

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

MINUTES

January 24, 2022

Online via BlueJeans Link

CONVENE: 1:31 p.m.

PRESENT: Councilmember Gabe Johnson, Chair
Councilmember Michael J. Molina, Vice-Chair
Councilmember Tasha Kama, Member
Councilmember Kelly Takaya King, Member
Councilmember Alice L. Lee, Member
Councilmember Tamara Paltin, Member
Councilmember Keani N.W. Rawlins-Fernandez (In 2:22 p.m.)
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member (In 2:34 p.m.)

STAFF: Alison Stewart, Legislative Analyst
Laksmi Abraham, Legislative Analyst
Jerry Paredes, Legislative Analyst
Shelly Espeleta, Supervising Legislative Analyst
James Forrest, Legislative Attorney
Keoni Shiota, Committee Secretary
Lei Dinneen, Council Services Assistant Clerk

Stacey Moniz, Executive Assistant to Councilmember Gabe Johnson
Kate Griffiths, Executive Assistant to Councilmember Gabe Johnson
Autumn Ness, Executive Assistant to Councilmember Gabe Johnson
Roxanne Morita, Executive Assistant to Councilmember Gabe Johnson
Evan Dust, Executive Assistant to Councilmember Tasha Kama
Davideane Kama-Sickels, Executive Assistant to Councilmember Tasha Kama
Axel Beers, Executive Assistant to Councilmember Kelly Takaya King
Ellen McKinley, Executive Assistant to Councilmember Kelly Takaya King
Sarah Freistat Pajimola, Executive Assistant to Councilmember Keani Rawlins-Fernandez

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Zhantell Lindo, Council Aide, Molokaʻi Council Office (via telephone conference bridge)

Denise Fernandez, Council Aide, Lānaʻi Council Office (via telephone conference bridge)

Mavis Oliveira-Medeiros, Council Aide, Hāna Council Office (via telephone conference bridge)

Michele Blair, Council Aide, West Maui Office (via telephone conference bridge)

Daniel Kanahele, South Maui Office (via telephone conference bridge)

Anabelle Hernandez, Pāʻiā Office (via telephone conference bridge)

ADMIN.: Linda Munsell, Deputy Director, Department of Planning
Michele McLean, Director, Department of Planning
Scott Teruya, Director, Department of Finance
May-Anne Alibin, Deputy Director, Department of Finance
Mimi Desjardins, Deputy Corporation Counsel, Department of the Corporation Counsel

OTHERS: Makani Maeva, President/CEO, AHE Group, Front Street Apartments
Natalie Mesa, Principal, Settle Meyer Law LLC, Front Street Apartments
Keith Ishida, Front Street Apartments
Harrison Herzberg, Project Analyst, Highridge Costa, Hale Mahaolu
Monte Heaton, Senior Financial Analyst, Highridge Costa, Hale Mahaolu
Grant Chun, Executive Director, Hale Mahaolu
Moe Mohanna, President, Mohanna Development, Hale Mahaolu
Howard Kihune, President, Aina Lani Pacific LLC, Kilohana Makai
Sandra Duvauchelle, President, Lehua Builders, Inc., Kilohana Makai
Jeff Gilbreath, Executive Director, Hawaiian Community Assets
Lawrence Carnicelli, Vice President of Development, Alaula Builders, Hale Kaiola, Hale Waipuilani, Kuikahi

Joey Rancho
Gay Sibonga
Laura “Lala” Johnson
Kahala Johnson
Jeana Naluai
Others - 1

PRESS: Akakū: Maui Community Television, Inc.

CHAIR JOHNSON: . . .*(gavel)*. . . Aloha. Will the Affordable Housing Committee meeting

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please come to order. I'm Gabe Johnson, Committee Chair. Present with me is Kate Griffiths, my EA. This meeting is being conducted in accordance with the Governor's most recent emergency proclamation on sunset...Sunshine Law in-person meetings, which has suspended the use of in-person testimony in viewing locations due to the recent COVID surge. Members at nonpublic locations should state who, if anyone, is present with them. Also, information on meeting connectivity is provided in the last page of the agenda. Members joining us today are Council...or Committee Vice-Chair Mike Molina. Buon giorno to Mike Molina.

VICE-CHAIR MOLINA: Buon giorno and aloha to you, Mr. Chair, and my colleagues, and everyone else joining us here for our Affordable Housing meeting on this wonderful Monday afternoon. For the record, I'm transmitting from my residence in Makawao. Aloha.

CHAIR JOHNSON: Aloha. Okay. And next move on to Councilmember Tasha Kama. Buon giorno to you, Councilmember Kama.

COUNCILMEMBER KAMA: Buon giorno, Chair. And I am here in my home in my workspace, and I am alone. Thank you.

CHAIR JOHNSON: Thank you. Okay. Moving along the line, we have Member Kelly King. Buon giorno to you, Councilmember.

COUNCILMEMBER KING: Oh, buon giorno. And I am still in South Maui in my home with nobody around me, broadcasting from here. Seem to have...it seems to be working.

CHAIR JOHNSON: Good, good, good. Okay. Next we have Council Chair Alice Lee. Buon giorno, Council Chair Alice Lee.

COUNCILMEMBER LEE: Buon giorno, Mr. Chair. I hope we...oh, I'm here alone in my workspace. Looking forward to another wonderful Affordable Housing Committee meeting.

CHAIR JOHNSON: Wonderful, wonderful. Okay. And next we move on to Councilmember Tamara Paltin. Buon giorno. You changed your screen from last time, so very beautiful backshot, Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you. Buon giorno and aloha 'auinalā. I am broadcasting live and direct from the West Maui District Office here at Old Lāhainā Center, although virtually I'm backside Nu'u. And with me today is my EA Angela, who's more than six feet away. Thank you.

CHAIR JOHNSON: Thank you. And finally, we have Councilmember Shane Sinenci coming online. Buon giorno to Councilmember Shane Sinenci.

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COUNCILMEMBER SINENCI: Hey, buon giorno, Chair, and como va, Members. 'Auinalā no ma kahikina. I'm here at the Hāna Museum with my Staff members Mavis and Dawn.

CHAIR JOHNSON: Great, great. Okay. Now, our other Councilmembers are excused. We have Member Yuki Lei Sugimura will be coming in a little late, as well as Council Vice-Chair Keani Rawlins-Fernandez. All right. So from the Administration we have invited Housing and Human Concerns Deputy Director Linda Munsell, Deputy Corporation Counsel Mimi DesJardins, and we've invited the Finance Department representatives and we'll see when they come on who they are. Our Committee Staff is Legislative Analyst Alison Stewart, Laks Abraham, and Jerry Paredes. Legislative Attorney being James Forrest, Committee Secretary being Keoni Shirota, and Assistant Clerk Lei Dinneen. So we have two items on the agenda today, Members. AH-14(7), expanding the affordable housing funding, and AH-14, the Affordable Housing Fund feature...a presentation on the annual plan from the Department of Human...Housing and Human Concerns. So Members, let's begin with public testimony. Testifiers can join the BlueJeans meeting using the information on the agenda. Written testimony can be sent at any time using the eComment at mauicounty.us/agendas. Oral testimony is limited to three minutes per item. While waiting for your turn to testify, please turn off your microphone and video. When you are called upon, please unmute yourself, state your full name, and if you are testifying on behalf an organization or if you're a paid lobbyist. If you have joined this meeting on BlueJeans, Staff will add your name to the testifier's list. The link to the list will be posted in the chat, and you may chat to be added or removed to the list. Chat should not be used to provide testimony or comments during the meeting. Once testimony has closed, you will be disconnected from BlueJeans. You may continue to view the meeting on *Akakū* Channel 53, Facebook Live, or at...or at mauicounty.us/agendas. Mahalo for your cooperation, Members. I would like to proceed with oral testimony. Okay. Miss...Mr. Paredes, will you please call the first testifier?

. . . BEGIN PUBLIC TESTIMONY . . .

MR. PAREDES: Chair Johnson, the first testifier on the list is the individual calling from the phone number ending in the last four digits 1640.

MR. RANCHO: Aloha. Can you hear me?

CHAIR JOHNSON: We can hear you loud and clear. Please state your name for the record please.

MR. RANCHO: Aloha ahiahi, Council. My name is Mr. Joey Rancho. And good evening

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from Washington D.C. I'm here to testify on expanding affordable housing funding. Happy...Happy Healthy New Year to all of you, first of all, the Year of the Tiger. Tiger is a symbol of strength and exercising [sic] evils and braveness. And we're going to need all of these attributes this year. Expanding affordable housing funding sounds like a good jumping off point; unfortunately, the numbers aren't adding up, Larry, as my grandmother would say. And I have...I have a little...a little joke for you folks. This guy is really fed up with his business, really annoyed that his finances have been stagnant for years, right, and he wants out, he wants to sell. So he invites all the...three accountants to tell him future projections numbers. And the first accountant sits down and says, who can know what's going to happen in the long run, right? He gets up, he walks out. Second accountant sits down and says, you want me to know your numbers relative to what, right? He gets up, he walks out. The...the third accountant, he sits down, he listens to the guy cabbage on about all his woes are me. He gets up, goes over, closes the curtains on the windows, comes back and he whispers in the guy's ears, what do you want the numbers to be? Problem solved, right? Affordable housing in Hawai'i nei is a misnomer at best. If this is what, you know, we're calling affordable, what are you folks calling the rest of the housing, unaffordable? Because nothing's really changed over there where you all stick the brown people. Nothing has changed for them, and it doesn't make sense. And I'm trying to avoid this myopic focus which drowns so much of our government right now, especially the deferment loop of our local politics. You know, stop deferring, take action. Money is not the issue, it's the grift, the petty grift, and how the money is being wasted and exploited. You folks don't talk about that enough at all. Federal funds, taxpayer's money. If you notice anything that doesn't look or feel quite right, don't leave it. Ask yourselves, who is circumventing the Council reviews by giving less than honest information? Is it legal? Is it ethical? Public trust in all areas of government right now, it does not exist. We need your leadership. We need tigers. Thank you, guys, for everything you do, and keep up the --

CHAIR JOHNSON: Okay.

MR. RANCHO: -- good work. Aloha.

CHAIR JOHNSON: Aloha, Mr. Rancho. Thank you for that testimony. Members, do we have any questions for our testifier? We do have one, so hold on the call. Go ahead, Councilmember King.

COUNCILMEMBER KING: Hi, Mr. Rancho. I just wanted to find out what your connection is with Maui because you just...all you said was you're from D.C.

MR. RANCHO: You know, I...I happen to be in D.C. this week. I'm actually on the mainland for about five more months. Family.

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COUNCILMEMBER KING: But you're...you're a resident, long-term...long-time resident of Maui?

MR. RANCHO: Yes, yes. Yeah.

COUNCILMEMBER KING: Okay. Well, thanks for your testimony.

CHAIR JOHNSON: Okay.

MR. RANCHO: Thank you.

CHAIR JOHNSON: Members, any other questions for our testifier? Seeing none. Once again, thank you for your testimony. Aloha.

MR. RANCHO: Certainly.

CHAIR JOHNSON: Okay. Mr. Paredes, will you please call the next testifier?

MR. PAREDES: Chair Johnson, the next testifier signed up on the list is Laura "Lala" Johnson, to be followed by Lawrence Carnicelli.

MS. JOHNSON: Aloha. Can you hear me?

CHAIR JOHNSON: We can hear you loud and clear, Ms. Johnson.

MS. JOHNSON: All right. Aloha kākou, Chair Gabe Johnson and the Councilmembers. Mahalo for giving this time for me to just share, and I have this time to kukakuka with all of you. You know, while we don't have any concerns about affordable rental for housing, we do have a concern though as to where the projects are being built, and the impacts that are already depleting the already limited resources that we have, you know, such as the water and the runoff into the wetlands from these projects, one in particular. So you know, like community action changes people's lives. If we don't take into consideration the lifelong devastating impacts of these projects upon our society, then how are we able to change people's lives? So you know, I just wanted to bring that out. And also, you know, to also check into if the...the places where it's being built, if there's any land issues or any litigation. So in one particular project that you have right now, there is a litigation that is going on which is the Ke Kahua project. So just take that into consideration. But like I said, mahalo for your...for giving this time for me to...to share with you and to express myself about affordable housing and where it is being built. Mahalo nui.

CHAIR JOHNSON: Mahalo for that testimony, Ms. Johnson. We have a question for you from Councilmember Paltin.

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COUNCILMEMBER PALTIN: Thank you, Chair. Couple questions, Ms. Johnson. Thank you for your testimony. Is there a timeline to the ongoing litigation as to when it could possibly be resolved? If you think it could be resolved before the budget process this coming Fiscal Year '23, which I guess starts around the end of March and finishes up around the beginning of May.

MS. JOHNSON: You know, that's a very good question. At this time, I don't have an answer to that, to be honest, how long this is going to take. But it is going through the process right now as we speak in that preparation. So I don't have a timeline for you guys. So sorry.

COUNCILMEMBER PALTIN: Okay. And my...my second question was just your family is different family from Member...our Chair Johnson, right?

MS. JOHNSON: I like to say he may be my cousin through marriage, because my husband is actually the Johnson. So I don't know if he is. Then he would be on...with us on this journey.

COUNCILMEMBER PALTIN: Okay. I just was curious. Thank you.

MS. JOHNSON: Yes.

CHAIR JOHNSON: That's funny. Okay. Anybody have any other questions? We do have one from Councilmember King, and there you go, go ahead, Councilmember.

COUNCILMEMBER KING: Aloha, Cousin Johnson.

MS. JOHNSON: Aloha.

COUNCILMEMBER KING: Since we don't know. What...can you...can you say the name of the project that you were referring to earlier? Because I'm not familiar with that. And where is it? The one you said is in litigation.

MS. JOHNSON: It's...the project...I can say the project that...that's on hand in your...your...your agenda, which is the Ke Kahua project, which is Hale Mahaolu Ke Kahua. That's the project that...

COUNCILMEMBER KING: Okay. There's a couple different Hale Mahaolu's. Which one is it?

MS. JOHNSON: So this particular one is the...it's in...with MEO by Kahekili Terrace, on Kahekili Highway on that side.

COUNCILMEMBER KING: This is in Central Maui?

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MS. JOHNSON: Central Maui, yes.

COUNCILMEMBER KING: Okay. That's what you're referring to.

MS. JOHNSON: Waihe'e, Waiehu side.

COUNCILMEMBER KING: Okay. All right. Thank you.

MS. JOHNSON: You're welcome.

CHAIR JOHNSON: Thank you so much. Okay. Any other questions for our testifier? Seeing none. Thank you, Ms. Johnson, for your testimony. Okay. Mr. Paredes, will you please call the next testifier?

MR. PAREDES: Chair Johnson, the next testifier on the list is Lawrence Carnicelli, to be followed by Kahala Johnson.

CHAIR JOHNSON: Mr. Carnicelli, are you on the call? There he is. Aloha. The floor is yours.

MR. CARNICELLI: I am. Thank you, Chair. Testifying...Lawrence Carnicelli testifying on my own behalf on AH-14(7). You know, I guess I was asked to just kind of give a couple of comments on it. In regards to the changes to 3.34, the use of the funds, I understand kind of what we're trying to accomplish here. Just like, you know, is to add new tools to the...you know, the belt of what it is we can do. My only, I guess, concern would be, you know, the more things that we reach out to, the more diluted it gets. There's only so much money that we're going to have each and every year. You know, just to use as like the Rental Housing Revolving Fund at the State level, last year...or this year there was 11 different projects that, you know, applied for funds, only four were granted. That means seven of them have to go to next year. So when we start saying, you know, for septic tanks, that's great, but you know, any fiscal year, each Council is only going to have so much things. And I'm not picking on any one of these, I'm just saying is the more things that we have here, you know, the more diluted it's going to get. And money actually goes really, really fast when you're start talking about infrastructure and things of that nature. You know what I mean, big chunks of money can go very, very quickly. The other thing is, how do we prioritize in any one particular year? I think that that's going to be a big thing. Because you also have to remember, I look at this from the lens from 20 years from now, right? Like when...when 2.96 was being drafted, that took three years to draft. There was a lot of discussion and everything like that. And you know, Councilmember Lee, you know, was part of that. And...and so, you know, we don't remember why they chose five years, eight years, ten years for the deed restrictions, but there was a lot of discussion for that. So like we know what we're trying to accomplish right now, but you know, and this Council is different and we have a

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whole new Council 20 years from now, 30 years from now, are they going to know what this is? So that's what I look at with 3.34. And with 3.35, you know, the...the...the items at the bottom, I, J, and K. The first thing I look at is K in...in that lens of 20 years from now when it says to provide funds for payment of principal and interest on bonds. So that means 20 years from now we might be short on paying our bonds, paying our bills, and we can just pay a bond back through the Affordable Housing Fund, right? It doesn't...it's not tagged to affordable housing at all. You know, so I'm just saying...I'm not saying don't do this, right, I'm just trying to say like my concerns as I'm looking at this. And then the other two, I and J seem to be items that are really under the...the umbrella of Long-Range Planning. So here's, you know, we're using affordable housing money on something really is an administrative function. So that would be the only other piece of this is...is that. It's just, you know, what are these things? I get what we're trying to do, I get we're trying to expand affordable housing, I get we want to try to put things in as...you know, attack things as many different possibilities as we can, I get that. I guess is...is I'm just saying is, you know, just go into it with an open eye. And I...I look forward to having you guys have discussion about that and say like, you know, how we do prioritize, is this too much, not enough, whatever it be. So that's just, I guess, my two cents. So --

CHAIR JOHNSON: Okay.

MR. CARNICELLI: -- thank you, Chair.

CHAIR JOHNSON: Thank you, Mr. Carnicelli. Members, any questions? We do have one for you from Councilmember King.

COUNCILMEMBER KING: Thank you, Chair. Aloha, Lawrence. Thanks...thanks for the input. That was really interesting. And I wanted to ask you on 3.34, you know, since you mentioned the septic and wastewater, and I...you know, I have some concerns myself because septic does end up many times going through injection wells back into the ocean. But those...do you...do you see...as a developer consultant, do you see any possible scenarios where funding something like this, like composting toilets, could actually be cheaper than a developer doing a wastewater treatment facility?

MR. CARNICELLI: Oh, yeah. No, no, absolutely. I mean and that's where I say is I didn't...I should haven't picked on any one of these things. And I guess in my mind, I was also...

COUNCILMEMBER KING: No, no, I wasn't...I was just asking you because I --

MR. CARNICELLI: Yeah.

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COUNCILMEMBER KING: -- because I don't know, but it seems to me that if we put money into...you know, since developers of affordable housing are often looking for exemptions from wastewater treatment facilities, that if we put money into something like this, it could be a lot cheaper, and then it could happen...you know, it could happen on an individualized basis as the units get sold or, you know, as they get...they get developed. Then you know, these...these units could go in, they'd be addressing the problem at the source instead of incurring all of that piping and conveyance to a centralized system.

MR. CARNICELLI: No, that's a...that's a great, great point, and you're 100 percent right. Because you know, as you know, the magic number is 50 individual wastewater systems, right, and anything above that, the DOH says that we have to have a wastewater treatment plant. So that's one of those economies of scale where you're going to like oh, wow, we have to build 50 homes at a time, you know, in certain areas. So you're...you're absolutely right, this would be one of those things we're going okay. but could you put it under the umbrella of infrastructure rather than, you know, IDUs? That...that would be the...yeah, you know, so it's...it's semantics --

COUNCILMEMBER KING: Okay.

MR. CARNICELLI: -- and that's why we pay you guys the big bucks to have these conversations and make these decisions.

COUNCILMEMBER KING: And that's why we...when you...people like you come, we ask you questions. Thank you.

MR. CARNICELLI: I...I appreciate that. Thank you.

CHAIR JOHNSON: Okay.

COUNCILMEMBER KING: Thank you.

CHAIR JOHNSON: Members, any other questions for our testifier? I...I have one for you, Mr. Carnicelli.

MR. CARNICELLI: Sure.

CHAIR JOHNSON: So you mentioned how this...the Affordable Housing Fund was built 20 years ago or so. Obviously you would agree with this statement that the...the...the housing market 20 years ago is not 2022 housing market, and therefore, in return to that, 2042 is going to be different, right? You would agree with that statement?

MR. CARNICELLI: You should be an attorney, I like the way you phrase that. Like

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how...you have to agree with the statement. Is...is here's what's similar...

CHAIR JOHNSON: Surely you would agree.

MR. CARNICELLI: Right. Is...and I didn't talk about the fund itself, I talked about 2.96. And if you think about it, 2.96 was ratified right at the top of a bubble, right? It was...we were in 2008, we were, right, kind of at the top of the bubble. Some people say that we're kind of at that same sort of trajectory right now, so there'd be similar to that. But no, the...the market is always cyclical, it's always --

CHAIR JOHNSON: Right.

MR. CARNICELLI: -- changing. So --

CHAIR JOHNSON: That's --

MR. CARNICELLI: -- so yeah --

CHAIR JOHNSON: -- that's where I'm going.

MR. CARNICELLI: -- to your point. Yeah, no, to your point is absolutely, that is --

CHAIR JOHNSON: Yeah.

MR. CARNICELLI: -- we don't know what the market is going to be like next year. Literally --

CHAIR JOHNSON: Yeah.

MR. CARNICELLI: -- we don't.

CHAIR JOHNSON: Okay.

MR. CARNICELLI: And that's...and that's the uncertainty of development.

CHAIR JOHNSON: Thank you so much for that response, Mr. Carnicelli. Okay. Any other questions? Seeing none. Thank you once again for your testimony, Mr. Carnicelli.

MR. CARNICELLI: Thank you.

CHAIR JOHNSON: Mr. Paredes, will you please call the next testifier?

MR. PAREDES: Chair Johnson, the next testifier on the list is Kahala Johnson, to be followed by Jeff Gilbreath.

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CHAIR JOHNSON: Okay. Mr. Johnson? No relation. You have any...you would like to testify? Okay. We...we can go back to Mr. Johnson. I think we'll move on to Jeff Gilbreath. Jeff Gilbreath, are you on the call?

MR. GILBREATH: Aloha, Councilmembers. Thanks for having me. I'm Jeff Gilbreath, Executive Director of Hawai'i Community Lending, formerly Hawaiian Community Assets. And I just want to mahalo you folks for moving this forward. Our...as you know, the Comprehensive Affordable Housing Plan really focused on expanding the Affordable Housing Fund that I know Councilmember Molina had put forward many years back. And...and the recommendations on the expanded uses of the fund are exactly as...as I address Mr. Carnicelli and his...his comment that the County needs more tools in its toolbox to address the situation we're in right now. You know, 40 years ago, the Federal government was funding about half a million more Section 8 vouchers annually than they are now. The Federal Government is no longer as proactive on addressing affordable housing. Now it's requiring across the nation and here in Hawai'i for municipalities to step up and...and fill those gaps, as well as State, as well as nonprofits like ours, and...and builders like Lawrence and the team. And so I think what you folks are doing here today is...is very admirable. It's a...it's a key part of the recommendations of the plan, which is, you know, please expand the tools in the toolbox for the County to be able to do their work. Long-range planning is critical to affordable housing, though sometimes we struggle to get those funds in the budgets of those departments. And so if we can utilize this fund to make sure we get the community-serving infrastructure in place that's critical to be able to support the financial capacity of your local renters and homebuyers, and to know that this fund is part of the plan was not just to talk about what large builders or developers need, but what does that homeowner need who has family members living in their household? And that they can be part of the solution by building a ohana unit or an ADU to be able to...to provide some support, right? So I just want you to know that the plan did push forward on those 36 priority projects, which this fund could help fund, but also to note that local residents have a role to play and they're ready to play it, and that this fund can be for them too. So just wanted to share that with you folks. And I'll be on for questions later on if you folks have any. But I really just...just appreciate you folks taking action on this.

CHAIR JOHNSON: Okay. Thank you, Mr. Gilbreath. Now Members, I'd like to designate him a resource so when we do get to that topic of discussion, if you folks have more questions for him, we can go. So Members, without objection, I will designate Jeff Gilbreath as a resource person under Rule Council...or Council Rule 18(A), and give his expertise in the...the...the bill we have.

COUNCILMEMBERS VOICED NO OBJECTIONS

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CHAIR JOHNSON: Okay. Thank you so much. Thank you, Jeff. We'll be back to you in a minute. I...no, hold on a second, Mr. Paredes. I want to call up the...the...the other Johnson who is on the call who we didn't get to him. Are...are you...are you ready to speak, Mr. Johnson?

MR. JOHNSON: Yes, I am.

CHAIR JOHNSON: Okay. The floor is yours.

MR. JOHNSON: Hi. Hi, sorry. Yeah. Hey, aloha, Councilmembers. My name is Kahala Johnson. I'm here to kind of echo what has been said by Laura Johnson about the Ke Kahua Hale Mahaolu property and the current litigation court case that's in the Circuit Court right now. You know, once again, I want to reaffirm my...my own, my personal and my family's commitment to the fact that affordable housing is absolutely a necessity for not just us as Kānaka Hawaiians, but for all folks who live on...in Maui and in Hawai'i. And with that reaffirmation, I also, you know, want to affirm as well that process matters, and that making sure that, for example, existing or preexisting kuleana rights to properties secured by Hawaiians in the Mahele are respected. And while I know that that's not the Committee or the Council's purview, I do know that respecting Councilmembers' own commitments to integrity over the...over the years as I've been watching you folks. I also know that it's important that...and that we share the value that these issues are addressed prior to any projects being funded. And that's just to maintain pono and to maintain, you know, the justice that's part of not just...not just getting housing for folks, but also doing it in a pono way. So I just want to reaffirm those commitments, and mahalo the Committee...the Councilmembers for this time.

CHAIR JOHNSON: Well said, Mr. Johnson. Members, do we have any questions for our testifier? We do have one from Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you, Mr. Johnson, and Mr. Johnson, for your testimony. I just wanted to clarify, you said it's in Second Circuit Court right now?

MR. JOHNSON: Circuit Court. I think it is in Second...Second Circuit Court. I'd need to check that again. Sorry, I...I don't have my materials before me.

COUNCILMEMBER PALTIN: Okay. And then just...I'm not sure, but that's not the highest court, so whichever way that...that it goes, you're in on the court case, and if it doesn't go your favor, are you planning to appeal it all the way up the line to whatever the highest one is?

MR. JOHNSON: Yeah. So you know, kind of like echoing what my mother said, we don't know what the outcome will be, but speculating here. I...I do believe that

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as a family, we'll consensus to seek an appeal if we do not get a ruling within our favor. Yes, that's correct.

COUNCILMEMBER PALTIN: Okay. So even if it's decided, it's still likely could be far from over if either side wants to appeal it up the chain of courts?

MR. JOHNSON: Right. That's true also for the prosecution as well. So yeah, and these are...you know, I wish that we had faster processes for...in the judicial, but of course, you know, matters of justice do take some time.

COUNCILMEMBER PALTIN: Okay. Okay. Thank you. I just was trying to clarify what the time frame could be. And I'm not sure what is the highest court, but I think the Circuit Court is pretty at the...the base level. Yeah. Okay. All right. Thank you. That helps a lot.

CHAIR JOHNSON: Okay. Thank you, Councilmember Paltin. Any other questions for our testifier? Seeing none. Thank you for coming out and testifying, Mr. Johnson. Aloha. Mr. Paredes, will you please call the next testifier?

MR. PAREDES: Chair Johnson, the next testifier on the list is Jeana Naluai, to be followed by Gay Sibonga.

CHAIR JOHNSON: Aloha, Ms. Naluai. Are you on the call?

MS. NALUAI: Yes, I am. Aloha. Aloha, Members of the Council. I'm here also on behalf of the family that...of the Johnsons that were on the call earlier. And their extended ohana, I'm part of that extended ohana. And thank you for listening. I have...I'm a cultural practitioner and have had close ties to this family. I have a special place in my heart for this...this land of Ke Kahua, and the way that the family has come together as community that caretake this place. I can tell you that they take care of their elders. I can tell you that absolutely they are for affordable housing for our community. It's just that on that particular piece of land that is their kuleana land that their family has been taking care of, it seems strange that something is, you know, being pushed forward when they have...that they...they have rights to that space. And so I'm just here to testify, you know, in opposition to pushing forward at a time when it's in litigation. Also knowing that, you know, they're there to caretake those resources, which is what kuleana means, and having a large project...you know, we know that although it's needed, it does have an impact on the resources of the community. And so I'm just here to share, you know, that this family is pono in the way that they are caretaking. It was intended for them by their ancestor, and they're just doing what we've always done, which is to malama 'āina there and malama community. And I've seen many amazing things happening there for their family community. Outreach is happening for the community. It's a haven and a sanctuary, and it needs to continue to be that, overseen by the family. So I...I...I'm in support of

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their continued service to that ‘āina.

CHAIR JOHNSON: Okay. Thank you so much for your testimony, Ms. Naluai. Members, do we have any questions for our testifier? Seeing none. Thank you for coming on and testifying again. Aloha.

MS. NALUAI: Thank you.

CHAIR JOHNSON: Thank you. Mr. Paredes, will you please call the next testifier?

MR. PAREDES: Chair Johnson, the next testifier on the list is Gay Sibonga.

CHAIR JOHNSON: Gay Sibonga...

MS. SIBONGA: Good morning, Council Chair Johnson.

CHAIR JOHNSON: Good morning.

MS. SIBONGA: Oh, good afternoon. My name is Gay Sibonga. I'm...I'm here to testify for Mrs. Debbie Cabebe. She's currently the CEO of MEO, and she's currently attending another meeting. So just to clarify, MEO has retained legal representation, has filed a trespassing suit, that's the pending litigation. And she also mentioned that she'll be able to come and attend the meetings...future meetings, as well as answer any questions that the Committee might have. So if you would forward any questions to her, she'll be able to respond.

CHAIR JOHNSON: Okay. Thank you, Ms. Sibonga. Members, do we have any questions? Seeing none. Thank you so much for coming out and speaking to us.

MS. SIBONGA: Thank you.

CHAIR JOHNSON: Aloha. Okay. Mr. Paredes, do we have any other testifiers on the call?

MR. PAREDES: Chair Johnson, we do not have any further individuals signed up to testify on the list.

CHAIR JOHNSON: Okay. This is the last call for testifiers. If you wish to testify, please unmute your audio and/or video and identify yourself now. Okay. Seeing there are no other...no more individuals wishing to testify, without objection, I will now close oral testimony.

COUNCILMEMBERS VOICED NO OBJECTIONS

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. . . END PUBLIC TESTIMONY . . .

CHAIR JOHNSON: Okay. Moving on to the agendas, Members.

**ITEM 14(7): COMPREHENSIVE AFFORDABLE HOUSING PLAN:
EXPANDING AFFORDABLE HOUSING FUNDING
(MISC)**

CHAIR JOHNSON: Members, I would like to return to this item, AH-14(7), expanding Affordable Housing Fund. Under the...I'd like to return to this item under the Comprehensive Affordable Housing Plan to clarify and expand allowable uses of funding for affordable housing. This measure is a key component in the plan's overall strategy to address our housing crisis, which continues to grow by the day, and to implement solutions that help provide our residents with...with attaining...attainable housing. This revised...the revised bill also now reflects the Charter amendment that increased the minimum appropriation and removed the sunset date for the Affordable Housing Fund. There were changes to the posted bill based on proposals made at Committee, and revised versions signed as to form and legality by Corporation Counsel is available at number eight on Granicus. Number eight on your Granicus. For your reference, the changes from the posted bill are as follows. In 3.34.040, Subsection E now reads, to fund and provide financing for septic tank and wastewater system development as defined in Section 14.19A.040, including composting toilets and future technologies. Next was 3.35.040, adds a Subsection J that reads to provide long-term planning for affordable housing and houselessness solutions. I'd like to emphasize that this refers to planning, not reports or studies. Okay. Next is 3.35.040, Subsection K now reads, to provide funds for payment of principal and interest on bonds issued. This language was proposed by our bond experts and Financing [sic] Department. If there are no questions at the outset and so that the motion...motions to amend can be made, the Chair will entertain a main motion to recommend passage on first reading of the revised proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE, RELATING TO THE [sic] USE OF...AFFORDABLE HOUSING FUND AND THE HOME ACQUISITION AND OWNERSHIP PROGRAMS REVOLVING FUND." Do we have a motion?

COUNCILMEMBER PALTIN: So move.

CHAIR JOHNSON: Moved by Councilmember Paltin. Do we have a seconder? Seconded by Councilmember Shane Sinenci. All right. For discussion, I would like to go through the proposed bill section by section. That's okay, we're going to go sections. This would also be the time to ask any questions of our resource person Jeff Gilbreath and the departments, and to propose any amendments. You each will have two minutes per section, and a second round if needed. The first section

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I would like to address is the proposed changes to Chapter 3.34, expanding the use of the Home Acquisition and Ownership Programs Revolving Fund. Alison, if you could please put this up on the screen. One moment, Members. Okay. If we...okay. Alison, can you scroll down to the underlying sections, the proposed changes, please? Okay. So we'll just go into the sections, A. So we'll go down from A to G and I'll just read them out loud for everybody to see. So to assist low-income renters and homebuyers with upfront costs of obtaining rentals and mortgage financing, including providing housing subsidies, grants, and loans to individuals, individual development accounts, and first-time homebuyers' down-payment assistance. B, to provide deferred payment mortgages. C, to provide rental housing gap financing. D, to fund and provide financing for accessory dwelling unit development. E, to fund and provide financing for septic tank and wastewater system development, as defined in Section 14.19 point...19A.040, including composting toilets and future technologies. F, to provide long-term financing for housing projects. And G, to provide housing counseling services and the development of a prequalified list of eligible buyers and renters. So we'll just...if...I figured now would be a time we could go through round by round. Okay. Yeah, let's...let's clear...close the screen and we'll bring it up if we need to. But I see Chair Lee's hand's up. I figure we're just going to go round robin. And if you have...if you have questions, we'll...we'll go...we'll just do them like that. It'll be a little bit faster. So it'll be Member Molina, followed by Member Kama. So --

COUNCILMEMBER LEE: Okay.

CHAIR JOHNSON: -- let's see here.

COUNCILMEMBER LEE: Thank you. Thank you, Mr. Chair. So where you say including costs such as compost toilets, et cetera. Does this mean that those who have...who need to convert from cesspools, you know, would be eligible for this fund if they meet the affordability...I mean the low-income category or moderate category criteria?

CHAIR JOHNSON: The way I'm seeing it is as long as it's able to build affordable housing on their property, right? So if they're building an ohana it's going to be affordable...

COUNCILMEMBER LEE: Oh, okay. So it's not for existing affordable units that need to convert from cesspool to something else?

CHAIR JOHNSON: No.

COUNCILMEMBER LEE: Okay. Thank you.

CHAIR JOHNSON: Okay. Okay. We'll...since we got hands up, I see Councilmember

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Paltin's hands up. And then if there isn't any, we can go round robin. Go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you. I'd like to propose an amendment, a letter H, which would read, to assist public schoolteacher households with 120 percent AMI and below with upfront costs of obtaining rentals and mortgage financing, including providing housing subsidies, grants, and loans to individuals, individual development accounts, and first-time homebuyers down-payment assistance, provided they stay teaching in Maui County public schools a total of 15 years. And if I get a second, I'll explain.

VICE-CHAIR MOLINA: Second for discussion.

CHAIR JOHNSON: Okay. We got a second from...amendment moved by Councilmember Paltin, seconded by Councilmember Molina. Members, discussions?

COUNCILMEMBER PALTIN: Do you want me to go on...as the movant?

CHAIR JOHNSON: Sure. Before you go though, Councilmember Paltin, can you toggle your screen? You're frozen on mine and sometimes the toggling of the camera might make it unfreeze.

COUNCILMEMBER PALTIN: Oh, sure. Oops. Uh-oh. Can you see me? Now can you see me?

COUNCILMEMBER LEE: Yes, yes.

CHAIR JOHNSON: I can't see you. Okay. You guys can see her? Just let me know if she's...

COUNCILMEMBER LEE: Yes, I can see her.

CHAIR JOHNSON: Okay. Oh, now she's coming on. Okay. Go ahead, Councilmember Paltin. Beg your pardon.

COUNCILMEMBER PALTIN: Okay. Thanks. And so we had a slight discussion of this in Member Kama's Committee, although it was more about nursing at the time. But the advice was if we can show the data of the need, and there's definitely a need for public school teachers, you know, we have 800 missing at any given time with this new Omicron surge. And I mean for me, I got two kids in different grades in the same classroom with one teacher. And it's just, you know, it's...I mean, anybody who would dispute the need for public school teacher recruitment, I don't know where they're living. But that was basically it, to just, you know, try to give us a leg up on...on public school teachers. Because housing is --

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CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: -- the biggest concern.

CHAIR JOHNSON: Yeah. I see Chair Lee raising her hand. Go ahead, Chair Lee.
Followed by Councilmember Molina.

COUNCILMEMBER LEE: I was wondering...I was wondering if the movant would consider a friendly amendment to include police officers and healthcare workers? Because they're...

COUNCILMEMBER PALTIN: I...I sure would, yeah. I totally would. I just wasn't sure that they would meet the 120 percent and below, but for sure, I'd be down.

CHAIR JOHNSON: Okay. Let's...let's call on Mimi DesJardins to speak to the legality of this...of this proposed amendment before we start going. Mimi DesJardins, are you on the call? Okay. There she is. Floor is yours.

MS. DESJARDINS: Hear me okay?

CHAIR JOHNSON: Loud and clear.

MS. DESJARDINS: Can you hear me? Okay. Thank you. So I'm going back and just looking at the Charter and the available use of the...of the fund because that's sort of the umbrella of what steers what you can do. It is aimed at persons from very low to gap income as defined by ordinance, so you have the right qualification in terms of incomes. But the fact that you, for example, had a friendly amendment to add two more additional areas of professionals would lead me to say that I think that that's...if this is the route that you folks want to take in starting to put nurses, doctors, teachers, police officers in there, that we do a little bit more examination into a way to do that without defining it specifically by profession. And the reason I say that is because if we're going to get challenged, we're going to need some hard data above and beyond just anecdotal testimony. And I'm not, you know, minimalizing what Member Paltin is saying here, but you know, courts want to look at why you singled out a particular class of people, whether they have protections or not. And so I don't know that I would include this language specifically, but I do recognize that this is an ongoing conversation in other committees where this concern has come up. And I think that the fix may be down the road, but I don't know that it would be appropriate to put it here. That would be my opinion.

CHAIR JOHNSON: Okay. You know, if I can just speak up real quick. If you're a teacher, you're going to be in the...it's based off your income, you're going to qualify for these...for this because of your income, right? And that goes for police

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officers, nurses, whoever we want. It's...it's based off your income, so it's going to include them. So I thought...you know, like for myself, I was a school teacher, Lāhainā Intermediate. I worked five days a week, but two days a week I worked at the hotel. I made more money at the hotel. So I...I know teachers and...you know, we have teachers on the...on the...in the Committee, we know it's...it's...you ain't making...you ain't doing it for money. You know, so I think it would...it would kind of carry them in...in this the way it's written. But that's my two cents. I saw some hands up. And I saw Councilmember Molina, followed by Chair Lee.

VICE-CHAIR MOLINA: Okay. Yeah, thank you, Mr. Chairman. I guess Ms. DesJardins sort of answered my question because I...I was thinking rather than just targeting one specific profession of critical need, there is a way to group it. Because you know, we all know police, medical personnel, health personnel, they...they make enough money not to qualify as low income, but certainly don't make enough money to purchase market homes, especially these days. So yeah, if there's a way to, I guess, maybe create a broader category if that is the...the route to go. So this way we don't get any legal challenges by specifying that we're only going to target one particular profession. So yeah, that's...that was kind along my...the lines I was thinking of as well, Mr. Chair. Thank you.

CHAIR JOHNSON: Okay. Mimi DesJardins, would you like to respond?

MS. DESJARDINS: Very briefly. When you folks did the Lānaʻi project, Hokuao, and you reserved a certain number of units for teachers, remember that the developer agreed to that. And so there weren't any issues about that provision because you got an agreement from them, so you know you were okay. So when you include these things under those types of circumstances (*audio interference*) Thank you.

VICE-CHAIR MOLINA: And...and that was a privately-funded project though, right?

MS. DESJARDINS: That's correct, but whether it's privately funded or not, it doesn't mean that the fair housing laws don't apply because it goes by the number of units that a development has . . .(*inaudible*). . . so it's not just private, it doesn't have to follow Federal laws. Thank you.

VICE-CHAIR MOLINA: Thank you.

CHAIR JOHNSON: No, thank you. Okay. We have a question from Councilmember Sinenci. Go ahead.

COUNCILMEMBER SINENCI: Mahalo, Chair. Yeah, I just wanted to comment, I appreciate the amendment. And I think in any other case, you know, it would be where you're right, we would have to address their...their income level; however, considering the situation as we are in right now under duress, we've heard it from

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the Police Department that they're short, from the...the Department of Education that 800 teachers at a time are out. So I think the situation now, and addressing it now, it's because there is a need...there is, like Member Molina said, a critical need to address this in...in the current situation that we're in. So I'm supportive, Chair, if...if we can address that now, whether it be as Mimi had mentioned here or elsewhere. Thank you.

CHAIR JOHNSON: Okay. Any other discussion on this amendment? Okay. Oh, go ahead, Councilmember King.

COUNCILMEMBER KING: Yeah, I...because it's adding on to the bottom of this list, I thought we were going to go through this list first and talk about the changes that were already put in, but we got to amendments. Because to me it's kind of in the context of all these other things, and so it's hard to make a decision on this one amendment if we haven't decided which one...ones of these other ones we're going to leave in, what we're going to take out, and why.

CHAIR JOHNSON: Well, we're just...we broke them up by sections, so that's...that's why we're doing it this way. If you want to...and at the same time, if you want to amend it and add a section then you certainly can, and I think that's what Councilmember Paltin did, she added...

COUNCILMEMBER KING: No, I just...I just thought we were going through these...the section that we had already...was already on the table to talk about these...

CHAIR JOHNSON: No, I'm...I'm sorry if I didn't explain that well, Councilmember. Beg your pardon.

COUNCILMEMBER KING: Yeah. And so where are we at now, we have a...the main motion, and then we have an amendment?

CHAIR JOHNSON: We have the main motion, but we also have Councilmember Paltin's amending it, so...

COUNCILMEMBER KING: To Section 3.34.040?

CHAIR JOHNSON: Yes.

COUNCILMEMBER KING: I know we have some concerns about whether we can legally do that.

CHAIR JOHNSON: Right, exactly.

COUNCILMEMBER KING: Okay. And then...or do we have any of those other same concerns about legality of any of these other A through G?

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CHAIR JOHNSON: No, I...Corporation Counsel signed off on this, so we're...this is...that's kind of...now I'm thinking we might want to take a bit of a recess so that we can get the language right. If...if Corporation Counsel is saying hey, we don't...we want to...we don't want to be challenged on this amendment, so maybe I'm thinking we'll just take a ten-minute recess right now so that way we can get the...the...the...you know, get it squared away. Oh, Councilmember Paltin, is that all right?

COUNCILMEMBER KING: Okay. Well, I...

COUNCILMEMBER PALTIN: Yeah, Chair...oh.

COUNCILMEMBER KING: Yeah, I wasn't finished yet. I just...I just wanted --

CHAIR JOHNSON: Oh.

COUNCILMEMBER KING: -- to make sure that we're not...you know, if we're making categories that we're going to favor that we considered, you know, the shortages in all of the categories, the firefighters, the policemen, the nurses. You know, I'd hate to have somebody who --

CHAIR JOHNSON: Right.

COUNCILMEMBER KING: -- is a nurse who's trying to get a home --

CHAIR JOHNSON: Right.

COUNCILMEMBER KING: -- who's going to say well, someone else got it because they're a teacher, when we're short of nurses as well.

CHAIR JOHNSON: So maybe we could say like, you know, critically shortage, you know, careers or something. But I see Mimi turned on her camera, so let's have her speak to what you were speaking on. Go ahead --

MS. DESJARDINS: Yeah.

CHAIR JOHNSON: -- Mimi.

MS. DESJARDINS: I...thanks, Member King, for bringing that up, because I just don't think a ten-minute recess is going to solve it right now. I'm just not going to be legally in favor of placing that type of categories into this provision at this time. I think it needs to be looked at more carefully. I'm okay with the bill the way that it is. I think these categories are good. But narrowing it and limiting it to different professions I think is getting into some weeds here that I'm not prepared to give

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you any sound legal advice on.

COUNCILMEMBER KING: Thank you for that. Yeah --

CHAIR JOHNSON: Oh --

COUNCILMEMBER KING: -- that's --

CHAIR JOHNSON: -- okay.

COUNCILMEMBER KING: -- that's what I was...maybe even...we might even need input from, you know, the State Attorney General as to what constitutes a shortage in what professions because there's so many right now. But anyway, yeah --

CHAIR JOHNSON: Okay.

COUNCILMEMBER KING: -- I think Mimi's got a good handle on the concerns.

CHAIR JOHNSON: I hear what you're saying. So in light of what Mimi DesJardins mentioned, Councilmember Paltin, would you be interested in removing your amendment or you want to...you want to push forward and we can vote on it?

COUNCILMEMBER PALTIN: I'll...I'll withdraw it if that's your preference. I just wanted to make a few comments on it. That I think...to me, we don't have any shortage of firefighters, that's for sure. Every recruit class is full up. Everybody would love to be a firefighter. Police, healthcare workers, and teachers are, you know, known critical shortages in our community. And the difference to me between teachers, healthcare workers, and police is teachers get paid the lowest, but they're charged with watching out for our most precious resource, at least my...my most precious resource, I don't know about the rest of you, but...and to include, we have three former teachers that left teaching on this Council. I went to school to be a teacher and I never took it up because lifeguarding made the same amount of money and was more fun. So that's the reason why I put specifically for teachers because they have to compete with other low-income folks for housing, and they often lose, and that's why we have no teachers teaching our children. So thank you for allowing me to make those comments. I'll withdraw my amendment, but we need to do something for the teachers...and healthcare workers and police after that or concurrently, but definitely for the teachers.

CHAIR JOHNSON: Yeah.

COUNCILMEMBER PALTIN: Some guys after working 20 years only make \$50,000, you know. So desperate need for the teachers. I got that information from one of our fellow colleagues there. Thank you.

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CHAIR JOHNSON: Well said.

COUNCILMEMBER PALTIN: Thank you, Chair --

CHAIR JOHNSON: Thank you.

COUNCILMEMBER PALTIN: -- for indulging me.

CHAIR JOHNSON: Okay. So before we move forward, spin a lot of plates, Councilmember Paltin removed her...her amendment. I...Councilmember Molina, would you remove your second for...okay.

VICE-CHAIR MOLINA: I remove my second.

CHAIR JOHNSON: Council...Council...thank you so much. And before we go farther, I want to address Councilmember Keani Rawlins-Fernandez who came on the call. Buon giorno, Councilmember.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha 'auinalā, Chair, mai Moloka'i nui a Hina. I'm at the Moloka'i District Office alone on my side of the office. Buon giorno kākou.

CHAIR JOHNSON: Okay. Just to let you know, we're on...we're in...where we're at in the meeting, Councilmember. We're on 3.34.040, uses of the funds. So that's the discussion we're having right now. And if you have any amendments, you can...you can put them up. I see Councilmember...Chair Lee's hand's up, so go ahead, Chair Lee.

COUNCILMEMBER LEE: If you don't mind, Chair, can we call on Linda Munsell? She popped --

CHAIR JOHNSON: Certainly.

COUNCILMEMBER LEE: -- on the screen.

CHAIR JOHNSON: Certainly. Let's bring up Deputy Director Linda Munsell.

MS. MUNSELL: Thank you, Chair. Thank you, Chair Lee. I really appreciate that. One...one item I might suggest, we are currently in the process of preparing to do the next Hawai'i Housing Planning Study, and I could ask to have an additive item put on there to identify whether we've got critical shortages in certain professions. And perhaps that would help us in identifying careers that might be items that we want would prioritize. I think that would help alleviate some of the concerns of Corporation Counsel. But I would...I'll take it up with her perhaps

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and see if we can identify how to...how to add that to our...our next study.

CHAIR JOHNSON: Sounds great. Thank you for that. It sounds like good teamwork is happening. Thank you, Deputy Director Linda Munsell. Okay. So let's move on. We got Councilmember Molina, do...would you like to speak on...do you have any amendments or anything you want to add or questions, concerns, comments to the...to the...you know, any of our resource folks?

VICE-CHAIR MOLINA: You know what, yeah, just maybe I guess for Director Munsell, if I may. Because I understand we're just going to walk through this for now yeah, Mr. Chair, and just get comments, I guess, from the Department and anyone else available. My question to you is with the additional, I guess, requirements for the Affordable Housing Fund, do you have enough staffing to monitor? For example, if we're going to add to provide deferred payment mortgages or include first-time homebuyers down-payment assistance. Now, we already have a fund for example for first-time homebuyers. Will this...these additions or...or uses of the fund require any more personnel to help monitor and over...oversee things if all of these were incorporated?

MS. MUNSELL: Yeah. Thank...thank you for the question. Yeah, at this point we are already critically short of Staff, so if we're going to add additional programs to the Housing Staff, we would definitely have to have personnel to support those.

VICE-CHAIR MOLINA: Okay. All right. Would...would you also consider, if we were to add something, if we could include the use of affordable housing funds for derelict or uninhabitable homes? You know, perhaps, you know, like to fix, you know, certain old homes up and then be put in the market as affordable housing. Do you see that as a potential use of funds for something like that?

MS. MUNSELL: Thank...thank you. Thank you for the question. I think under consideration right at the moment is what would be funded out of 3.34, which is the affordable...the Home Acquisition and Ownership Programs Revolving Fund. You know, I don't...I don't think that the Department has any issue with expanding the things that could be done out of that...out of that fund. We are concerned about diluting the Affordable Housing Fund uses. So while we understand that the Affordable Housing Fund has got the stream of income and that's why you want to do it, you know, I'm a little...I'm a little concerned, but I understand where you're going here. But I don't think we would have any issue with having you add that specific item to 3.34 as far as the use goes.

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

CHAIR JOHNSON: Okay. Thank you, Councilmember Molina. Let me just address what Deputy Director said. I got a letter from Director Lori Tshako, and she

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was mentioning one of the recommendations was to increase the administration of expenses for the programs that we institute. So they're...they're looking at that same...same concern that you have, Councilmember Molina. Okay. Now, I know we're moving on to Councilmember Kama next, followed by Member King.

COUNCILMEMBER KAMA: Thank you, Chair. So Chair, I wanted to speak to one of our resource people, Mr. Jeff Gilbreath, because I...I...if that's possible...regarding the use of funds?

CHAIR JOHNSON: Mr. Gilbreath?

MR. GILBREATH: Hi, Councilmember.

COUNCILMEMBER KAMA: Okay. Good afternoon, Jeff. So you know, my...my question was, I thought I heard you say when you were sharing during your testimony saying that you were also possibly looking at individual beneficiaries to be able to access some of this funding to be able to potentially put their homes on it or something like that. Were you saying that, is that what you were saying, or could you clarify what you were saying?

MR. GILBREATH: Yeah. So if you take a look at the plan, we were able to identify 36 priority projects which represented a little more than 4,300 units, 4,300 homes. At the same time we heard from community members who are living in multigenerational households who...who want the opportunity to contribute that additional 700 units by adding an ohana unit on their property, right?

COUNCILMEMBER KAMA: Right.

MR. GILBREATH: And to be part of the solution, frankly. And...and so that...in making our recommendations, it was inclusive of that, this idea that yes, for the building community and the community-serving infrastructure, but also for that local resident that wants to be part of the solution.

COUNCILMEMBER KAMA: Right, right. So do you see in the use of funds 3.34.040 where that could fit under that? Where your...your recommendation could fit under there in terms of the use of funds?

MR. GILBREATH: Yeah. I think...I think the way you folks have put it forward, I don't see anything that's excluding individuals from that. You're not making that...that specification as far as I can see.

COUNCILMEMBER KAMA: Okay. I think I'd like to have that clarified because I think...I think that's a great idea that you're coming with that...that everybody...this problem belongs to all of us. Then if all of us have some way that we could probably be a part of that solution, then we should expand it so that we can all

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be a part of the solution as opposed to be a part of that problem. And I...I think this is a great use of funds, and I thank you for your...your suggestion and your comments on that. So thank you so much.

MR. GILBREATH: Absolutely.

COUNCILMEMBER KAMA: So Chair, if I may, so as I...as Mr. Gilbreath had just said, this doesn't say, or it doesn't exclude individual persons for...from putting maybe an ADU on their...on their lot, or even if they have room to put an extra dwelling on their lot. Or even to...if they only have a lot and they could have just put their primary residence on that lot, this doesn't exclude that; is that correct, Chair?

CHAIR JOHNSON: That is correct, Councilmember.

COUNCILMEMBER KAMA: Okay. Hey, let's vote and say yes. Thank you, Chair.

CHAIR JOHNSON: Okay. All right. Let's...let's move on to Councilmember King, and then Councilmember Paltin.

COUNCILMEMBER KING: Okay. Just --

CHAIR JOHNSON: Or I'm sorry...

COUNCILMEMBER KING: -- I have a couple questions on why...I guess this is following up on why we put first-time home...homebuyers down payment in here when we have a separate fund for that. And is...are we creating two funds to do the same thing, or is it better...or are we moving that fund into this, in separate...First-Time Homebuyers Fund? Is that...is that going to not...that's not going to be a separate fund anymore?

CHAIR JOHNSON: No, it's...it's already in here.

COUNCILMEMBER KING: Well, I know that we have a First-Time Homebuyers Fund in our budget that's separate from the Affordable Housing Fund. Now we're putting the first-time homebuyers into the affordable...the use of Affordable Housing Fund. So it's --

CHAIR JOHNSON: Right.

COUNCILMEMBER KING: -- it's...it's now not a separate fund all by itself, it's part of this other fund that...that includes all these other things. Is that what's happening?

CHAIR JOHNSON: Let's...let's just have Linda Munsell explain exactly to answer your question because I...I'm...maybe I'm not explaining it well. Go ahead, Deputy

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Director Linda Munsell.

MS. MUNSELL: Yeah. Yeah, thank you. Thank you, Chair. And thank you, Councilmember King, for the question. In the past, the funding for 3.34 projects or programs has been through the General Fund. So you would have had to actually allocate funding to the First-Time Homebuyers into this. So it's always been under...it's under 3.34, but the funding mechanism is different.

COUNCILMEMBER KING: Okay. So now instead of having to allocate a separate...a separate amount, it would just be...do we have to say how much of the Affordable Housing Fund is going into the first-time homebuyers since it's all part of the...it's part of the allocation. Then are we increasing the allocation from the real property tax? Automatically include?

MS. MUNSELL: Thank you. I think...I think my guess would be that through the budget process, you would actually identify the source of funds and the amount of funds for each program that you want to fund or move forward, right? So if you're going to stop using general funds for the First-Time Homebuyers Fund, then through the budget process you would say okay, \$2 million in the Affordable Housing Fund would go to this program. And that's assuming, of course, you pass the next piece, the next amendment, which is the amendment to 3.35.

COUNCILMEMBER KING: Okay. But...but that would also mean that we would want to increase the amount in the Affordable Housing Fund because we're not taking all these smaller funds and putting money from the General Fund into them; is that right? So the percentage that we're taking out of RPT would probably have to be higher.

MS. MUNSELL: Yes. So the current amount is the 3.3...or the 3 percent of the real property tax. Of course the proposal in the housing plan that was put forth to Council previously that you were considering would dramatically increase the funding in the Affordable Housing Fund.

COUNCILMEMBER KING: Okay. Okay. And you have an idea of how much...how much we need to get to for the Affordable Housing Fund to cover all these other things that we normally covered out of the General Fund?

MS. MUNSELL: Actually...so it depends on what happens through this Committee obviously. We are going to continue to fund projects like we always have through the RFP project...process. Then at some point, there's going to have to be a process to determine priority for the other funding. And I would imagine that all of those individual line items would come to this Committee for consideration once all this other stuff is cleaned up.

COUNCILMEMBER KING: Okay. So then we have to...we'd have to figure out how much

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goes into everything rather than doing it through budget process. Hopefully we have that done ahead of time. Okay. And then I have one other question, Chair, if you don't mind?

CHAIR JOHNSON: Certainly.

COUNCILMEMBER KING: Okay. On the...you know, if we're going to use affordable housing funds to allow folks to...to...are we...are we talking about giving people money to build an ohana onto their house? Is that what we were talking about?

CHAIR JOHNSON: Yeah, if it provides for affordable housing for that...for...for that. Yeah, sure.

COUNCILMEMBER KING: Okay. But that...but that...but the...but that we're giving people money to build an ohana, and then they would collect the rent, correct, so it would be income for them. So how does that...does that...any part of that make its way back into the Affordable Housing Fund, or are we giving money to people to build rentals --

CHAIR JOHNSON: Sure.

COUNCILMEMBER KING: -- onto their house?

CHAIR JOHNSON: We're...you know, of course we're subsidizing. I wouldn't really call it giving it away. But the money you...would come back in property tax, right? You're getting a higher value on your property if you have an ohana.

COUNCILMEMBER KING: Okay. So but...but it is...it is...you know, I mean it is, you know, part of...kind of like giving people money to build a business too. I mean I understand we need the affordable housing, but I guess they'll be...so I'm assuming there'll be parameters on it, like it will have to be long term, and it will have to be rented within the parameters of the income levels? Is that...is that all described in the...in this program? Maybe Linda Munsell can...

MS. MUNSELL: Chair?

CHAIR JOHNSON: Go ahead, Deputy Director Munsell.

MS. MUNSELL: Yeah. I imagine that if a decision is made to roll forward with some of these programs, we'd have to actually develop the administrative rules for those things. And then we would come back and...and show those to you. I mean you don't approve those, or you don't necessarily have anything to do that, but we would...we would show you how that would work. My expectation is that typically we have these kinds of things often as loans, our First-Time Homebuyers Program is a loan to them. And so if they were to refinance and/or sell, then that money

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would come back to us. And I assume that if we were to roll with...a program like this forward that it would also be a loan that would be paid...a deferred payment loan that would be paid back either when the home is sold or under other criteria. Very similar to the First-Time Homebuyers.

COUNCILMEMBER KING: Oh, okay. Yeah, because we also have the...you know, the credit for long...for renting out long-term. So you know, that's a...I mean it's almost like double dipping if you're getting paid to build your ohana and then you also get a tax credit because now we're not making the tax...the property taxes back either. So all of that has to be, I guess, configured in so that, you know, it...it truly is a public benefit. But you have...I guess...I guess she's got that figured out. Okay. Thank you, Chair.

CHAIR JOHNSON: Okay. Hold on, Members, we're going round robin.

VICE-CHAIR MOLINA: Sorry just...Chair, point of procedure --

CHAIR JOHNSON: Vice-Chair, go ahead.

VICE-CHAIR MOLINA: -- Chair.

CHAIR JOHNSON: Go ahead. Sure.

VICE-CHAIR MOLINA: Just point of...are we going to be put on a clock so we can help move forward through this? Just for everyone's information. Just to help you expedite. Because I know there's a lot of...

CHAIR JOHNSON: Yeah, I had it...I had it as two minutes, but I haven't been hearing the bell. So Staff, if you don't --

VICE-CHAIR MOLINA: Yeah. Okay.

CHAIR JOHNSON: -- don't mind?

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

CHAIR JOHNSON: Yeah, the discussion we get wrapped up in it, I'm all, you know, I'm all ears and I'm waiting for the bell, but I just wasn't...wasn't hearing it. So if we can do it like I mentioned earlier, two minutes please. All right. Thank you for that, Councilmember Molina. Let's move on to...I saw Member Rawlins-Fernandez is next on my...on my chart. Go ahead.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Sorry, I...I got here late. I just...I have a first question that was probably included in your opening remarks. Did this proposal come from you, from the comprehensive plan, or from the

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Department?

CHAIR JOHNSON: Thank you, Councilmember. It came from the...the...the plan, the Comprehensive Affordable Housing Plan, and you can find it in there. And yeah, so...but you know, we want...we want to pull legislation out of there, so that's where it came from.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that explanation. So did it come like verbatim, like all...so all of this came out of the plan?

CHAIR JOHNSON: No, there was...you know, I definitely, you know, I...I helped work with it. But if you...if you want we...we have Jeff Gilbreath on the call as a resource if you want to speak to him on specifics for that one.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So...okay. Aloha, Mr. Gilbreath. Mahalo for joining us and serving as a resource for the Committee. I'm sorry, I don't have the comprehensive plan memorized yet, but soon, I'm sure. So really quick, if you could maybe in a nutshell explain what the .040A would achieve by putting it into the Affordable Housing Fund versus it being on its own...having its own line item budget like Member King was talking about. Like it...we already fund it, so I'm...I'm...it's not clear to me what...what we would be achieving by putting it into the Affordable Housing Fund.

MR. GILBREATH: Yeah, the recommendation is to expand the fund as it was, was really meant to have all the tools in one toolbox, one area, right, so that you could utilize the fund for any of these purposes, and to be very flexible with those funds. Also taking advantage of the funding mechanism for the Affordable Housing Fund, which we see as right now in this marketplace pretty low property taxes on...on higher incomes, second, third, fourth homes, unoccupied homes. And so that was the recommendation from the...from the team.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So we...we already...we fund it through General Fund, the First-Time Homebuyer Program and rental assistance. And so if...if it's going under the Affordable Housing Fund, then it would be pulling from the same source of funds. And...and we would have to allocate in the Affordable Housing Fund during budget like Deputy Director Munsell explained. So it wouldn't make it ...*(timer sounds)*... Affordable Housing Fund available, it...you know, like if we said 2 million or 4 million as its own line item, we...we would have to do the same...even if it's under the Affordable Housing Fund, we would still need to allocate under the fund how much would be going *(audio interference)*

MR. GILBREATH: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: *(audio interference)* that I'm not clear

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how...what...what we would be achieving, like what is the goal.

MR. GILBREATH: I mean for us, part of the recommendations is to allocate the funds, right, so make these changes in what's eligible uses of the fund, and allocate funds for those purposes. We put them under the Affordable Housing Fund. Whether or not, that's the prerogative of this Council, it's up to you folks.

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

CHAIR JOHNSON: Councilmember, let me kind of follow up and explain a little bit as well is what...you know, remember we get 3 percent of our property taxes poured into the 3.35 fund, right, the Affordable Housing Fund. It comes automatically by our Charter. So some...some developers, they have to put in some of this money, but we're trying to say 3 percent is...is the money that comes in, so we're just trying to expand the uses that we can use it for. That's...

COUNCILMEMBER RAWLINS-FERNANDEZ: Trying to expand the uses, but that...that would take away funding from construction of new housing. So...

CHAIR JOHNSON: Well...okay. Then we're expanding the uses down to the individual level, right? Like of course there's, you know, builder...developers who want to get ahold of that money, but we're trying to say individuals also can reach that money.

COUNCILMEMBER RAWLINS-FERNANDEZ: I...I guess...so it's still not clear how removing it as a line item in the budget and then putting it into the Affordable Housing Fund, like what...what we would achieve, like what would be the goal?

CHAIR JOHNSON: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: It's not here.

CHAIR JOHNSON: Well, the...the goal is definitely, you know, 5,000 affordable houses and the infrastructure costs are...are really astronomical. So come budget season, yeah, we want to put more money on top of the 3 percent that's going into the Affordable Housing Fund. But I think if we just limit the use and the access to developers and stuff, that's one route. I think the other route with some of these...in this bill is also allow for, you know, first-time buyers and all of the things that are listed in the bill. So it's just trying to get more people to access it.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR JOHNSON: Okay. So next we have Councilmember Sinenci, and...oh, I want to recognize Councilmember Yuki Lei Sugimura. She's on...she's on the call. Buon

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giorno, Councilmember.

COUNCILMEMBER SUGIMURA: Buon giorno. Sorry I'm late. Thank you.

CHAIR JOHNSON: And you'll be going after Councilmember Sinenci if you have any questions on...on the bill proposed. Okay. Councilmember Sinenci?

COUNCILMEMBER SINENCI: Mahalo, Chair. And so for item...I just had a question about item E, and maybe for Mr. Gilbreath. To fund and provide financing for individual septic and wastewater system development, including composting toilets. I know for us, for rural communities like myself, if we are to even expand the home or to include an ohana, increasing the...the septic size is one of our...our largest fees. So I'm wondering if composting toilets or ATUs [sic] is also another option to expanding the septic.

MR. GILBREATH: So excuse me, Councilmember, what is the question?

COUNCILMEMBER SINENCI: So if we just...I mean, I know we're including composting toilets and ATUs [sic], including the use to expand septic and wastewater system development. But can you have both, I guess, would be my question?

MR. GILBREATH: I...I mean, we didn't make that...those recommendations as part of the plan. Really the...the purpose --

COUNCILMEMBER SINENCI: Okay.

MR. GILBREATH: -- for us was the individual water and septic systems, hearing in particular in...in rural communities that want to, again, build an extra unit on their...their property to...to address overcrowding, but also to create an affordable unit as...as the family. So that was really the focus of it. I don't...I don't know. I mean, I think compostable toilets, having that as an option I...you know, I'm not really...don't have a lot of expertise on that, but I don't know in terms of the need for that across --

CHAIR JOHNSON: Okay.

MR. GILBREATH: -- the community. But we definitely heard the ADUs and ohana units.

CHAIR JOHNSON: Let me...let me jump in here real quick. Councilmember Sinenci, remember in our last discussion, we included this one as an amendment to include, you know, all of the...the ways the...the folks have been telling us in rural communities how hard it is to get a septic...or how hard it is to get to some kind of plumbing for them. So that's why we included it, if you...if you recall. So sorry, Jeff, you probably...it would be hard to speak on that because that was in

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our past committee. . . .(timer sounds). . .

COUNCILMEMBER SINENCI: Oh, no, yeah. Appreciative of that amendment. Thank you, Chair.

CHAIR JOHNSON: Okay. Let's move on to last, Councilmember Sugimura. And before...if you have any questions for anyone or any amendments or anything, I want to ask you are you home alone, are you in the building with me? I'm on --

COUNCILMEMBER SUGIMURA: Oh.

CHAIR JOHNSON: -- I'm on the...

COUNCILMEMBER SUGIMURA: So I'm in the County Building now. I am --

CHAIR JOHNSON: Okay. Great.

COUNCILMEMBER SUGIMURA: -- home alone. You're not down the hall, Mr. Gabe Johnson. One day we'll have lunch. So I'm home alone in the County Building in my office. So this is my question because actually, Mr. Sinenci and myself, we sit on the same kinds of concerns, we have the same kind of concern with septic. So when I saw individual, what does that mean? So I need to change, there's...there's I think 7,400 of us that need to do Upcountry cesspool/septic conversions. And so I...as an individual, I can make it...I can apply to this Affordable Housing Fund? Or...or does Linda Munsell have to write up the rules for how that happens? How does this...how does it...how does it get activated?

CHAIR JOHNSON: Okay. Let's ask Deputy Director Linda Munsell for that specific question.

MS. MUNSELL: Chair Lee had a comment on that, but I believe that we would have to do rules as how we would identify who would be qualified and how that process would...would be determined.

CHAIR JOHNSON: Okay.

COUNCILMEMBER SUGIMURA: But you're just saying all these people can now apply to whatever comes out.

CHAIR JOHNSON: If it leads to affordable housing. That is the really key point, Councilmember Sugimura, it has to lead to an affordable housing. It has to put someone who's in a low income, in that bracket, to be able to live in there, right? And I see Chair Lee's hand up. Go ahead, Chair Lee.

COUNCILMEMBER LEE: Remember I had the exact same question, and I think your

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answer to me, Chair, was this would be for new units, like an ohana unit, something like that. That's where it would apply. So I'm not saying one way or the other, that...that was the answer to me. But I...I...for my own question, I wanted to ask, did you say earlier, Chair, that the Director sent you a note about administrative costs? Did she put down a number? Because...

CHAIR JOHNSON: No, she just...she did not put down a number, Chair.

COUNCILMEMBER LEE: Okay. Because I can see why she did that, that list that you created of additional uses would require quite a bit of administrative work. So you know, we need...we need to make sure that we cover those costs. Thank you.

CHAIR JOHNSON: Thank you, Chair. You know, the letter that was sent is in Granicus, so you can check it out exactly what Lori...Director Lori Tsuhako mentioned in regards to it.

COUNCILMEMBER LEE: Okay. Thank you.

CHAIR JOHNSON: Okay. All right.

COUNCILMEMBER SUGIMURA: May I have one more question or are we done?

CHAIR JOHNSON: Oh, go ahead, Councilmember.

COUNCILMEMBER SUGIMURA: Okay. So to provide deferred payment mortgages. For affordable housing, to provide...which is number [sic] B, so how would that work? Would that be Director? Department?

CHAIR JOHNSON: You're asking on B, deferred...

COUNCILMEMBER SUGIMURA: B, B as in boy.

CHAIR JOHNSON: Okay. Deputy Director Linda Munsell? Sorry, I'm sorry, let's ask Jeff Gilbreath on that one.

MR. GILBREATH: Hi, Councilmember. So deferred payment mortgages are just as they sound. It's essentially a mortgage that doesn't have to be paid back until resale or refinance. I believe it's consistent with the Down-Payment Assistance Program that the...the Department already administers, I believe.

CHAIR JOHNSON: Okay. Now, let's bring on Linda to speak to what Mr. Gilbreath just said because she'll be the person doing the work.

MS. MUNSELL: Thank you. Thank you. Yeah, actually...again, like all of these things that are being proposed, there would have to be rules created for them and figure

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it out how the program would...would run. There's some examples of deferred mortgage programs out there, so that seems like that might be relatively straightforward for us. But yes, we would have to create those rules.

CHAIR JOHNSON: Okay. . . .*(timer sounds)*. . . At this time, everybody did...at this time, everybody did a round of questions. So we...we're going to do the second section, but I want...I want to just recognize Councilmember Kama or anybody else who has a last...who wants to speak on this particular section in the bill. Go ahead, Councilmember Kama.

COUNCILMEMBER KAMA: Yes, thank you, Chair. You know, this morning in our PSLU Committee, we talked about Hawaiian Home Lands. And in...in the Committee, there was a resolution that was part of the discussion that we never really went it into deeper. But what it said was that there were 1,434 undivided interest awards done, you know, on...on Maui alone, which means that we are...we have people out there who have gotten a lease to a particular parcel of land someplace here on Maui, but without no infrastructure and without any means to be able to build their homes on that. And part of that program was the promise of the Department to put in the infrastructure to get things ready, and then they didn't do it. So my question is, as we consider...as the Department considers the administrative rules, if they not forget that the beneficiaries of the Hawaiian Home Lands trust be included in this particular use of funds, and not to be forgotten. So that's my last comment, Chair. Thank you so very much.

CHAIR JOHNSON: Okay. Remember, we're just still on the first section. Go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: Thank you, Chair. I just wanted to clarify that in the adding in first-time homebuyers down-payment assistance could possibly make less money available overall for affordable housing if additional money on top of the 3 percent isn't added into the Affordable Housing Fund. Because the way that it currently works is there's an appropriation of the General Fund to this first-time homebuyers down-payment assistance above and beyond whatever is Charter mandated to go into the Affordable Housing Fund. So by combining it in this way, it's possible that there's less money overall available for affordable housing, and I'm not sure if that was an unintended consequence, a way that maybe when we're in leaner times that folks wouldn't notice that less money is going towards getting people into homes. Because the way it currently is, 3 percent of the real property tax revenue has to go into the Affordable Housing Fund. Then when we put additional General Fund money into the first-time homebuyers down-payment assistance, that's above and beyond the 3 percent. And so if we don't allocate those additional monies, there might be less money overall altogether. Is that your understanding --

CHAIR JOHNSON: Right.

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COUNCILMEMBER PALTIN: -- as well?

CHAIR JOHNSON: I totally hear where you're coming from, Councilmember Paltin. We're going to have put more money into this. There's...I mean come budget season, we're going to...I for one will be fighting for more Affordable Housing Fund funding. So that's...that's going to be on this body if we want to. Even though we're...the money is dropping down, as they say, we're going to kind of adjust come budget season. Because obviously we're in a housing crisis, obviously we need to be a little bit more nimble and have some nuance when it comes to how we spend County funds. So I think I'm going to fight for having in addition to the 3 percent, more funds to address these particular things that give more people options for affordable housing.

COUNCILMEMBER PALTIN: And...and I'm not to say that I am concerned about this Council because you guys are awesome, it's just looking the 20 years down the road, as Mr. Carnicelli was saying...if those guys in the future aren't as awesome because we're not going to run again 20 years from now.

COUNCILMEMBER LEE: Speak for yourself.

CHAIR JOHNSON: Okay. Point...point taken, Councilmember. All right. So we're...we have any more last comments, concerns, questions, amendments, whatever for this particular section in...or the chapter, I should call it? And otherwise we'll...we should probably take our afternoon break, I'm thinking, and then go...and then do the second section. And after we do the second section we're going to have presentations, okay? Councilmember Kelly King?

COUNCILMEMBER KING: Sorry, Chair. I just have one burning question because I think three of us have asked the same thing and I don't know if we got our question answered. But let me just...because about this, you know, First-Time Homebuyers Fund. So let me just ask Linda Munsell if she's still on. Because you said you would need additional Staff to make that happen, but we already have a First-Time Homebuyers Fund. So don't we have Staff on it now?

MS. MUNSELL: Yeah, thank you for the question. We do have Staff currently that are doing the First-Time Homebuyers Fund. So the source of funding for that project probably will not make any difference, but we are still already critically short of Staff. A couple of years ago we had come to Council for additional Staff and were turned down, last year it didn't make sense because of what was going on, and it just is...

COUNCILMEMBER KING: Okay. So it's not...it's not necessarily related to this change and the source of funding for it, it's just something you've been asking for anyway?

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MS. MUNSELL: Correct, not for the first-time homebuyers. So continuing the current programs we've got onboard, we can continue to sustain that. When we add other programs, then we're going to have issues.

COUNCILMEMBER KING: Okay. But these are programs you already have; rental assistance, we have first-time homebuyers, we have...we're just changing...is this going to make it easier for you to administer if it's all underneath the Affordable Housing Fund? Or is it...

MS. MUNSELL: Not necessarily. I don't think the source of funding will...will change our administration of it. Again, it's just...again, like everyone has said, the dilution of the funds, the affordable housing funds.

COUNCILMEMBER KING: Yeah, so we have to make sure we put more...way more funds in. But it's not going to make it harder for you to administer, is it? Okay. That's what I was getting at. Thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. All right. Thank you so much. All right. Members, let's take a ten-minute break now, and like I said we'll come back. So it's 2:58 p.m. and we're going to come back 3:10 p.m. Okay. The Affordable Housing Committee of 1/24/2022 is in recess until 3:10 p.m. . . .*(gavel)*. . .

RECESS: 2:58 p.m.

RECONVENE: 3:12 p.m.

CHAIR JOHNSON: . . .*(gavel)*. . . (Audio begins mid-sentence) --24/2022 come to order. And we are back from our afternoon break.

**ITEM 14(7): COMPREHENSIVE AFFORDABLE HOUSING PLAN:
EXPANDING AFFORDABLE HOUSING FUNDING
(MISC)**

CHAIR JOHNSON: And Members, we're going to go on to our next section, next chapter. And I think if...Alison, if you don't mind bringing up that share screen, and we can...we can go over it. And a couple things I want to kind of announce just to clarify the last discussion. So Alison, would you mind sharing screen with us real quick? Alison, can you bring up 3.35.040 please? Okay. Great. So the 3...this is the use of the funds in the second chapter. The provision, protection, and expansion of affordable housing and suitable living environments for residents of very low to gap income, including the rehabilitation of existing structures, land purchase or other acquisition of land, property entitlements, planning, design, and construction, including. So it goes down...can we go down

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to the bottom by I's and...the I section? Oh, of course 100 percent affordable projects only. All right. So we're in I. To provide comprehensive infrastructure assessments for priority affordable housing project areas. To provide long-term planning for affordable housing and houselessness solutions. And K, to provide funds for payment of principal and interest on bonds issued. And that was an amendment we brought in from last time...or last meeting. And then L, very important section, for the purposes in Section 3.34.040. So even though this fund...the...the 3.34 can pull from there, the 3.34 can also use General Fund, Members. I want to try to reemphasize that, that we had a lot of discussion on it, but you can still use general funds for the smaller pot of money, the 3.34.040. So that...the...the 3.34.030 is not under today's discussion, that's the revenue streams. Okay. And I want to kind of be...I want to bring up Mimi DesJardins to kind of speak on this...on this particular topic. Mimi, are you on the call?

MS. DESJARDINS: I am. Yeah.

CHAIR JOHNSON: Okay. And then, Alison, if you don't mind, stop sharing screen so we can have a discussion here. Thank you so much. Okay. Ms. DesJardins?

MS. DESJARDINS: Okay. So 3.34.020 or 030B, which is not being amended by this ordinance, provides what types of monies shall be deposited into the homeownership and *(audio interference)* And it always includes obviously any Council appropriation *(audio interference)* First-Time Homebuyers Program. The way that I read this proposed amendment is that those appropriations, that money could come from the Affordable Housing Fund, but it could also come from the General Fund if that was the Council's desire. This doesn't take that away, it just adds that these additional uses under 3.34, as well as that being a possible income stream, but there are still the other income streams contained in 3.34.030. And they also include all monies granted or donated to the County in the future for home acquisition and ownership programs, all monies repaid to the County by previous recipients of home acquisition and ownership programs. So there's still other income streams going into 3.34, this just gives you yet another income stream. That's...that's my interpretation of it.

CHAIR JOHNSON: Thank you so much for that, Mimi. Now, Members, does that...does that clarify what our previous discussion was? I want everybody to know that there are many ways to fill that pot up, and that's what...that's what we're talking about, so...okay. We're going to do two minutes, round robin, all right? And we're going to go...if you guys...again, this is in regards to this chapter, 3.35, this section or this...what we just had on the screen. So it'll be Chair Mike Molina, followed by Member Kama. Or Councilmember Mike...Council Vice-Chair...Committee Vice-Chair Mike Molina, followed by Member Kama.

VICE-CHAIR MOLINA: Okay. Thank you, Mr. Chair. I guess I could get comment from Miss...for Director Munsell on it. I'd like to just hear her thoughts.

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CHAIR JOHNSON: Sure. Deputy Director Linda Munsell? Any particular section, Councilmember?

VICE-CHAIR MOLINA: I guess at the...at the beginning of 3.35.040.

MS. MUNSELL: Yeah, the...expanding uses there, I mean, I...we...the Department has no concerns about those on...right under 3.35.040, before A. We would have concerns about I and J. Again, whether that's...should be under Planning or not, but again, it's up to this body of how you want to use those funds. So we're...we don't object particularly.

VICE-CHAIR MOLINA: Okay. Thank you, Madam Director. So Mr. Chair, I don't know if Planning's on...on the line as well, maybe we could get their thoughts. If not today, at some point. Thank you.

CHAIR JOHNSON: Okay. Thank you. Let's move on to Member Kama, followed by Member King.

COUNCILMEMBER KAMA: Thank you, Chair. So I did want to talk about I and J under...under this particular proposal. So what...so we're talking about whether the...I just heard from the Department saying they're not...it's not clear to them that it should be here or if it should be under Planning, so I wanted to hear comments on why does she think that?

MS. MUNSELL: Well...

CHAIR JOHNSON: Deputy Director Linda Munsell?

MS. MUNSELL: Yeah. Thank you for the question. I guess just...it's just a...it's...it's a planning thing. Normally the plans would be long-range plans, not immediate use of funds. So again, it's up to this body on how you want to use these...this funding. But you know, there's nothing that would preclude you from indicating that this...they should be used for this.

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

CHAIR JOHNSON: Thank you so much. Okay. Councilmember Kama, we're going to move on Member King, followed by Chair Lee.

COUNCILMEMBER KING: Thank you, Chair. So just a comment on that previous, on J...I and J is that this is long-range planning, but it's planning for affordable housing and houselessness. So I'm not...the Planning Department doesn't plan for houselessness, and I'm not sure that they plan for affordable housing specifically either. And that's just a comment. But going back to my question,

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in the first paragraph, when you talk about rehabilitation of existing structures, you're not talking about taking like an already affordable apartment building and then, you know, fixing it up? I mean, you're...you're...are you talking about taking a structure...I guess I'm asking you this, Chair, since it's your bill, are you talking about taking a structure like...say you...you know, we were able to purchase the empty Lowe's building and then rehabilitating it and making it into low-income apartment building. Something like that?

CHAIR JOHNSON: I love all your creative thinking, but it's...we got to bring in a lawyer on this one. So let's bring Forrest on...on specifically for that kind of use of it. James Forrest, are you on the call?

COUNCILMEMBER KING: Hey, Forrest.

MR. FORREST: Hello. Hello, Chair. Yes, I...I believe I copied that from the Charter, and so those provisions are just to put expressly in the Code what is already provided for in the Charter.

COUNCILMEMBER KING: Okay. Do you know what it means?

MR. FORREST: I need to...rehabbing existing structures.

COUNCILMEMBER KING: Yeah. I mean, it's not for, you know, fixing up your homes, right? It has to be like a structure that you're taking and changing?

CHAIR JOHNSON: No, it's not for fixing up people's homes.

COUNCILMEMBER KING: Yeah, but I mean, you're...you're taking a...I'm assuming you're taking a structure like we did with that building by the college, you know, you're taking a building like that that was either granted to us or we purchase and then you're fixing it up, rehabilitating it into an affordable housing multifamily or single-family unit?

CHAIR JOHNSON: I think that sounds like a great use of the affordable housing funds for those (*audio interference*)

COUNCILMEMBER KING: Yeah, I just wanted to make sure that that's what we're talking about.

CHAIR JOHNSON: Yeah.

MR. FORREST: I think that's --

CHAIR JOHNSON: James Forrest?

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MR. FORREST: -- a good example.

COUNCILMEMBER KING: Okay. Okay. So it will be something that's not already affordable that we're turning into an affordable units per se.

MR. FORREST: I think you can...you can put that statement...I think Chair Johnson said this a couple of times, you know, if it results in affordable housing. You know, you're talking about the septic tank or the ohana addition, all of this is under the umbrella of providing additional affordable housing.

COUNCILMEMBER KING: Okay. So it would be new...well, rehabilitation of existing structures and some new units. Okay. That was my main...I just wanted to ascertain that and get that into the record if that's what we're talking about. Thank you, Chair.

CHAIR JOHNSON: Yeah, thank you. Good...great line of questioning. Okay. Let's move on to Chair Lee, followed by Member Paltin.

COUNCILMEMBER LEE: Thank you, Chair. You know, I...I appreciate your proposal. On...on the one hand it provides flexibility, but on the other hand it seems to create competition for funding and sort of dilutes the...the core. So anyway, are we talking about approximately 40 million? Can...can we...give...give us a range of what the anticipated affordable housing revenues are going to be?

CHAIR JOHNSON: Oh, okay. So you know, we could ask the Department how much...

COUNCILMEMBER LEE: Well, I see...I see May-Anne Alibin on the line.

CHAIR JOHNSON: Sure, let's bring up the Department.

COUNCILMEMBER LEE: Maybe she can answer that question.

MS. ALIBIN: Chair, good afternoon, and Members. I'm sorry, can you please repeat the question?

COUNCILMEMBER LEE: Anticipated revenues for...from the Affordable Housing Fund.

MS. ALIBIN: That is for Fiscal Year '22 --

COUNCILMEMBER LEE: '23.

MS. ALIBIN: -- or '23?

COUNCILMEMBER LEE: '23.

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MS. ALIBIN: Oh, okay. I'm not quite sure if Budget Director Yoshimura is on this.

COUNCILMEMBER LEE: Is it up to 4 percent? It was 2 percent, right?

MS. ALIBIN: Are you referring to the...what is in the Charter, Chair?

COUNCILMEMBER LEE: Yeah, the change was made last...last year. Didn't we go from 2 to 4 percent? So wouldn't it just double? Oh, Mr. Teruya --

CHAIR JOHNSON: I see Director Teruya --

COUNCILMEMBER LEE: -- do you know?

CHAIR JOHNSON: -- is on the call. Yeah.

MR. TERUYA: According to the County Charter it's 3 percent of real property tax revenue.

COUNCILMEMBER LEE: Oh, 3 percent. Okay. I guess we tried for four, but it's three.

MR. TERUYA: Well, Chair, as...as you know, that...that is a minimum. The...the...we could always...we could always do more. I...I had...last year I had mentioned you don't really have to change the...the Code or the Charter to say it should be X amount because at least you have a floor. If you need to go higher, you can always increase it.

COUNCILMEMBER LEE: Okay. So right now at 3 percent, what would the estimate be?

MR. TERUYA: Chair, we don't have estimated revenues yet. That'll come up at certification in April.

COUNCILMEMBER LEE: Well, wasn't it 20 million at 2 percent?

MS. MUNSELL: Chair?

COUNCILMEMBER LEE: I don't know. Director Munsell?

CHAIR JOHNSON: Yeah, Director Munsell?

MS. MUNSELL: So in the budget document right now, there was a \$26,969,661 that were anticipated revenue for Fiscal Year 2022. And that's part of our...you know, so when we estimate, that's an estimate that we use to go forward with.

COUNCILMEMBER LEE: So it could possibly be 36 million for 2023, right? Anyway, in

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that general neighborhood. So I'm...I'm just concerned, a little concerned of, Chair, that there is going to be fierce competition for that money for various projects. And...and there's...that's my concern. And then...and then the idea of using it for...to pay for bond...for floating bonds, you know, for bond payments. That could be a big scare too because that in the end could affect our bond rating. So you know, there's a lot of things we have to weigh here. Thank you.

CHAIR JOHNSON: Certainly. If I can just speak on that, Chair Lee, is...yeah, the...there will be pressure to...you know, when this money is spent, but to do what? You know, like let's follow it out is to build affordable housing, which is what we want to have. So I don't mind the competition because the end result is building affordable housing. That's what we want. We want to have that. You know, in a crisis, you have to go full bore, right? You got to put gasoline in the engine to make it run. So that...that's...that's where I kind of see that. Okay. Thank you, Chair Lee. Let's move on to Councilmember Paltin, followed by Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER PALTIN: Thank you, Chair. I'm not sure if my question is for a lawyer, but I know I'm not a lawyer, so here's the question. Letter K, is it clear that it would be only funding the payment of principal and interest on bonds issued that further affordable housing, not like capital improvement Parks' projects or other things that there's GO bonds or where there's principal and interest that are totally unrelated to affordable housing?

CHAIR JOHNSON: Okay. Let's see, Mimi DesJardins, can you speak on that?

MS. DESJARDINS: So if you look at the very first part of 3.35.040, use of fund, it qualifies there the types of uses that those funds can be used for. So in order to enact any of those letter A through L, it has to fall back on that first provision. So I think that qualifies it that it has to be for affordable housing. So I...I understand what Mr. Carnicelli was saying. I looked at this, and I read it to say that it's qualified by uses provided for under 3.35.040.

COUNCILMEMBER PALTIN: So regardless of what letter it is, it would relate to the first paragraph in 3.34.040, and then you go by letter as well?

MS. DESJARDINS: Right. So it says at the very end, including the following, and then there's a colon, and then it gives you A through L. So that relates back to that first sentence...the first paragraph.

COUNCILMEMBER PALTIN: Okay. That answers that question, period. And then my next question would be, you know when we say very low to gap income, is it possible to spell out the numbers? Because for me, I always forget. Like say like is very low 30 percent AMI, and is gap income 140 percent AMI, or is that...

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CHAIR JOHNSON: You know, I can speak on that, Councilmember Paltin. In the...in the...in the definition . . . *(timer sounds)* . . . section, it has that. I would say Chapter 3 point...where is that, 3.34.030...no, wait, that's not the definitions, I beg your pardon. I know I read it in the definitions, if somebody else has...has it, but I did...it did define gap income and what that was. Let me...let me search...

COUNCILMEMBER PALTIN: Is it correct it's 140?

MS. DESJARDINS: I think they're in 2.96, the definitions...2.96.

MS. MUNSELL: Chair?

CHAIR JOHNSON: Go ahead, Deputy Director Linda Munsell.

MS. MUNSELL: So very-low income is defined as less than...less than or equal to 50 percent AMI, and gap income or above moderate is up to 140 percent AMI.

COUNCILMEMBER PALTIN: Thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. Yeah, she...she's faster than me. So gap income shall refer...it's in 3.35.025 is the one, and it's B as in bravo. Okay. Okay. And you have anything else, Councilmember?

COUNCILMEMBER PALTIN: I made it in time for the bell.

CHAIR JOHNSON: Great. Okay. Let's move on to...where's my list here? Okay. Councilmember Rawlins-Fernandez, followed by Councilmember Sinenci.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I guess my question would be kind of the inverse of what we're *(audio interference)* regarding homelessness solutions. So what kind of houselessness solutions would not qualify for funding here? For whoever to answer.

CHAIR JOHNSON: Yeah. Let's...let's see, maybe we can...can we bring up the lawyers on that one? Ask your question again, let me understand that correctly. Can you ask it again?

COUNCILMEMBER RAWLINS-FERNANDEZ: So Member King asked what kind of projects would be funded under here that says houseless solutions. So my question is the inverse of that; what kind of projects or programs are not funded under houseless solutions here?

CHAIR JOHNSON: Okay. Well, I know it's Councilmember King's amendment...oh, but Mimi DesJardins is on the...turned her mic on. So go ahead, Mimi DesJardins, you want to speak on that?

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MS. DESJARDINS: I would just say if you can qualify it as...as falling under that category right now without admin rules that set forth any factors or anything that you might take into consideration in evaluating a particular program, anything that would qualify. So I don't think anything would be excluded at this point. So say somebody came to Corp. Counsel and said, here's a program, do you think it qualifies? We would analyze if it involves houselessness solutions, and if we thought that it did, then we would say it qualifies. But the admin rules could lay out factors or, you know, put in some qualifiers that would be helpful in analyzing this and give public notice that programs are going to be looked at and, you know, evaluated before monies are given out.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Ms. DesJardins. So for example, we have line item grants for like feeding those in the unsheltered community, would that qualify?

CHAIR JOHNSON: I don't think so because we're trying to get the...the housing . . . *(timer sounds)*. . . Sorry, the bell probably spoke...the housing, if it gets them the housing. I don't know if food drives get them into housing, right? That...that's my two cents on it. It's like what are we doing to get them into affordable housing or some kind of housing? The food --

COUNCILMEMBER RAWLINS-FERNANDEZ: Right.

CHAIR JOHNSON: -- thing --

COUNCILMEMBER RAWLINS-FERNANDEZ: So are --

CHAIR JOHNSON: -- I...we...

COUNCILMEMBER RAWLINS-FERNANDEZ: -- so are --

CHAIR JOHNSON: Go ahead.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- so are we...are we expecting the admin rules to clarify not these things?

CHAIR JOHNSON: Okay. Let's have Deputy Director Linda Munsell speak to that. I saw her turn her camera on.

MS. MUNSELL: Yeah. Thank...thank you, Chair. Just to add here really quickly. I mean under the use of funds, under 3.35.040D, it says to provide housing for elderly, disabled, and homeless residents lacking a permanent home. And so I would assume that we would follow that, that it's for housing purposes.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So...so I guess...Chair, I heard my timer go off, but I would ask what's the difference between those two here, the homeless (*audio interference*) and houselessness solutions?

CHAIR JOHNSON: Oh, okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: For my next round.

CHAIR JOHNSON: I think because it's...we're trying to fund plans for houseless solutions, right? It's very different than saying we're doing a food drive. Okay? All right. We got it. Thank you. All right. Let's move on to Councilmember Sinenci, followed by Member Sugimura.

COUNCILMEMBER SINENCI: Mahalo, Chair. Yeah, just a question for Section 4 of 3.35.010B. Are we considering the...the 3 percent of the certified real property tax revenues to the Affordable Housing Fund today, this meeting? Or is it prudent for us to do that now, or should we take Director Teruya's recommendation and wait for certification?

CHAIR JOHNSON: Yeah, I...I...that makes sense to me. I would like for it to go up rather than down. But let's bring on Forrest to speak to that, if Forrest can speak on that one.

MR. FORREST: Thanks, Chair. Sorry, I missed the question.

COUNCILMEMBER SINENCI: Mahalo, Mr. Forrest. Can we increase that percentage of the certified real property revenues to the Affordable Housing Fund today, or do we need to wait for April certification or during the budget process to...

MR. FORREST: I...I'm not sure on that. I'll have to look into it and get back to you.

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

MS. DESJARDINS: Chair, can I comment --

CHAIR JOHNSON: Okay.

MS. DESJARDINS: -- on that real quickly?

CHAIR JOHNSON: Go...go ahead, Ms. DesJardins.

MS. DESJARDINS: So I think the idea is to at least come to par with the Charter and then, like it's been mentioned already, the Charter allows you to go up. Yes, you could definitely pass an ordinance that required 5 percent or 4 percent because it's greater than 3 percent. But for today, it was...it wasn't even up to the...the

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Charter language, so that's where the base is. But you certainly can increase it yourselves at any time.

CHAIR JOHNSON: Okay. I guess it's just to follow the...the Charter then.

COUNCILMEMBER KING: Point of information, Chair.

CHAIR JOHNSON: Yeah, go...go ahead, Councilmember.

COUNCILMEMBER KING: No, I just want to point out that I don't think we can put the percentage in by ordinance, it has to be a ballot question for the Charter, because the Charter is the one that...that prescribes the 3 percent. So if we wanted to raise that up, we would have to put a Charter amendment on the ballot.

MS. DESJARDINS: There's another --

CHAIR JOHNSON: Mimi DesJardins?

MS. DESJARDINS: -- good reason not to increase it in the ordinance. Just increase it --

CHAIR JOHNSON: So we're leaving...

MS. DESJARDINS: -- budget...budget year by year. If you can think you can afford it, you can go to four or five, so...

COUNCILMEMBER KING: Do it year by year, and then if we wanted to increase it...if we wanted it to be a percentage it has to go through the ballot...through the Charter amendment process.

CHAIR JOHNSON: So we'll just...the way it's written now, it's saying what the Charter is saying, a minimum of three. So it's just following the Charter. And what I'm hearing is we can go higher...higher if we...at a later date, but let's just keep it...you know, I'm thinking let's just keep it what is...the Charter is telling us at this time.

COUNCILMEMBER KING: Well, I think that's what we did this year. This year we...we...we picked that percentage, but I don't think we can make an ordinance...what I'm saying is I don't think we can make an ordinance prescribing a higher percentage because that's a decision the voters have to make.

CHAIR JOHNSON: Okay. Well...

MS. DESJARDINS: And I agree with you. Yeah.

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CHAIR JOHNSON: Okay. Then can we keep it as what it says in the Charter, which is 3 percent, right? Because...

MS. DESJARDINS: I think you have to.

CHAIR JOHNSON: It...it...

MS. DESJARDINS: I think Member King's point is you have to, and I agree with *(audio interference)*

CHAIR JOHNSON: Okay. All right. Well, then it's...so that's what it is now is 3 percent, right? Okay. Let's leave it as is.

COUNCILMEMBER SINENCI: Okay. Thank you, Chair.

CHAIR JOHNSON: Thank you. Okay. All right. So let's move on to Councilmember Sugimura.

COUNCILMEMBER SUGIMURA: Just for clarification because I already got a text. When I entered the...the meeting, I was using an old document. So to talk about individuals being able to get funds for septic tanks is actually if...the version that we're working from is eight on Granicus, the version that Mimi DesJardins signed, and so it's not individual. It...it now says E, to fund and provide financing for septic tank and wastewater system developments, as defined in Section 3...14.19A.040, including composting toilets and future technology. So sorry about, it's no longer individual. I stand corrected. And then I wonder if for my...my question at this section, on item K, if...if Finance could talk about in terms of use of funds --

CHAIR JOHNSON: Sure.

COUNCILMEMBER SUGIMURA: -- to do...to provide funds for payment of principal and interest on bond issues.

CHAIR JOHNSON: Yeah.

COUNCILMEMBER SUGIMURA: So do you have an opinion about that, Mr. Teruya, or May-Anne from Finance?

CHAIR JOHNSON: Sure. Director Teruya, are you on the call?

MR. TERUYA: Yeah, thank you, Chair. I'm not sure if my Deputy's on, but for sure, I would say it's...what's...what's written in the ordinance would determine what we could be using it for. But specifically, May-Anne, are you on?

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MS. ALIBIN: Chair, yes, I'm on. Sorry, I was on the phone. Can you please repeat that question?

COUNCILMEMBER SUGIMURA: I was questioning item number [sic] K in this section, to provide funds for payment and...of principal and interest of bonds issued. So I'm just curious, bonds, what is the Department's perspective on using affordable housing funds to pay back bonds regarding these affordable housing projects?

MS. ALIBIN: Chair? I can't remember specifically, but I do know that we had actually...the Council had authorized one of the revolving funds to pay for bond principal and interest in the past. As long as there is...I believe as long as there's a language in the ordinance that allow us to make that payment and transfer into our Debt Service Fund, then we will implement on our side.

COUNCILMEMBER SUGIMURA: So would that help the County by being able to take it from the Affordable Housing Fund, or is there another pot of funds that would better be utilized rather than the Affordable Housing Fund, which is more limited, I think?

MS. ALIBIN: Chair, I...I'm not quite sure, but just given on the main...the funding source for the affordable housing, which is the General Fund, it...I...I believe it doesn't matter what fund it's coming from because either way the General Fund will pay for it. like all our other obligation. So it's a sense that for special funds though, like...such as the highways where...or water where they have their own source of funding then, you know, in that sense then, that will be beneficial to the County because we're not having our General Fund pay for it. But in...in this case, it's...it's just a matter of the main funding source is coming from the same fund.

COUNCILMEMBER SUGIMURA: So it'll just deplete it in another way.

MS. ALIBIN: Pretty much. So it's coming from General Fund and then going into this Affordable Housing Fund, which is just a transfer from the General Fund itself anyway.

COUNCILMEMBER SUGIMURA: And what do we want to use it for then. Okay. Thank you. I understand. Thank you very much.

CHAIR JOHNSON: Okay. All right. Members, we did...everybody did a round robin, we've had a really good discussion. This is not the first meeting we had on this bill, so I figure we got any last two-minutes discussions, and then we're going to go on to the second part of our agenda if anybody else has anything else? Okay. Then we might call for the question here. All right. Before we move on, we're going to...here we go. I'm looking...no hands, all right. So the Chair will now call for a vote to recommend passage on first reading of the proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING TITLE 3, MAUI COUNTY CODE,

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RELATING TO THE [SIC] USE OF...AFFORDABLE HOUSING FUND AND THE HOME ACQUISITION AND OWNERSHIP PROGRAMS REVOLVING FUND;" incorporating revisions made by the Committee; and any nonsubstantive revisions.

COUNCILMEMBER SINENCI: Chair, was there a motion already?

CHAIR JOHNSON: There was a motion already. So I think we probably got to do roll call. You know the new rule is roll call, yeah? Yeah, unless it's...unless it's unanimous. So I'm...I think...

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, point of order.

CHAIR JOHNSON: Yeah, go ahead. Go ahead, Keani, Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Sorry, I didn't realize there was a motion, I thought you were asking for a motion.

CHAIR JOHNSON: No, I...there was a motion on the floor earlier, so...

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. So --

CHAIR JOHNSON: I think it's *(audio interference)*

COUNCILMEMBER RAWLINS-FERNANDEZ: -- I guess...I guess we...we...I guess because we're asking questions and going through the bill, I didn't realize that we were making amendments at the same time. I'm not ready to vote on this.

CHAIR JOHNSON: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Sorry. Mahalo, Chair. So if...if I...if I'm going to be asked to vote now I'm going to have to vote no, but I...I...I want to support this but it...I...I just...I'm not ready to vote on it as...as it currently stands.

CHAIR JOHNSON: Okay. Well, I'm thinking maybe we should defer then because there...oh, go ahead, Councilmember Keani Rawlins-Fernandez, unless...your hand's up again, or you're frozen?

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, I was going to ask for you...

CHAIR JOHNSON: Oh.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, am I frozen? Oh, can you hear me?

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CHAIR JOHNSON: Yeah, go ahead. Now I can hear you.

COUNCILMEMBER LEE: Kind of choppy.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, okay. I was...I was going to ask for your consideration to...to defer, but I also saw other hands.

CHAIR JOHNSON: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR JOHNSON: All right. Thank you. Any other discussion? I thought Chair Lee's hand was up.

COUNCILMEMBER LEE: I sort of lost my place. But yeah, I...I like a lot of things in it, but there's a few things that I feel could use a little bit more massaging or...or even maybe paring it down a little bit, it depends. Because you know, when you say provide long-term financing, I just wonder if...let's say we, the Council, picks a project to provide financing, and we put that in the budget, we proviso that item in the budget. So here's a question for Corp. Counsel. Does the Administration have to expend that money for that particular project?

MS. DESJARDINS: Off the top of my head I would say yes because you are the body that provides how the funds are to be used. So if you do a proviso to use the funds for that purpose, then that would *(audio interference)* what you do pretty much anyway *(audio interference)* all of these *(audio interference)*

COUNCILMEMBER LEE: Because in the past, you know, we have provisoed items that the Administration pretty much ignores.

MS. DESJARDINS: That's a separate question. But in terms of actually how they're going to be done, there's nothing in here that expands the authority or...or diminishes the authority of the Administration...in fact a better word, ignore your project. But you would be...your...your authority is to make a proviso. And then the question of whether the Administration follows through with it is different.

COUNCILMEMBER LEE: Yeah, so that's my concern is that, you know, if we proviso a project and it's ignored and so that money just sits is, you know *(audio interference)*

MS. DESJARDINS: So I think it...it lapses, if I'm not mistaken, but somebody smarter than me is probably on the line that can you give a better answer. But if it doesn't get done in that fiscal year, I've seen budget amendments that come through to reprovide it for the next fiscal year. We've had that come up a couple times for

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projects, or it just lapses, you're correct. And I think it goes back to wherever it came from. Like I said, I'm probably not the person to ask (*audio interference*).

COUNCILMEMBER LEE: Okay. Thank you. Thank you, Mr. Chair. Yeah, I...I support deferring it.

CHAIR JOHNSON: Councilmember Mike Molina?

VICE-CHAIR MOLINA: Thank you, Chair. I too will support deferring it. And now you mentioned earlier this...a lot of these proposals came from the Comprehensive Affordable Housing Plan. If we could also get some background as to how they came up with some of these suggestions. Maybe if some of this came from other municipalities, I think that would be helpful for some us, including myself who...I like some of it, but there are some that I do have some...some questions about and some uncertainty. So if I could make that request under your signature, Chairman.

CHAIR JOHNSON: Yeah, certainly.

VICE-CHAIR MOLINA: Thank you.

CHAIR JOHNSON: Valid...valid request. So yeah, I'm...I'm hearing...I'm hearing the room, you know, I'm hearing you. All right. So I think we're going to...without objection, I will defer this item. Any objections? No objections?

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER pending further discussion.

CHAIR JOHNSON: Okay. The item is deferred. All right. Let's go on to the next section...oh, go ahead, Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Sorry, Chair. Point of order. The...the motions that were made, do we have to have them withdrawn so that they're not just dangling?

CHAIR JOHNSON: Good question. Staff, what...I'm deferring, is...what do we do with the motion?

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, you could ask them to withdraw it, withdraw their motion, whoever made it.

MS. STEWART: Chair, I believe...

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, am I frozen?

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MS. STEWART: Oh, sorry. Chair, this is Alison. I believe the...by deferring, you've cancelled out the motions, but if Member Paltin and...I believe it was Member Sinenci --

CHAIR JOHNSON: Yeah, that's...

MS. STEWART: -- would like to withdraw, then that's...that's fine as well.

CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: I thought if we didn't withdraw, it's still on the table, but whatever you want me to do, Chair. Consider it done.

CHAIR JOHNSON: Okay. So we'll...we'll have Councilmember Paltin remove...remove that, as well as Councilmember Sinenci, I think, was the second...or who was the second, was it Molina? It was at the beginning of the meeting.

COUNCILMEMBER SINENCI: I'll withdraw, Chair.

CHAIR JOHNSON: Okay. Councilmember Sinenci withdrew. Okay. Thank you for that point of...point of information, Councilmember Keani Rawlins-Fernandez.

ITEM 18: AFFORDABLE HOUSING FUND (CC 21-114)

CHAIR JOHNSON: Now let's move on to our next topic, let me pull out my paper here. All right. So now that we have extensive and important discussions about Affordable Housing Fund, it's a good time to be reminded of the worthy purpose and projects this...this funding supports. I've asked Housing Deputy Director Linda Munsell to share the Department's annual plan from the Affordable Housing Fund. She will also introduce any project representatives who are available at this meeting. So Deputy Director Linda Munsell, if you're on the call --

MS. MUNSELL: Thank you, Chair.

CHAIR JOHNSON: -- the floor is yours.

MS. MUNSELL: Yeah. Thank you, Chair. Good afternoon, Chair and Committee Members. My name is Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. Really appreciate you giving us an opportunity to present the annual plan today. So the Affordable Housing Committee would have received a correspondence from the Department earlier this month transmitting the FY'22 Affordable Housing Fund Plan. Today, it's our intention

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to just give you a brief overview. You guys...this body has been debating amendments to the Affordable Housing Fund. So I'm just going to briefly talk about what exists now, and then introduce you to the...to the projects. And these projects are the ones that would eventually make their way into the Budget Committee for consideration for funding. Could I...Chair, if you mind, could I share my screen?

CHAIR JOHNSON: Certainly.

MS. MUNSELL: Can you...can you see this?

CHAIR JOHNSON: Yeah, we can see it.

MS. MUNSELL: Oh, great. Okay. So as you know, we've been talking about Affordable Housing Fund a lot recently, so I'm just going to go through this first part very quickly. So the rules and requirements for the Affordable Housing Fund are found in Chapter 3.35, Maui County Code. And a recent amendment, as you know, changed the amount required of real property tax to be put into the fund to 3 percent. And the Affordable Housing Fund program is administered by the Housing Division. The fund was established for the provision and expansion...shoot...provision and expansion of affordable housing and suitable living environments for residents of very low to above-moderate income. And as we talked about before, that includes families that...with incomes less than 50 percent AMI all the way up to 140 percent AMI. And among other things, affordable housing funds can be used for the rehabilitation of existing structures, land purchase or other acquisition of land or property entitlements, planning, design, and construction of affordable housing, and to leverage other funding. The affordable housing funds can be in the form of a grant or a loan. And as we talked about today, you can...talking about amendments to that fund. Okay. Why is it not moving? There we go. Okay. So as we also talked about just briefly, an estimated \$27 million was appropriated in FY...was appropriated in FY'22. Actually this is not a...hasn't...these funds have not been appropriated. These funds are actually the anticipated revenue number for FY'22. The funds will be appropriated through the Budget Session. Once the budget...the real property tax is determined at the beginning of the fiscal year, the Budget Office then provides an estimate of total funds available to the Department. And then the total funds available, they always include the new funding from real property tax that I just mentioned, any carryover funding from prior years, and any payments that are made into the fund by developers or other sources. Once the Department knows that the funding is available, then a public notice is always published in *The Maui News*, and an informational...this workshop was held this year on August the 12th. The application period was open from August the 9th to September the 10th, and the Department received six applications by the deadline. Each application was reviewed and scored by a five-person committee this year, and the scoring is based on four criteria. First, the community need.

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If you remember, we've talked about the Hawai'i Housing Planning Study, and that study indicates that we have a great need for housing for families at the lower AMIs. And so as a result, applications serving lower AMI households will score much higher than an application that's serving high AMI households. In addition, the applications with longer affordability periods will also score higher than an application with a short affordability period. Second, the applicant information and specialized experience is evaluated. The developer has to show that they have the ability to successfully implement the proposed project in a timely and ongoing manner, and that they have the Staff capacity to develop those projects, and that their proposed budget sources and uses statements and operating pro forma over the life of the affordability period are all reasonable. Third, the project program readiness. Unless it is an acquisition project, the developer must have site control. The EA, if needed, it has to be completed or near completion. And they already have program participant selection and eligibility requirements resolved. Plus they need to leverage. Applicants must show that they had secured commitments of funding from other non-County sources, including private funds, public funds other than County, HOME, HTF, or CDBG, et cetera, and recipient contributions. And they're scored on the percentage of County funding that's used for the project; the higher the leverage, the lower the percentage of County funding, the higher their score. So after scoring, the projects...the following projects were actually recommended and approved by the Mayor. These have been forwarded to Committee for review today, and will eventually go to Budget Committee for funding. We've asked the developers to help the Department present the projects, and so in just a few minutes we'll go through those. So I'm only going to give some general information here for you. But we've identified two projects for funding in this RFP round, and they are the Front Street Apartments preservation project, which would affect 142 units; and the Hale Mahaolu Ke Kahua project, which is 120 new units. Each of those projects have requested \$6 million in funding. Both of these projects will be applying for additional funding through the State, so I just want to reiterate how important this funding actually is to a project. In the big picture, the affordable housing funds are typically a very small percentage of the total, so it seems like maybe it's not a big deal if we don't fund them. But first and most critically important is that an allocation of funding from the County helps a project score better on their application for Low-Income House...Low-Income Housing Tax Credits and the Rental Housing Revolving Fund money from HHFDC. These State funds are really highly competitive, and without those funds, these projects will really have a hard time moving forward. So an allocation of funding from Affordable Housing Fund really signals to the State that the County backs the project, and that we think that they should fund the project as well. Small funds, but big bang for leverage. In addition to these two projects from this RFP round, we're also recommending funding for our first public-private infrastructure project in the amount of \$825,000 for the Wela Street extension. The Administration will be requesting funds to be set aside for administrative expenses, and will ask for \$2 million to set aside for workforce

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housing buybacks that we anticipate may occur next year. When they happen...just a note on the workforce housing buybacks, when they happen, approval of the actual buyback will come to Committee and to Council for approval, but having this funding designated means that they won't have to be a budget amendment associated with each one. The total request so far is \$14,825,000 through this RFP, and there may be also additional proposals submitted for funding through the upcoming budget process. As I mentioned, each of these projects will be up for consideration during the upcoming budget hearings, and today the Affordable Housing Committee has asked us to provide information on each of the projects to ensure that the body has the information they need for good decision making when that time comes. To accomplish that task, each developer's been requested to provide about a ten-minute presentation to introduce their project to you, and then to allow time to respond to questions. So our first project presentation is on the Front Street Apartments preservation, and representing this project is going to be Makani Maeva, sorry, of the AHE Group. I'm going to stop sharing and allow her to share, if you don't mind.

MS. MAEVA: Good morning, Chair...or good afternoon, excuse me, Chair Johnson and Members of the Affordable Housing Committee. My name is Makani Maeva, and I'm the President of the AHE Group. I also have today here with me Natalie Mesa with Ahead Ke Nui (*phonetic*) LLC. This is our nonprofit partner who's participating in the affordable housing development that we'll talk about today. If you wouldn't mind, Chair, may I please share my screen with you?

CHAIR JOHNSON: Of course, certainly.

MS. MAEVA: Okay. And do you see...do you see our presentation?

CHAIR JOHNSON: Yeah, we can see it perfectly.

MS. MAEVA: Okay. Okay. Great. So first of all, I just want to introduce myself since I don't know many of you. This would be AHE Group's first Maui project. We're extremely excited about that. But AHE Group is partnering with Ahead, and it is not our first project with them. So let me tell you just a little bit about...about AHE Group. So again, I'm Makani Maeva, and I'm the President of AHE Group. And I have about 27 years of affordable housing experience from new construction to acquisition rehabilitation, which is the nature of this property today...of this project today, as well as preservation and...excuse me, and adaptive reuse. Let me just see if I can move screens here. It's not going to let me do that. So anyway, so since 1995 we've been active in Low-Income Housing Tax Credit affordable housing development specifically focused on rental housing for people who make less than 60 percent of the median income. Front Street Apartments is particularly interesting because as you know, it's 142 units right in Lāhainā. And this property is at risk, it has been subject to recent litigation and ongoing litigation, which is our concern for the...for the stability of the

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residents there. Our proposal would be to acquire the property, if you agree, providing funding through the Affordable Housing Fund. We would couple that with Low-Income Housing Tax Credits, tax-exempt bonds, some Rental Housing Revolving Fund, and a conventional loan. What we're...we're...our goal here today is to reinstate the affordable housing requirements that were originally part of this development in 2000 when it was...it was constructed. We would agree to have 5 percent of the units for tenants who make less than 30 percent of the median income, 45 percent for 50 percent and below of the median income, and the balance of the units at 60 percent of the median...median income. So 100 percent of the units at 60 percent of the AMI and below. Our affordable housing restriction that comes with this tax credit or tax-exempt bond program would be a restriction for 61 percent...or 61 years. Here I have a list of all of the rents at the different income levels. As you can see, the studio beginning at 543 at 30 percent, and then 1,395 for a two-bedroom of up to 60 percent. I think the most important thing with...with Front Street is that we would be really offering stability to the residents, an understanding of where their future is with affordable housing. The understanding that their...their units won't be sold, that it will be preserved long-term. But the other thing is, we'll be putting about \$8 million into the renovation of each of those units. So it's important not just to...to build affordable housing and to understand that it's affordable long-term, but also to know that it's really quality housing, something that we're proud of, something that, you know, our families could...could live there and we'd be proud to call it something that we own and somewhere that we like to visit. So I mean, I think that's really important for us. We are going to renovate the units, and we would relocate the residents to vacant units on site for the period of the renovations. The tenants would move there and we would assist them with packaging their belongings, moving their furniture. We'd renovate their units, and then we'd move them right back into their original unit. We do use all local contractors, and we pay prevailing wage. So I think it is also is really an opportunity to provide jobs there on Maui. Our plan, as I think Director Munsell mentioned, would be to go to HHFDC for tax-exempt bond financing. So this financing is a really scarce resource right now, so it's important that these additional resources help us to be competitive. It...we need to do all that we can. We're gaining everybody's support for...for this preservation opportunity with HHFDC. But the truth of the matter is there's just, you know, untold amount of competition for tax-exempt bonds right now. So we would be finishing up any of the design and permitting. The interiors are really our goal. So...so roofing, painting, windows, and then all of the interiors. So a lot of that doesn't require extensive architectural drawings or permitting, but we would be going through --

CHAIR JOHNSON: Ms. Maeva?

MS. MAEVA: -- that process. I'm sorry?

CHAIR JOHNSON: I beg your pardon to interrupt, but in the interest --

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MS. MAEVA: No.

CHAIR JOHNSON: -- of time so the Members can have questions, do you have --

MS. MAEVA: Yeah.

CHAIR JOHNSON: -- can you summarize yours in...in a minute or something?

MS. MAEVA: Yeah, absolutely. I'm just going to summarize. So this is basically how we would finance this project. We would get a construction loan of about \$7-1/2 million, so that will be AHE Group using their credit for \$7-1/2 million loan. Go to RHRF, we'll ask the State for the Rental Housing Revolving Fund. We'll ask...of course, our request for \$6 million of affordable housing equity. And then we'll finance this with about \$22-1/2 million worth of Low-Income Housing Tax Credit equity. And then we contribute some deferred developer fee. So it's about a \$44 million project. So I want you to just see that it is an important part of the overall balance of the sources and uses. I've included other preservation projects and other experience that we have on this slideshow--and I can distribute it to the Council--as well as new construction projects that we've done throughout our history at AHE Group. So --

CHAIR JOHNSON: Okay.

MS. MAEVA: -- I'm...I'm happy to answer any questions that anybody might have.

CHAIR JOHNSON: Thank you so much. We're going to do questions at the end of all three presentations, Chair Lee. So --

MS. MAEVA: Okay.

CHAIR JOHNSON: -- Deputy Director Linda Munsell, can you bring up the next presenter please? Okay. I see --

MS. MUNSELL: So...

CHAIR JOHNSON: -- their proposed (*audio interference*)

MS. MUNSELL: Yeah. So the next --

CHAIR JOHNSON: Okay.

MS. MUNSELL: -- the next presentation is on the Hale Mahaolu Ke Kahua project, and our presenter is going to be Grant Chun.

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MR. CHUN: Good afternoon, everyone, and Happy New Year. I understand that this has been a long meeting for you all, so I'll try and keep it quick. I've had the opportunity already last year to speak with Chair Johnson about the project, so he has a great deal of familiarity with it already. But just to run you all through some...some of the basics. I've got Harrison on the other side running slides for me. So Harrison, would you please advance the slides? So this is our project team. As you know, from past...from the past, many of you are familiar with this property, it's been referred to as Ke Kahua for many, many years. It's owned by Maui Economic Opportunity. And we are working with MEO, together with our partners from Highridge Costa, to develop a project at this site. And there's some maps in the advancing slides which will help you to get a sense of where it is. Just by way of background, I'm sure many of you are...most of you are all familiar with us, but Hale Mahaolu has 17 projects here on Maui, and a lot of experience, and many, many years in this field providing affordable rental housing and facilities to our community. Next. And of course MEO has been in the business just as long, if not longer, than Hale Mahaolu, and we're very excited to be working with them on this initiative. Highridge Costa is a partner of ours that is also working with us on Liloa Hale, which is a senior project out in Kihei. They've done some great work on O'ahu in Kapolei and in Waipahu, as well as many projects on the mainland. They have great...a great deal of experience, and we're very pleased to be working with them. This is just a few of Highridge Costa's projects. This is Hale Moena in Kapolei, and Kokua Tower on O'ahu. Liloa Hale, which you all are familiar with, it's out in Kihei near Hope Chapel. And Keawalau is the Highridge Costa project out in Waipahu. This is the project site. As you can see, it's...it's right at the corner of Kahekili Highway and Waiehu Beach Road. For many years it's been referred to as Ke Kahua. It...at one time it was macadamia nut fields. And it's kind of at grade with Kahekili Highway. And just up the slope is the Waiehu Heights subdivision. So the project site is about 11-1/2 acres, and the plan is to establish 13 two-story buildings of about 120 multifamily residential units, with 1, 2, and 3 bedrooms, landscaping, as well as related improvements. This is, as mentioned, 100 percent affordable rental community targeted for applicants earning 60 percent or less of AMI. These are just some of the amenities. The nonprofit building refers to a structure that we will be providing to MEO to program as they deem appropriate as the neighborhood, you know, takes life and needs are identified. MEO is so very adept at kind of identifying needs and meeting those needs, and so we...we thought some program space for MEO at the site would be a great fit. There'll also be a clubhouse for residents, as well as two playground areas, onsite laundry facilities, maintenance, and of course, parking. This is a breakdown of the units. As I indicated, one, two, and three-bedroom units. What...what's kind of cool about this project is we'll actually be doing two bathrooms in the two-bedrooms and three-bedroom units, which is unusual for us, but given that it's a family project, we thought that that would be a great amenity for these folks. And again, the breakdown; these are the rents based on rental guidelines from 2021. This is a layout of the site. The buildings are kind of situated in a linear fashion. It's

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kind of a long and narrow piece of property. And we've got some green space along the back. And as I said, lots of parking and recreational areas for the families to enjoy. This is the typical building elevation, and the community building as well, the clubhouse building. And this is just sort of the materials color board. We've already gone before the Urban Design Review Board to kind of get their input, and actually, they really...they really like the...the...the design of the site, the color palette, the layout, and were excited for us that we're pushing forward on this initiative. We're also...we've also got approval of our Environmental Assessment, and like the previous project, we'll be going into the HHFDC this round for potential Low-Income Housing Tax Credit funding. And that's it, thank you.

CHAIR JOHNSON: Thank you, Mr. Chun. I appreciate that presentation. Okay. Deputy Director Linda Munsell, we have one more presentation.

MS. MUNSELL: Thank you, Chair. This...the last presentation is with...is the Wela Street. It's...is our very first public-private partnership, and it is with 'Ainā Lani Pacific. And today presenting for us is going to be Sandy Duvauchelle. Can you see my presentation? No?

CHAIR JOHNSON: Yeah, we can see --

MS. MUNSELL: Okay.

CHAIR JOHNSON: -- some black --

MS. MUNSELL: Excellent.

CHAIR JOHNSON: -- and whites.

MS. MUNSELL: Sandy, are you on?

MS. DUVAUCHELLE: I don't know how to...oh, there it is. I'm sorry. Oh, now it's gone. Can you see me?

CHAIR JOHNSON: Yes, we can see and hear you, Sandra.

MS. DUVAUCHELLE: Okay. All right. Thank you, Council Chair Johnson and Councilmembers. You'll...you'll like this, it's going to be very short. Mr. Kihune was supposed...was supposed to present today, but he had another engagement, so I will be...I will be doing a very short overview. This is our Kilohana Makai project. It's one that this Council is familiar with, and your assistance that we were able to get the zoning in place. Since then we have...all 28 homes are under contract. We have gotten through the Urban Design Review Board, and we are next up for SMA probably sometime end of February. So what we're requesting

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as a condition of the zoning, we are going to improve Wela Street from the...as you can kind of see on the map from our...where it would have ended on our project all the way out to Kilohana Drive. So we're asking for an...and...and the assistance with developing this up to County standards to tie into Kilohana Drive. Linda, do you want to do the other map, if you could, for me?

MS. MUNSELL: Sandy, unfortunately yeah, I can't do that. For some reason it's not cooperating with me. Sorry about that.

CHAIR JOHNSON: It just says one of one pages. I think you --

MS. DUVAUCHELLE: Okay.

CHAIR JOHNSON: -- only have one page for this, right?

MS. DUVAUCHELLE: Yeah, it...it...no, it was...actually it's two, the other one was is subdivision layout. And I'm sorry, I'm not...I sent them to Linda because I wasn't prepared to share.

CHAIR JOHNSON: That's okay.

MS. DUVAUCHELLE: So --

CHAIR JOHNSON: If you don't mind just describing it to us.

MS. DUVAUCHELLE: -- any...

CHAIR JOHNSON: Yeah.

MS. DUVAUCHELLE: Yeah. It...so like I said, it's 28 single-family homes. It's on South Kihei Road directly across from the Mana Kai. It sits at the base of Kilohana Ridge and Kilohana Waena, and then there's another...another development right off of...of South Kihei Road. 28 homes ranging in square footage...they're all four-bedroom ranging in square footages...I think living area is about 1,500 square feet, up to a living area of about 2,000 square feet. And hopefully we're going to be breaking ground sometime July or August. Funding is secured, and so we're...we're moving forward.

CHAIR JOHNSON: Okay. Thank you.

MS. DUVAUCHELLE: Thank you for your time. I'm not sure...I wish I had more pictures, but anyway, I appreciate your time.

CHAIR JOHNSON: No, it's...it's perfect, and I think it's up on Granicus because Councilmember Paltin has it and she's sharing it on her screen, so...all right.

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Let's do round robin questions for any of the presenters. And I know we're running short on time, so we'll start with the people with the burning questions. Go ahead, Chair Lee.

COUNCILMEMBER LEE: Mine is for Ms. Maeva. Can you tell me what the appraised value of the property is? Oh, you're muted. You're muted.

MS. MAEVA: My understanding is the last appraisal, which was about a year and a half ago, had it at \$29 million.

COUNCILMEMBER LEE: And you're purchasing it for 27 million?

MS. MAEVA: That's correct.

COUNCILMEMBER LEE: Okay. Thank you. And my second question is for --

MS. MAEVA: Don't tell the seller --

COUNCILMEMBER LEE: -- Sandra.

MS. MAEVA: -- please.

COUNCILMEMBER LEE: Ms. Duvauchelle, did you mention how much you were requesting?

MS. DUVAUCHELLE: Yes. Just for the expense of Wela Street, for the engineering and construction, 825,000.

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

CHAIR JOHNSON: Okay. I saw Councilmember Molina's hand up, followed by Councilmember Paltin, followed by Councilmember King.

VICE-CHAIR MOLINA: No, Chair, I didn't put my hand up, but...but if you ask. But you know, go ahead and...I'll yield to the other Members. And I may have something to ask along the lines, down the road, so...

CHAIR JOHNSON: Okay. Councilmember Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Maeva, for your presentation. I just wanted to verify if the housing gets renovated, will you try and move the folks from one apartment to a similarly sized apartment? Like what if it's a three-bedroom, would you move them to a one-bedroom when you renovate?

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MS. MAEVA: We're actual...our plan would actually be moving them into...out of their existing unit for just a short period of time while we renovate, and then moving them exactly back into their original unit. So provided that's the unit they want to move into, provided that it's, you know, the right size, we would move them right back into the one they moved out of.

COUNCILMEMBER PALTIN: Oh, in the holding period it could possibly be smaller?

MS. MAEVA: Oh, good point. We...we don't typically do that. We typically move them to the same size of unit during the renovation period. So that's what we'll plan on doing. We'll have exactly the size of units that they currently live in that they'll move out of and back into.

COUNCILMEMBER PALTIN: And if it's ADA, you'd have an ADA unit available for them?

MS. MAEVA: That's exactly correct. Yes, if it's ADA. We also have to...you know, understanding whether or not they have a preference for the top floor or the bottom floor, there will be people with special medical considerations, there will be people with pets, there will be things like that. So we have a relocation team that takes all of that into account. We'll interview them multiple times, catalog their needs, make sure that we are moving them, right? And you know, it's a disruptive process, so we try to do anything we can to make them happy.

COUNCILMEMBER PALTIN: Okay.

MS. MAEVA: Everybody won't be happy because moving is just humbug. But --

COUNCILMEMBER PALTIN: Yeah.

MS. MAEVA: -- we...we...

COUNCILMEMBER PALTIN: Sounds good. I got limited time, so I just wanted --

MS. MAEVA: Yeah.

COUNCILMEMBER PALTIN: -- to go into the next couple questions.

MS. MAEVA: Yeah.

COUNCILMEMBER PALTIN: The next one, the current owner of the buildings because they don't own the land, you're talking about Blackstone is the current owner?

MS. MAEVA: Yes, that's correct. Blackstone, together with a local owner. Blackstone is the limited partner, the local owner from Maui is the general partner. The land is owned by the Hawai'i Housing Finance and Development Corporation, State of

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Hawai'i, and we will lease it from them.

COUNCILMEMBER PALTIN: I think that speaks for itself. Full support. One question for Ms. Duvauchelle, please. This Wela Street extension, it's the one that the Council put the condition on, right? On the project when we --

MS. DUVAUCHELLE: Yes.

COUNCILMEMBER PALTIN: -- had the *(audio interference)*

MS. DUVAUCHELLE: That...that is correct.

COUNCILMEMBER PALTIN: Okay. Full support. Thank you. Thank you, Chair.

CHAIR JOHNSON: Okay. Great.

MS. MAEVA: Thank you.

CHAIR JOHNSON: Councilmember Kelly King?

COUNCILMEMBER KING: Thank you, Chair. My first question is about the Front Street Apartments. So I...I know it's already affordable, so explain to me why we need to invest in like a changing of owners? Because I know at one point the owners were trying to use a loophole in the tax code to sell it to go to market, but I think that was stopped. So where are we at now with that building, and why do we need to invest 8 million in saving it...or 6 million?

MS. MAEVA: Right. Right. In fact, they're...it was an affordable housing project. It was released from its affordability obligations. There was a lawsuit filed by the tenants against both the State and the current owner. That lawsuit was successful that the current owner has to reinstate the affordable housing obligations, that happened in 2020. What's going to happen is it's going to be an ongoing lawsuit. There will...there is an active appeal. And only because we are agreeable to buying it and turning it into affordable housing, they sort of stalled the next steps of this lawsuit. It will be a long and protracted lawsuit. There is no guarantee that the tenants will win in the next court. And there is a guarantee that if I acquire it and renovate it as affordable housing that it will continue to be affordable housing. And there can be no --

COUNCILMEMBER KING: Okay.

MS. MAEVA: -- there won't be *(audio interference)*

COUNCILMEMBER KING: And that's in perpetuity? And that's in perpetuity?

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MS. MAEVA: It is...it's for 61 years actually.

COUNCILMEMBER KING: Okay.

MS. MAEVA: Perpetuity, if I just might...for perpetuity it's not a defined term, for example, and so it's hard for us to sign any documents that say that anything is going to be in perpetuity. Also, we want an opportunity to renovate these projects. And so over time, the property deteriorates. As you can see now, we need to make some improvements, \$8 million worth approximately. So...

COUNCILMEMBER KING: Okay. But we'll just have...just so we have that assurance that if we're going to put money into it, it's going to stay affordable. It's not going to --

MS. MAEVA: Yes.

COUNCILMEMBER KING: -- you know, get upgraded and sold at a higher rate. And then the other thing I wanted to mention is that 50 to 60 percent, that's the sweet spot that's saturated right now. There's...there's...that's where most of the affordable units are, so we're looking for like actually below 50, and it looks like most of your units are in that 50 to 60 percent AMI. So is there any way to adjust that? Because the need is lower than that. If you're going to stay under 60, the need is actually 50 percent and under.

MS. MAEVA: Yeah. 5 percent are at 30 percent, 45 percent (*audio interference*)

COUNCILMEMBER KING: I remember that, that's why (*audio interference*) because you seem to have most of your units in that 56...to 50 to 60 percent AMI. What we've been hearing is it's saturated.

MS. MAEVA: Well, the...the problem with having it deeply, deeply affordable, even deeper than 30 percent or 40 percent, is that you cannot afford to maintain the property, pay the property insurance, the water, the sewer. Operating expenses, if you look at operating expenses and income levels, the sweet spot where you break even and make zero money, just you're able to afford your debt, that's at about 43 percent under current scenario. So the 30 percent units, actually you lose money, right, you can't support any of the \$7-1/2 million worth of debt. So I understand...

COUNCILMEMBER KING: Is that why we're supplementing it, isn't that why we're giving you all this money and HHFDC is giving you money and, you know, so that we can reach those lower levels?

MS. MAEVA: Yes, and that's...the 60 percent is what allows us to generate the tax credit equity. So there's about \$22-1/2 million worth of tax credit equity which is going

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into the acquisition, and then we're getting a loan, a conventional loan with Bank of Hawai'i for about \$7-1/2 million. So we have to service both the convention loan as well as the ongoing operating expenses. So really, really low income requires actually ongoing operating subsidy. So it's not just a matter of financing it upfront, but it's then going forward, how do we pay the ongoing bills, how do we afford quality management and staff, how do we maintain the property, how do we set aside enough money so that we can *(audio interference)*

COUNCILMEMBER KING: Okay. So not to be rude, but I think my time's almost up. So after you reconfigure the new AMI rents, are...is anybody's rent going to go up?

MS. MAEVA: No.

COUNCILMEMBER KING: Okay. So they'll all stay what they are right now or be lower?

MS. MAEVA: That's correct.

CHAIR JOHNSON: Okay.

COUNCILMEMBER KING: All right. Well, I just wanted to bring up that point, Chair, because you know, we see...we just keep hearing about how we're...you know, that 50 to 60 percent is not what we need, we need lower and higher. So that's just *(audio interference)*

CHAIR JOHNSON: Point taken, Councilmember King. We're running short on time, Members. So do we have anybody else has any burning question? Okay. Go ahead, Councilmember Molina.

VICE-CHAIR MOLINA: Yeah, thank you, Mr. Chairman. And staying on that topic of the Front Street Apartments. I see the 61 years is the affordability period. I guess maybe my question more appropriately be directed to Director Munsell. I guess you had reviewed six...six projects, and is there a preference on the Department side to see affordable...affordability periods longer than 20 years? Because I think two of the projects, including Front Street, were over 50 years. Do you folks encourage the applicants to...if there's, you know, affordability periods that are, you know, 20 years maybe to jack it up a little bit?

MS. MUNSELL: Thank you...thank you for the...the question. Yes, absolutely, as part of our criteria, scoring criteria for these projects, the longer the affordability period, the better the...the project will score. And so we're really pushing to have those longer affordability periods.

VICE-CHAIR MOLINA: And finally, of the projects that didn't get approved, what were the common, I guess, issues as to why they weren't approved?

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MS. MUNSELL: So thank you, that's a really great question. Our number one project was actually the Wailuku Apartments, and they actually found a separate funding source, so they withdrew. So that would have been a very nice project for us. The other projects scoring...I don't have individual scores. If I can take a look at that. I mean, one of...one of them was...yeah, I don't have specific comments on how they...the other two projects didn't score well.

VICE-CHAIR MOLINA: Okay. No problem. Maybe at a later point I can get that information, so...so Chair, in the interest of time, I'll hold off on any more questions. I know you want to --

CHAIR JOHNSON: Okay.

VICE-CHAIR MOLINA: -- move us forward here. Thank you.

CHAIR JOHNSON: Yeah. Members, we're getting close to the end, so I'm thinking either we can come together as a body and say yeah, let's...I can put it back up in the February 25th or later on in the meeting if you guys want to have more discussions? But...okay. We can talk about it now. Go ahead, Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. It's kind of to your point, our...will all the projects come back to Council for any additional approvals, Deputy Director Munsell? Or all they need is a budget amendment...or I'm sorry, an allocation in the Affordable Housing Fund?

MS. MUNSELL: Thank you for that question. The Hale Mahaolu Ke Kahua project will actually come before you for a 2.97. That is pending here getting more...getting the final stuff together for that, and so after budget you're going to see that in front of you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So the other projects just need that allocation, and then we won't see them again?

MS. MUNSELL: Yes. I believe that they...other than getting permits and things for their stuff. And I think the Kilohana Makai project, they're going to get an...they still have an SMA process to go through; is that correct? So this...not for this Committee, but they do have another process to go through.

MS. DUVAUCHELLE: That is correct.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo...mahalo, Chair. The reason I was asking was if, you know, the Hale Mahaolu is going to come before us again, then perhaps we don't need to schedule it again if Members have

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additional questions. But for the other projects, if we have additional questions, we're not scheduled to...or they're not...they don't need to come to Council for any additional approvals. So perhaps if Members do have questions then maybe we can schedule it again. Or --

CHAIR JOHNSON: We'll certainly schedule them.

COUNCILMEMBER RAWLINS-FERNANDEZ: -- we can hold off...okay. Or...or I was going to say or we can hold off on, you know, putting the budget amendment and require Council approval, either. Whichever you have time for, Chair.

CHAIR JOHNSON: Right. I...I can make time if the Members want it, is what I'm saying. So do you guys want to...because we're going to do the review of the Department...the review on February 25th, so that might...I'm thinking is the appropriate time. Okay? But if you guys have asked all your questions and you're ready...you're pau, we can be pau. I'm just trying to find out, you know, the...the will of the body. Councilmember Paltin, your hand's up.

COUNCILMEMBER PALTIN: Thank you, Chair. Is it...I just was wondering on the process like to award the 6 million before it goes through the 2.97 or...I mean, it seems like we would do the 2.97 first and then award the 6 mil or something like that. Because what if it doesn't pass the 2.97 and we got 6 mil tied up?

CHAIR JOHNSON: Okay. I was going to call on Deputy Director Linda Munsell to answer that, but go ahead, Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. What we've done in the past is we've just not approved the allocation under the Affordable Housing Fund and...and waited, and then we did a budget amendment after the 2.97. If it...if it gets all the approvals, then we do the budget amendment.

COUNCILMEMBER PALTIN: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: And that's how we withhold funding.

COUNCILMEMBER PALTIN: I guess...I mean if there's other...so these three are the most shovel ready is what they were saying. Because I thought there were like not all...everybody got appropriated an allocation, but...for the highest scoring.

CHAIR JOHNSON: Deputy Director Munsell?

MS. MUNSELL: Yeah. These...these were the...the most ready projects considering where they are in the...in the process, yes.

COUNCILMEMBER PALTIN: Okay. Okay. Got it. Thanks.

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CHAIR JOHNSON: Okay. So we pau...oh, go ahead, Councilmember Shane Sinenci. Go ahead.

COUNCILMEMBER SINENCI: Oh, thank you, Chair. Real quick for Director Deputy [sic] Munsell. For the Hale Mahaolu one, it looks like on my list there's...it says loan versus a grant. Can you explain that?

MS. MUNSELL: Yes, thank you for the...for the question. They're...typically we have in the past given out grants from this project or from this fund, we've moved more towards loans. That's more advantageous for the project in obtaining other financing, as well as in the case of the Affordable Housing Fund, the funds could eventually come back to us and be reused for another project.

COUNCILMEMBER SINENCI: Oh, okay.

MS. MUNSELL: It all has to do with their financing package.

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

CHAIR JOHNSON: Okay. All right. Members, I'm going to ask the question one last time. Are you finished questioning these developers? If not, I can put them on in the next meeting. If you want to continue, we can continue, if not, we won't. February 25th is when we're thinking because that's when the budget review is happening. So can I get some...some feedback if you guys are interested in hearing or not hearing? Go ahead, Councilmember Sugimura.

COUNCILMEMBER SUGIMURA: I'm fine with...with this review. So I appreciate it, and appreciate the work of the developers.

COUNCILMEMBER KAMA: Ditto, Chair.

CHAIR JOHNSON: Okay.

COUNCILMEMBER KAMA: Thank you.

CHAIR JOHNSON: Okay. Councilmember King?

COUNCILMEMBER KING: I think I'm okay. I just...I would just ask if something changes...I know there's this ongoing lawsuit with Hale Mahaolu, I just ask if something changes that maybe that would be a time to bring it back and, you know, discuss it again in light of what we heard today from the testifiers.

CHAIR JOHNSON: Okay. Anyone else?

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VICE-CHAIR MOLINA: Yeah. Yeah, I'm with Member King, Chair, on that.

CHAIR JOHNSON: Okay. Anybody else? It sounds to me like the majority is saying we're...we're...we're good for this now, and we can move on. So before we adjourn, okay, I...I just want to mention that in the...in the section that we had before, the 3.34s and the 3.35s, if you want to put in any written amendments before the meeting, we can...please do. Please submit the written amendments so that we can be...really know where our discussion is going. So I'm just putting that out there. So I want to defer this item right now. Without any objections, I'll defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS

ACTION: DEFER pending further discussion.

CHAIR JOHNSON: All right. Seeing no objections to this item. Thank you so much. All right. So we're at the end of the...at the end of the...okay, we're at the end of the meeting. I see Councilmember Paltin's hand's up. Go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: I know Ms. DesJardins said that ten minutes wouldn't be enough, but now that we're deferring that major one, would whenever we defer it to be enough to focus on our teachers and other essential workers? Just checking because, you know, crisis.

CHAIR JOHNSON: Mimi DesJardins?

MS. DESJARDINS: I think if you send...send a request in writing for some analysis on that, that's a good question, then that would give us time to feel more comfortable about what we provide. Thanks for that, appreciate it.

COUNCILMEMBER PALTIN: Okay. And would you rather have the request in writing from me or the Chair?

MS. DESJARDINS: It doesn't matter. We recognize all of you.

CHAIR JOHNSON: Oh, that's nice. Just as long as it's in two weeks, Councilmember Paltin.

MS. DESJARDINS: Oh, at least, please. As soon as possible.

CHAIR JOHNSON: Try and give it to us...right. So that's...that's really...you can CC me, it...it's fine. We...we all try to work together. Mr. Forrest, your camera is on.

MR. FORREST: I guess I could volunteer for that PAF if you want to send one out,

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Member Paltin. I have some ideas.

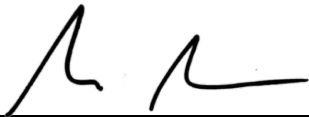
CHAIR JOHNSON: Great. All right. Look at that, working together. Members, we...that's at the end of the agenda, I don't want to hold you any later, so we're going to end this meeting. Thank you so much. The time is now 4:36, January 24th, 2022, the Affordable Housing Committee is now --

COUNCILMEMBER LEE: Adjourned.

CHAIR JOHNSON: -- adjourned. . . .*(gavel)*. . .

ADJOURN: 4:36 p.m.

APPROVED:



GABE JOHNSON, Chair
Affordable Housing Committee

ah:min:220124:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATION

I, Daniel Schoenbeck, hereby certify that pages 1 through 73 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 22nd day of February 2022, in Kula, Hawai'i



Daniel Schoenbeck