. BARBEE: Yes, it is different.

COUNCILMEMBER SUGIMURA: Soft costs are only related to construction building?

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MR. C. FLAHERTY: No...

MS. BARBEE: Yes, that is correct. And we do have a breakdown of all the costs if you'd like us to send that to you.

COUNCILMEMBER SUGIMURA: Okay. And reserves for 246,000.

MS. BARBEE: Yes, that's an operating reserve that our investor requires for us to have.

COUNCILMEMBER SUGIMURA: Based on what?

MS. BARBEE: And that's based...that's based on a per-unit basis on how many units that we have. And it's typically...from the top of my head, it's like maybe 400 or \$500 per unit. Does that come out right? But it's on a per unit basis.

COUNCILMEMBER SUGIMURA: So 246,000 . . .(timer sounds). . . divided by 90. Okay. Thank you.

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

COUNCILMEMBER HOKAMA: Yeah, thank you, Chair. And again, I apologize, I was taking care of a call at...at national. I wanted to ask also yeah, this developer's fee, \$3.7 million, is this your profit margin?

MR. C. FLAHERTY: No, it actually is not. I wish...I wish that was the case. The developer fee actually becomes contingency because any costs over and above the project, which typically we have, come out of developer fee. And then that developer fee in turn is usually paid over the 15-year period of the life of the syndicated transaction. So the limited partnership has an obligation to pay that amount. And if they don't pay it, it voids the...the tax credit equity that the investor put in there. So it's not the profit margin. It could be if we didn't have cost overruns and...and other things like that. But we also...you know, it takes us...as you can see, it takes us three to four years to get a project done. So if you divide, you know, that amount by four years, five years even, it's...and the fact that it ends up as contingency, there's not a lot of profit in these deals.

COUNCILMEMBER HOKAMA: On your net rent column, is there any additional...addition...add-ons? You know, so I assuming the CAM, their property taxes, is all within calculated of the rent?

MR. C. FLAHERTY: Yeah. So there are...there are no property taxes because it's a nonprofit, you know, we file a property tax exemption. So there are no property taxes generated. And there are no CAM Charges relatable to the project. So the...the rent is the rent with no add-ons.

COUNCILMEMBER HOKAMA: So you...so you're telling me we're going to give you real

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property tax money, and we going to get zero real property tax in return for this project. And yet, I going pay \$4,000 general minimum property tax services to each and every unit you...you construct, right?

MR. C. FLAHERTY: I don't...I don't...

COUNCILMEMBER HOKAMA: So out of your nine...I going be out \$360,000 then.

MR. C. FLAHERTY: Well, I don't understand the last part of the...of the...of the question, the \$4,000 per unit. Most, if not all...

COUNCILMEMBER HOKAMA: That is what we spend on minimum for essential services for that district's water, sewer, police, fire --

MR. C. FLAHERTY: Oh, okay.

COUNCILMEMBER HOKAMA: -- protection.

MR. C. FLAHERTY: Yeah, most --

COUNCILMEMBER HOKAMA: Yeah.

MR. C. FLAHERTY: -- unfortunately I...I...that's...you know, affordable housing is, you know, almost all the Low-Income Housing Tax Credit projects are, you know, tax exempt because there's...there's a nonprofit involved.

COUNCILMEMBER HOKAMA: Yeah, yeah, yeah.

MR. C. FLAHERTY: So that's what helps keep it...yeah.

COUNCILMEMBER HOKAMA: Yeah. So Chris, we just got to talk in our language, yeah. I'm an...I'm an affordable taxpayer because I paid taxes, yeah, to help subsidize your project, okay, that not going to be paying . . .*(timer sounds)*. . . taxes. So yours is not affordable to me because I'm subsidizing it. Thank you, Chair.

CHAIR KAMA: Thank you, Mr. Hokama. Okay, Members, wow, that was a very interesting discussion we just had. Thank you, Mr. Hokama. So at this point, Members, we can consider taking action on this item. We can refer this matter to the Economic Development and Budget Committee with a recommendation. We can choose to file this item. And if we are undecided, we can defer this item and transmit in writing to the proponents and the Administration any questions that we need answered for them to come back with for us to make a decision, but...if we so choose to do that. Or we could choose to defer, at which time I would bring this matter back to the Committee as quickly as possible. But the Chair is open to a motion to refer this item to the Economic Development and Budget Committee with a recommendation of support. And that is the Chair's recommendation. Ms. Lee?

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COUNCILMEMBER LEE: So move.

CHAIR KAMA: Is there a second?

COUNCILMEMBER KING: Second.

CHAIR KAMA: Thank you, Ms. King.

COUNCILMEMBER KING: Second. Can I ask a question, Chair?

CHAIR KAMA: Sure.

COUNCILMEMBER KING: Just on timing. I was --

CHAIR KAMA: Yes.

COUNCILMEMBER KING: -- going to ask that earlier, the timing of this. Because I know these folks have to get this purchase...that's part of their advantage, I believe, with the HHFDC coming.

CHAIR KAMA: Yes.

COUNCILMEMBER KING: And so...so can I ask them what the timing, if...

CHAIR KAMA: Sure.

COUNCILMEMBER KING: Because I'm...that's what I was worried about --

CHAIR KAMA: Yeah. Okay.

COUNCILMEMBER KING: -- deferring this, is that it may put it beyond their timing for getting that --

CHAIR KAMA: Okay. Okay.

COUNCILMEMBER KING: -- revolving...

CHAIR KAMA: Kali, can answer that for --

MR. WATSON: Yeah, sure.

CHAIR KAMA: -- Member King, please?

MR. WATSON: Thank you, Chairperson. The...we're looking at actually submitting an application the early part of next year, February 2021. But prior to that, not only do we need to do a lot of other work, you know, market studies, we have to check out the archaeological situation, address some of the issues with the County, such as the

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workforce housing agreement. So it's an involved process. It's...it's very costly. But to get to the point where we're ready to submit the application, one of the important things is to, you know, get our funding in place that we're going to use to leverage and make a very viable application. But the game plan is to go in on February to get the balance of the funding of the 40...\$45 million project in February with HHFDC.

COUNCILMEMBER KING: Okay. Well, thank you for that. So Chair, if we...if we are going to refer this to EDB then...and there's no more EDB meetings in...in October so it would have to be November at the earliest and we still have --

CHAIR KAMA: If...

COUNCILMEMBER KING: -- we still...I just wanted to double check with Chair Lee that we still have time to get this through.

COUNCILMEMBER LEE: I believe the Chair of that Committee is trying to schedule a meeting on November 2nd.

COUNCILMEMBER KING: Okay. Just wanted to check on...

CHAIR KAMA: So would the mover of the motion like to speak to the motion, or do you...or does the Committee feel like they've had enough discussion? Ms. Lee?

COUNCILMEMBER LEE: No, I don't need to ask any more --

CHAIR KAMA: Okay.

COUNCILMEMBER LEE: -- questions, especially since it's going to another committee.

CHAIR KAMA: Okay.

COUNCILMEMBER LEE: We're going to pick up the discussion there --

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: -- yeah?

CHAIR KAMA: Yes. Yes. Ms. King?

COUNCILMEMBER KING: Yeah, I agree.

CHAIR KAMA: Okay.

COUNCILMEMBER KING: And you know, this has been...this has been vetted for 15 years, but it is a different project now, so I'm willing to take this back out to the broader community --

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CHAIR KAMA: Thank you.

COUNCILMEMBER KING: -- as well.

CHAIR KAMA: Thank you. Okay. Members, if not...yes, Ms. Paltin, and then followed by Ms. Rawlins-Fernandez.

COUNCILMEMBER PALTIN: I just had a quick question. You know, in looking up on the RPT, I know that the assessed value is often much less than the value that it's being...the property is being purchased for. I just was wondering if they had an appraisal done, and that was the amount --

CHAIR KAMA: Okay.

COUNCILMEMBER PALTIN: -- that they're asking for from the Affordable Housing Fund.

CHAIR KAMA: Kali, can you answer that question?

MR. C. FLAHERTY: Yes. Yes, we did have an appraisal done for this phase one, and we most recently had another appraisal done for phase two as well, and they both support the purchase price.

COUNCILMEMBER PALTIN: Okay, thank you.

MR. C. FLAHERTY: And we've shared that...we've shared that with the...the County as well. They have the appraisal.

COUNCILMEMBER PALTIN: Okay. Thank you.

CHAIR KAMA: Ms. Rawlins-Fernandez, followed by Ms. Sugimura.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR KAMA: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: I actually have a couple more questions. For the...the project, how many ADA units are included in the different AMI?

MR. C. FLAHERTY: You know, there's 10 percent of the units, so nine units will be ADA. And typically, we will spread those out pro rata based on the...the...the number of units at 30 percent. I don't know off the top of my head, but it...it matches the AMI schedule at 30, 50, and 60.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for your response. Okay. And then I think...while my time on the Council, we've seen like the project plans, like Member Sinenci was asking for, the housing application. And I understand this is not a 201H project or 2.96 or 2.97, but we...we haven't seen like actual plans. I think

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we've only seen presentations. And so would we be approving affordable housing funds with a contingency or...or are we just not going to see a plan, and we're just going to approve it without seeing the plan? I guess I don't...this hasn't happened while I was on the Council, so I don't know what practice is, and I don't feel super comfortable doing that. But maybe if we have conditions on the funds, then perhaps I would feel more comfortable about that. I know that's not what we're discussing here now, and --

CHAIR KAMA: Correct.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- perhaps that something we will discuss at EDB.

CHAIR KAMA: At your Committee. Yes, at your Committee if you would like to, and you'd like to put conditions upon the...the...the funding, you could probably do it in EDB. But you're correct, for today, we just want to say this passes over to EDB.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And before scheduling it with EDB, I heard some concerns of the Members, including outreach, that I'm wondering if they want that done prior to it being scheduled with EDB? Under EDB?

CHAIR KAMA: Mr. Watson?

COUNCILMEMBER RAWLINS-FERNANDEZ: Like outreach, for example.

MR. WATSON: Yeah. We're...we're more than receptive to the idea of further outreach, working with the two associations. We'll kind of run it through them because they...you know, they have the...obviously the better contacts with the expanded community. And so we're...we're very receptive to that and getting this out to the broader community. I think, you know, in the broader community, there's such a demand for this kind of housing, so we anticipate a very positive reaction.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Watson. Okay. So I...EDB only has one scheduled meeting in November, and we are requesting a meeting on November 9th, so the week after Chair Lee asked. So not the 2nd, the 9th, I believe. Yeah, the 9th. And...yeah. Okay. I'll...I'll figure that out on the backend because I was actually requesting that meeting for a different item. I...I wasn't anticipating receiving this item and...and expediting it, so that wasn't in my plans. No one reached out to me about that, so I'll try to figure that out on my end. Mahalo, Chair.

CHAIR KAMA: Thank you. Thank you, Chair. Ms. Sugimura, you had a question?

COUNCILMEMBER SUGIMURA: Yeah, just when it goes to EDB, one of the things that was mentioned is affordable housing would be a...a loan or a soft loan or a secondary loan. I always thought it was a grant in years...in other projects. So I thought that was kind of interesting. You thought...I went back and read the Charter just to see oh, maybe the Charter that it's...but was this...were we...the Department, were you planning on

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making this a loan to the project? Linda Munsell...

MR. C. FLAHERTY: So this...

MS. MUNSELL: Chair?

CHAIR KAMA: Yes.

MR. C. FLAHERTY: Linda, would you mind if I...would you mind if I commented on this, just for one second, if I may? I apologize.

MS. MUNSELL: Up to the...up to the Chair.

CHAIR KAMA: Who's speaking? Who's speaking?

COUNCILMEMBER SUGIMURA: Chris. Chris.

CHAIR KAMA: Because I can't...okay. Can...so could please put on your video?

MR. C. FLAHERTY: Oh, I don't...oh, there we go.

CHAIR KAMA: Yeah, so we can see you.

MR. C. FLAHERTY: I...I just wanted to bring some clarification to the concept of it being a grant versus a loan. There are certain instances in which our attorneys will want it to be granted as a loan...or not granted, will want the funds to come in as a loan in certain instances. So typically, we...we depend on the attorneys' advice, and usually they work with Corp. Counsel and...and they...that's worked out between the attorneys. Whether it's a grant or a loan, I believe originally it was contemplated to be a grant, but sometimes our attorneys want it to be a loan for tax purposes. I don't quite understand. That's...goes into the nuances of tax law that I don't quite understand. But you know, we were...we were just...in this case it might be a loan, it might be a grant, but we...I defer to legal on that. I don't know, Kali, do you want to comment on that?

MR. WATSON: Yeah. I think that's the way we have to do it. You know, the...the most recent project we did, with the 52 units out in Mā'ili, which is a LIHTC project, the County actually made it a grant, and we used that to actually purchase the property. But there were conditions on the grant whereby if we didn't perform, you know, basically we're responsible for reimbursing the money.

CHAIR KAMA: Yes.

MR. WATSON: I think that's probably the route we're going to go, whereby the land is treated as collateral so if we can't perform, which hopefully we will, then the County is protected. So it's not, you know, a giveaway and then we turn around, sell, and make some money and flee the country or whatever. We're not going to be doing that. We're

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committed.

COUNCILMEMBER SUGIMURA: Okay. Thank you for that clarification. And...and...okay. I also want to say that in your presentation--because I printed it, I saw all the...one of the pages that you didn't talk about. But the comments, *Maui News*, I think is about page 5 in your presentation. Thank you for making the adjustments you've made as a project because these comments from the Land Use Commission draws a crowd. And the comments that were pretty severe, and I see that you won the community over, it seems. So...and make it...made changes. So thank you.

MR. WATSON: Thank you.

CHAIR KAMA: Ms. King, did you have your hand up at some time?

COUNCILMEMBER KING: Yes. Thank you, Chair.

CHAIR KAMA: Okay.

COUNCILMEMBER KING: I just was going to say that, you know, I'd be happy to work with the developers and the KCA and the South Maui Advisory to put together a meeting before...before the--and it's the 9th now, I'm hearing, not the 2nd--before the EDB meeting. And...and hopefully, we can work out some of the issues too, that Ms. Rawlins-Fernandez has been asking about.

CHAIR KAMA: Okay. Thank you. Thank you. So Members, if there are no other questions, all those in favor of the motion, please raise your hand and say "aye."

COUNCILMEMBERS: Aye.

CHAIR KAMA: I see one, two, three, four, five, six, seven...I see eight "ayes." All those opposed, please raise your hand and say "no." One opposed, Mr. Hokama.

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

NOES: Councilmember Hokama.

ABSTAIN: None.

ABSENT: None.

EXC.: None.

MOTION CARRIED.

ACTION: Recommending REFERRAL of the matter to the

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Council of the County of Maui

October 19, 2020

**Economic Development and Budget Committee and
FILING of communication.**

CHAIR KAMA: Members, thank you so very much for your...for your time today. Thank you for this wonderful discussion that we had. And thank you very much, Economic and [sic] Development and Budget Chair Rawlins-Fernandez for agreeing to hear them whenever you are able to meet with them. So if there is no...and there is nothing else on the agenda today, Members, except that we're going to be asking for the pro forma for the...from the developers that Ms. Lee had asked for. So we're going to make sure we get that. So other than that, Members, the regular meeting of the October 20...19, 2020, of the Affordable Housing Committee is now adjourned. . . .(gavel). . .

ADJOURN: 11:23 a.m.

APPROVED:



TASHA KAMA, Chair
Affordable Housing Committee

ah:min:200108-d

Transcribed by: Daniel Schoenbeck

AFFORDABLE HOUSING COMMITTEE MINUTES

Council of the County of Maui

October 19, 2020

CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 50 of the foregoing represents, to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 10th day of November 2020, in Wailuku, Hawaii

A handwritten signature in black ink, reading "Daniel Schoenbeck", is positioned above a horizontal line.

Daniel Schoenbeck