

AFFORDABLE HOUSING COMMITTEE
Council of the County of Maui

MINUTES

August 4, 2022

Online via BlueJeans Link

CONVENE: 1:32 p.m.

PRESENT: Councilmember Gabe Johnson, Chair
Councilmember Tasha Kama, Member (In at 2:02 p.m.)
Councilmember Alice L. Lee, Member
Councilmember Tamara Paltin, Member
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Shane M. Sinenci, Member
Councilmember Yuki Lei K. Sugimura, Member (Out at 4:06 p.m.)

EXCUSED: Councilmember Michael J. Molina, Vice-Chair
Councilmember Kelly Takaya King, Member

STAFF: Paige Greco, Legislative Analyst
Alison Stewart, Legislative Analyst
Richard E. Mitchell, Legislative Attorney
Shelly Espeleta, Supervising Analyst
David Raatz, Deputy Director, Office of Council Services
Stacey Vinoray, Committee Secretary
Maria Leon, Committee Secretary
Pauline Martins, Committee Secretary
Tammy Frias, Supervising Committee Secretary

Kate Griffiths, Executive Assistant, Councilmember Johnson
Autumn Ness, Executive Assistant, Councilmember Johnson
Roxanne Morita, Executive Assistant, Councilmember Johnson
Evan Dust, Executive Assistant, Councilmember Kama
Lois Whitney, Executive Assistant, Councilmember Kama
Davideane Kama-Sickels, Executive Assistant, Councilmember
Kama
Axel Beers, Executive Assistant, Councilmember King
Ellen McKinley, Executive Assistant, Councilmember King
Angela Lucero, Executive Assistant, Councilmember Paltin
Sarah Freistat Pajimola, Executive Assistant, Councilmember
Rawlins-Fernandez
Dawn Lono, Executive Assistant, Councilmember Sinenci

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

Mavis Oliveira-Medeiros, Council Aide, Hāna District Office
Denise Fernandez, Council Aide, Lānaʻi District Office
Anabelle Hernandez, Makawao-Haʻikū-Pāʻia District Office
Zhantell Lindo, Council Aide, Molokaʻi District Office
Daniel K. Kanahele, Council Aide, South Maui District Office
Christian Balagso, Council Aide, West Maui District Office

ADMIN.: Mimi DesJardins, Deputy Corporation Counsel, Department of the
Corporation Counsel
Christie Trenholme, Deputy Corporation Counsel, Department of
the Corporation Counsel
Linda Munsell, Deputy Director, Department of Housing and
Human Concerns
Clyde “Buddy” Almeida, Housing Administrator, Department of
Housing and Human Concerns
Jessica Crouse, Deputy Housing Administrator, Department of
Housing and Human Concerns
May Anne A. Alibin, Deputy Director, Department of Finance

OTHERS: George Burnette
Tera Paleka
Noelani Ahia
Jeff Gilbreath, Hawaiʻi Community Assets, Hawaiʻi Community
Lending
Keoni Kuoha, Director, House Maui Initiative, Hawaiʻi Community
Foundation
Lisa Darcy, Share Your Mana
Trinette Furtado
Junya Nakoa
(12) others

PRESS: *Akakū: Maui Community Television, Inc.*
Kehau Cerizo, Maui Now

CHAIR JOHNSON: . . . *(gavel)*. . . Aloha. Will the Affordable Housing Committee meeting please come to order? I'm Gabe Johnson. Present with me today is Autumn Rae Ness. I'm the Chair of this Committee. Shut my door, the chickens are kind of loud. Members, in accordance with Sunshine Law, if you are not in the Council Chamber, please identify by name who, if anyone, is present with you. And the greeting of the day is oki. So let's go to Council Chair Alice Lee. Oki, Chair Lee.

COUNCILMEMBER LEE: Good afternoon, and aloha, Mr. Chair. Oki is from the Pueblo Tribe and from New Mexico, and it's a greeting. And so I say oki to all of

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

you, and let...and also want to let you know that I'm here alone in my workspace and looking forward to your meeting. Thank you.

CHAIR JOHNSON: Thank you. Wonderful, wonderful. Okay. Let's move on to Councilmember Tamara Paltin. Oki to you, Councilmember.

COUNCILMEMBER PALTIN: Oki and aloha 'auinalā kākou. Broadcasting live and direct from the Lāhainā District Office here in Historic Lāhainā Town with my EA Angela Lucero and District Office Staff Christian Balagso. We have no testifiers at this time. Thank you.

CHAIR JOHNSON: Thank you. Okay, Members. And we're going to move on to Councilmember Shane Sinenci. Oki to you, Councilmember.

COUNCILMEMBER SINENCI: Okay. Oki, Chair. And aloha 'auinalā kākou mai Maui Hikina. This afternoon I'm in...broadcasting from my home office, where I'm alone. And I presume my District Staff will indicate if there are any testifiers. Aloha.

CHAIR JOHNSON: Aloha. Okay. And then let's finally go down to Councilmember Yuki Lei Sugimura. Oki to you, Councilmember.

COUNCILMEMBER SUGIMURA: Oki and good afternoon, everybody. I'm in Kula. And it rained, just so all of you know. I am so thrilled that we have water here, and looking forward to this meeting. Thank you.

CHAIR JOHNSON: All right. Thank you. And I also want to let the public know there are no testifiers at the Lāna'i District Office. So from the Administration, we have Housing and Human Concerns Deputy Director Linda Munsell, Housing Administrator Buddy Almeida, Assistant Housing Administrator Jessica Crouse. We have Finance Deputy Director May-Anne Alibin. And we've invited the Budget Office, and we'll see if they come today. From Corporation Counsel, we have Deputy...or Deputy Corporation Counsel Mimi DesJardins. Our Committee Staff is Legislative Analysts Paige Greco and Alison Stewart, Legislative Attorney Remi Mitchell, Committee Secretary Stacey Vinoray, and Assistant Clerk [sic] Pauline Martins. Just a reminder for the folks out there that the...that the Affordable Housing Committee now meets on Thursdays at 1:30 p.m. All right, Members. We have an agenda item. We only have one item on our agenda today, it's the Comprehensive Affordable Housing Plan: Affordable Sales Price Guidelines (AH-14(6)). Let's start off with our testimony. Information on providing testimony can be found on today's agenda. In accordance with the new revised Sunshine Law, a person has a right to testify at the beginning of the meeting, or before the item is to be discussed by the Committee. We will receive oral testimony at the beginning of the meeting and as the item is called up on the agenda. As testifiers are signed up, they should

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

indicate to Staff if they wish to testify at the beginning of the meeting or before an agenda item. Otherwise, Staff will assume the testifier will speak at the beginning of the meeting. Testimony is limited to three minutes per item. While waiting for your turn to testify, please turn off your microphone and video. Since there is only one item on our agenda, folks, we need just three minutes of testimony from you. When you're called upon, please unmute yourself and state your full name, and if you're testifying on behalf of an organization or are a paid lobbyist. Staff will do their best to add names to the testifiers list in an orderly fashion. The link to the list is posted in the chat, and you may chat to be added or removed from the list. Chat should not be used to provide public testimony or comments during the meeting. And if you do not wish to testify, please disconnect from BlueJeans, and instead view the meeting on *Akakū* Channel 53, Facebook Live, or mauicounty.us/agendas. Written testimony can also be sent using the eComment links followed next to the posted meetings on mauicounty.us/agendas. As always, mahalo for your cooperation and patience. And before we call on our testifiers, I want to recognize Member Keani Rawlins-Fernandez. Oki to you, 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, and we have our Committee Outreach Specialist Zhantell Lindo on the other side of the office. Reporting no testifiers, I believe, but if that changes, I will notify you. Mahalo, Chair.

CHAIR JOHNSON: Okay. Thank you so much. So Members, at this time, we'll call upon testifiers wishing to testify at the beginning of the meeting. I will say...and here's an important change. We are now keeping testimony open until after my opening comments. So testifiers can hear my proposal before they give comments. May be beneficial to wait until opening comments so your testimony can be specific to any changes being proposed today. If you would like to wait until after opening comments, please let us know when your name is called. We'll put that on the list.

. . . BEGIN PUBLIC TESTIMONY . . .

CHAIR JOHNSON: So Ms. Stewart, will you please call the first testifier?

MS. STEWART: Chair, the first testifier is George Burnette, to be followed by WCA Design.

MR. BURNETTE: Oki, Council. Can you hear me?

CHAIR JOHNSON: Loud and clear, George. Aloha.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MR. BURNETTE: Okay. Good to see you. Okay. My name is George Burnette. I'm testifying in favor of Bill 107 as an individual. I don't see the value in understating the cost of homeownership, including the required taxes, homeowners insurance, PMI, and then the HOA dues, along with the principal and interest would certainly give a more accurate cost to the homeowner. Information gathered from the Council's website says that HUD's median family income for Maui, excluding Hāna, is \$95,900. And using the charts on the Council's website, a family of four earning 80 percent AMI and using an interest rate of 5 percent could afford to pay \$432,515 for a single family home. And I used my mortgage payment as an example, and I found that 7 and a half percent of my payment goes for homeowners insurance, and another 7 and a half percent goes for taxes. And I believe the average rate for PMI is about 2 percent. I don't pay PMI, but I believe that many do. So insurance, taxes, and PMI adds up to about 17 percent of the cost of homeownership, in addition to principals and taxes. This example doesn't include any HOA payments. So back to the family of four who can afford a payment of \$423,515, if you subtract 17 percent from that to include a more realistic cost of homeownership, you get a figure of \$358,987, which I believe more accurately reflects what they could afford. So I think it's in every homeowner's interest to be able to actually afford whatever home they are able to purchase. And even if this bill negatively affects homebuilders in some way, perhaps those are homes that don't need to be built here in Maui. And I think most would agree that truly affordable homes are the need here, and not more homes for those better off. Mahalo.

CHAIR JOHNSON: Thank you for your testimony, Mr. Burnette. Members, do we have any questions for our testifier? Seeing none. Thank you once again. Mahalo. Okay. Ms. Stewart, will you call the next testifier please? Ms. Stewart, are you there or...okay.

MS. STEWART: The next testifier is WCA Designs, to be followed by Tera Paleka.

CHAIR JOHNSON: The name was WC [sic]. Are you...are you on the call? It's your turn to testify. If not, we can go on to the next testifier. Okay. Let's go on to the next testifier, Ms. Stewart. We'll come back.

MS. STEWART: The next testifier is Tera Paleka, to be followed by Noelani Ahia.

CHAIR JOHNSON: Ms. Paleka? I saw your camera on earlier. Okay, there she is. The floor is yours.

MS. PALEKA: Hi, aloha. This is Tera Paleka. I am a...testifying for myself, and I am a business owner, and I just so happen to be a 30-year-long mortgage broker. So I'm the one who is financing the homes that all of our locals need to be able to afford. I'm in favor of this bill. I came to the meeting because I need to brush

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

up on my affordable house...housing task force ventures because I really want to get back involved with everybody. But the long and the short of it is, I have to constantly sit and help our locals budget. And we pray, cry, hold hands, and tell each other that they can do it, it's just everybody has to pile up, and there has to be five of them in a house so that they can be able to afford more than just saimin for dinner every night. And this is not a joke. I am on the front lines. I see this every day. And I make a lot of money. I cannot afford the median house price. I make more than the average person. I cannot afford that. I will not afford that. I cannot justify that. So anything I can do to help, I am there. And I apologize. I am actually in New England right now. So we're six hours ahead of you guys, and I'm going to bed normally right now. I'm just here visiting. So I don't have my thoughts gathered correctly, and I apologize, but I just want to say that it's common sense. We see it in the papers every day. We talk to our friends every day. Nobody can afford to live. And it...I...this is my famous saying I tell to everybody. I'm just going to leave you with this. When you come to Hawai'i, do you want to see anybody but a Hawaiian dancing hula on the stage of a lū'au? No, you don't. You want to see a local dancing on the stage, but nobody can afford to live there, so they're leaving. So let's keep our locals home, okay. All right. That's enough out of me. Thank you guys.

CHAIR JOHNSON: Thank you, Ms. Paleka. Members, do we have any questions for our testifier? We do have one from Councilmember Sugimura. Go ahead, Councilmember.

COUNCILMEMBER SUGIMURA: One moment. There. Thank you very much and...for taking the time to talk to us on your vacation in England [sic]. But what you just said directly voices the concerns that we've been hearing that our subsidy should go to the individual to pay for all the things that, you know, you try to help them with to pay for their mortgage. So that the County, if we are going to subsidize, you know, leave the sales guideline numbers alone and give the individuals...so your clients, we would give them a subsidy to pay for the things that, you know, they struggle to pay with so they got to hui their money together. Do you have a thought on that? Because that's...I think that's what you just said.

MS. PALEKA: No, that's not what I said. I actually...honestly...I'm going to be very honest, and this is going to make me look terrible. I have not read enough into it to know exactly what you speak of. I do know that it's not just a matter of giving the individual money, because I can do loans at 100 percent. I can do loans...and this is going to sound a little strange to people who are not in the industry, but if the person can afford the monthly payment, they will figure out where to get the closing cost from, and the small down. What is making everything...and what will exacerbate and come to fruition because our rates are going to go up even farther than they've gone...right now, we're at a kind of

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

stalemate. But we have to repay for the debt we're all in for our nation. And with inflation out of control right now, the Fed has no choice but to raise rates even higher. That means less house that a person can afford, period. So when our median house price in our State is 1.2, and at one time...I haven't looked lately, but our median house price was 1.3 on Maui. That was a couple months ago. Like, I make a lot of money. I can't afford that. I refuse to afford that. That is obscene to me. Median house price, that means middle of the road. No. I'm dealing...I've got my family. I'm born and raised. I've got my families that are working construction that are making good money. And anywhere else, they could afford a mansion for what they make. But here, you're getting Cracker Jack boxes. We have to figure it out. It is obscene when I tell people, you guys are selling Rubbermaid sheds for \$800,000. Like, get out of here with that. Like there has to be...we have to take control because...and I'm an entrepreneur. I got ahead by being able to flip a house here and there, but by no means did I make a business out of it. And I believe that it's okay to do that, but if that's all I see...and I do see it. I'm in the trenches. I see it all day long. I'm financing it. And I've got people that are applying for affordable housing projects that are not first-time homebuyers, and they're able to get in there because of whatever happens on the backside. I'm not saying this is in Maui County...Maui County, you know, our affordable housing people did this. I just know that a lot of developers have skirted some stuff, and they need to be held accountable.

CHAIR JOHNSON: Okay. All right. Thank you, Ms. Paleka.

MS. PALEKA: All right. See, don't get me started. I'll keep going. I apologize.

CHAIR JOHNSON: We do have some more question from you [sic] from Chair Lee. Go ahead.

COUNCILMEMBER LEE: Hi, Ms. Paleka. Okay. Are the interest rates up to 6 percent, or what are they now, currently, about 6?

MS. PALEKA: They are. They are...so the average right now...let's just pretend because I tell everybody you can't shop rates with me. It all depends on everything. Every little nuance of a file can dictate cost of the rate or the rate itself. But the average for a conventional loan, and that's not necessarily what a first-time homebuyer would get. Because the old thought is you got to have 20 percent down....that is absolutely not true. Majority my 30 years in business, I've been doing 100 percents and 3 and a half percents. So...but the interest rates in general...let's pretend a person has fantastic credit, their debt to income ratio is in line with the guidelines. The average is around, I'd say, 4 percent with 2 point cost. And that's not my money. That's the bank who I am brokering to. One of my investors is getting that two percent.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER LEE: Okay. So currently...let's just pick 6 percent.

MS. PALEKA: Yeah.

COUNCILMEMBER LEE: Currently, a three-bedroom, under the current guidelines, would sell for \$355,000. So that's using the current sales guidelines. So what you're asking for is for us to drop that even lower, even though...

MS. PALEKA: No. I'm not asking that.

COUNCILMEMBER LEE: Because we'd really have to subsidize that house.

MS. PALEKA: No, no, no. I'm not asking that at all. And that's where I need to apologize because this really makes me look terrible. I have not brushed up on where you guys are at with those prices. So...but what I do mean to say is that the rates are going up, and they're only going to continue to go up. So the 355, we've got to be able to get it done already. Get this done because the rates are not waiting for us.

COUNCILMEMBER LEE: Okay.

MS. PALEKA: That makes everybody else not be able to afford.

CHAIR JOHNSON: Let me ask you a quick question, Ms. Paleka, in regards to the...how many of your clients are getting those FHA loans, the Federal loans? Because that's...if this bill passes, that's...will open up the FHA loans that are not nearly that 20 percent down that you speak of.

MS. PALEKA: No. And so...

CHAIR JOHNSON: No one's getting those FHA loans?

MS. PALEKA: No. All day long, that's the majority of what I finance.

CHAIR JOHNSON: Okay.

MS. PALEKA: And the reason why I finance those--I got to put this caveat, and I'll shut up after this--is that they allow higher debt to income ratios. They do have monthly mortgage insurance that's higher than a conventional, but it outweighs because the interest rate for FHA is lower. And they allow higher debt to income ratios. So that allows them more house. That allows them...conventional is strict.

CHAIR JOHNSON: Okay. Yeah. Okay. We have a...another question for you from Councilmember Paltin.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER PALTIN: Thank you, Chair. My question is not clarifying. I was wondering if Ms. Paleka wouldn't mind putting her contact email in the chat.

MS. PALEKA: Sure.

COUNCILMEMBER PALTIN: And I would love to have her perspective. I have choke questions, but I don't want to break the rules.

MS. PALEKA: Yeah.

CHAIR JOHNSON: Yeah. Sorry, we have to do clarifying questions only, Ms. Paleka. So for a deeper discussion, please reach out to Councilmember Paltin. Members, any other questions for our testifier? Seeing none. Thank you for staying up late with us. Aloha. Ms. Stewart, will you call the next testifier, please?

MS. STEWART: The next testifier is Noelani Ahia, to be followed by Todd Lerner (*phonetic*).

MS. AHIA: Aloha, Councilmembers. Good afternoon. I'm Noelani Ahia, and I'm testifying on my own time and on my own behalf. I just wanted to testify in support of Bill 107. You know, it's kind of...affordable housing is kind of like an urban myth on Maui. When people in the community talk about affordable housing, they laugh. Because it's not really affordable for most local people, especially Kanaka Maoli and long-term local families that have been here for generations. So I really support this legislation in changing the way in which affordable is crafted, the math that's used to craft what is actually affordable so that local people can actually buy homes. Because this whole build, build, build, build, build mentality really only benefits the developers, and not the people, because most of those homes aren't going to be occupied by long-term local residents or especially Kanaka Maoli. So I support this bill, and I hope that you can move this forward quickly. Mahalo nui. Aloha.

CHAIR JOHNSON: Thank you so much, Ms. Ahia. Members, do we have any questions for our testifier? Seeing none. Thank you once again for testifying. Ms. Stewart, will you call our next testifier, please?

MS. STEWART: The next testifier is Todd Lerner, to be followed by Jeff Gilbreath.

CHAIR JOHNSON: . . . (*inaudible*). . . are you on the...are you...can you unmute yourself? The floor is yours if you're ready to testify. Okay. I don't hear that person. So we can go on to the next, and maybe follow up with them later. Ms. Stewart, call the next testifier, please.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MS. STEWART: The next testifier is Jeff Gilbreath, to be followed by Mandy Kela (*phonetic*).

MR. GILBREATH: Aloha, Councilmembers. Jeff Gilbreath with Hawai'i Community Lending and Hawai'i Community Assets. And I'm just here to testify on Bill 107. I stand by my testimony that I shared at the Council, really encouraging us to be looking at how to set up standard and subsidized sales price guidelines, and making sure that we have the subsidies to direct to the buyer. So not only can we make sure that the family can afford the purchase price, but that builders can recoup the construction costs, especially our 100 percent affordable builders who are typically working on really tight margins as it is. I'm encouraged by conversations that have been happening, and look forward to seeing some language that would codify what we've been requesting, especially in our role as being the lead contractor for the Maui County Comprehensive Affordable Housing Plan. So hoping that that conversation can continue, and that we find the bill again that only commits to those subsidized sales price guidelines if we can commit funds for the subsidies to the buyer. So happy to take any questions you folks have. I think you're pretty familiar with where I stand on the issue. So I can leave it at that.

CHAIR JOHNSON: Okay, Mr. Gilbreath. We have a question from Councilmember Sugimura, followed by Chair Lee.

COUNCILMEMBER SUGIMURA: Sorry. I would like to know if Mr. Gilbreath would stick around and be a resource for the bill, if the Members would allow, and you, Chair, and if he has time.

CHAIR JOHNSON: Ms. Gilbreath, do you have time to stick around?

MR. GILBREATH: I can be here for about another hour and maybe 15 minutes before I have to jump, but happy to...happy to at least do that.

CHAIR JOHNSON: Okay, Members. Without objection, I'll designate Jeff Gilbreath as a resource person on Rules 18(A) of the Council, if...given his expertise in the CAHP and affordable housing. Any objections?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR JOHNSON: Chair Lee, I saw your hand up, as well as Councilmember Paltin's. Is this...is this different? Yeah, go ahead.

COUNCILMEMBER LEE: No, I have a question. Hi, Jeff. Okay. So I am not necessarily opposed to subsidies because we subsidize affordable housing all the time, but my concern is...I have two concerns. One, what would you suggest the cap be; and secondly, the timing of the subsidy. Because

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

oftentimes, projects don't move forward in a timely manner...I mean, they can drag on. So in other words, the developer could start this year and the first people move in a year and a half from now, or maybe two years from now, depending if everything falls in line. So how would you address the cap...

CHAIR JOHNSON: Chair, don't you...don't you think that would be answered when he...when we get down to discussions? We have him as a resource. I...can we wait...hold off on that for now?

COUNCILMEMBER LEE: Okay. I can hold off. Okay.

CHAIR JOHNSON: Okay, thank you.

COUNCILMEMBER LEE: When he talked about subsidies, I was wondering what he meant by that.

CHAIR JOHNSON: Okay.

COUNCILMEMBER LEE: But I can wait.

CHAIR JOHNSON: Mr. Gilbreath, when we...when we get to discussions, will you follow up on that? I'll call on you on that. Councilmember Paltin, same thing for you. Is this something different?

COUNCILMEMBER PALTIN: Yeah, I wanted to log in my request to ask a question at the time --

CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: -- because there's been other opportunities where we requested a resource, and I never got my opportunity.

CHAIR JOHNSON: All right.

COUNCILMEMBER PALTIN: I mean, just making a verbal.

CHAIR JOHNSON: We'll make a bookmark of that to make sure we get to him when we...when we get to that discussion part. So...all right. Thank you for that. Thank you for your patience in that. And we want to move along. So thank you, Mr. Gilbreath. Ms. Stewart, will you call the next testifier, please?

MS. STEWART: Chair, there are no further testifiers for the beginning of the meeting.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: Okay then. All right. So...all right. If...so if you wish to testify, please...this is the last...or if you wish to testify, please unmute your audio and/or video and identify yourself if you wish to testify right now.

ITEM AH-14(6): COMPREHENSIVE AFFORDABLE HOUSING PLAN:
AFFORDABLE SALES PRICE GUIDELINES
(Recommitted)

CHAIR JOHNSON: Okay. I will now proceed on...proceed with our one agenda item, and that is the Comprehensive Affordable Housing Plan: Affordable Sales Price Guidelines (AH-14(6)). All right. So as a reminder, public testimony is still open. We will hear opening comments, and then the public will have the opportunity to testify on AH-14(6). Members will only be able to ask clarifying questions before public testimony is closed. We're here to...we're here today as Bill 107 got recommitted after an ASF was introduced during the recessed Council meeting on July 18th. This ASF was written by Councilmember Kama, and can be found in your Granicus, number 22. I'm proud that this Committee had the will to make affordable and workforce housing truly affordable following the CAHPs recommendation when Bill 107 passed out of Committee. This ensures that Maui County's price guidelines will allow a much larger percentage of our local people to achieve homeownership. It will help ensure us keep our local workforce, and ensure a better future for our children and our children's children. We're facing an unprecedented housing crisis, and we must put our hardworking local people first. However, I understand the concerns of the developer community and housing advocates that testified and said the bill that was written as is, Bill 107, does not link the work we did with Bill 61. The price guidelines are not supported by a guarantee of subsidies written in the...into the Code, which doesn't give security to the developer, or clearly addresses when a developer does not take County subsidies and we would subsidize the homebuyer. And today we're here to solve that. Since the last Council meeting, I have met with developers, the Deputy Director of DHHC, Corporation Counsel, OCS, as well as had conversations with housing advocates and potential homebuyers. I believe I have come up with an amendment that addresses these concerns, incorporating Councilmember Kama's intent to tie a funding mechanism to this policy by also clarifying that subsidies can be made direct to developer or to the buyer. I know Councilmember Sugimura was talking about that, so we've...we worked on that in this amendment. My amendment proposes two sets of new sales price guidelines, two different sets. The first is the baseline, and it is...is an improvement on how we are currently calculating prices. These prices will be calculated using principal and interest only, but prices will be kept at 28 percent of gross annual income instead of 30. This was suggested by the Department of Housing and Human Concerns during the June 30th, 2022 meeting, and submitted in a letter dated June 28th, 2022, which you can find in the Granicus. And that's number 15 in Granicus if you

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

want to pull that up, number 15. This will bring our baseline affordable sales price in line...sale prices in line with Hawai'i, the Big Island, and HFFDC [sic]. According to the Department, this new way of calculating will result in an average decrease of affordable sales prices of 6.7 percent. This will...this will be how we calculate affordable sales price for units built under 2.96, 2.97, 201H, and any other affordable housing programs that do not receive subsidies from the Affordable Housing guidelines...or sorry, that do not receive direct subsidies from the Affordable Housing Fund. The second set of sales price guidelines will follow the recommended calculations factoring in total housing cost. That includes mortgage insurance, HOH [sic] fees, other insurances, et cetera. These prices will be calculated...capped at 31 percent of gross annual income--that's the difference between the two of them: 28 percent and 31 percent--bringing them into alignment with Federal mortgage programs. As we heard previously, this will result in an average decrease of sales prices by 22 percent, folks. That's significant. These guidelines will be required to be used by any project receiving Affordable Housing Fund subsidies on the project level. If history is any indication, these are major...these are a majority of nonprofit developers who, by receiving direct subsidies, will be able to pencil out new housing prices that passed out of our Committee on June 30th. Now, here's the important part. My proposal ensures that all buyers actually end up paying the second, lower sales price because the County will subsidize the difference between sales...subsidize the difference through the Home Acquisition Fund. For projects that use the baseline sales price guidelines, direct-to-buyer subsidies from the Home Acquisition Fund will be used to bring the cost down further, factoring total housing cost. Various mechanisms can be used, such as zero percent loans, deferred mortgage payments, grants, any other mechanisms that we deem appropriate. This allows us to subsidize a difference direct to buyer instead of to the developer. In this way, the developer knows what price point they can sell at, and the County knows how much it needs to subsidize the homebuyer in order for our families to still qualify for those key FHA loans, the price of the house to be the same for the homebuyer in both models. Understand that. The price of the house will be the same for both...in both models for the buyer. One model subsidizes the developer, and the other model subsidizes the homebuyer. So, if you remember, Bill 61 expanded the uses of the Affordable Housing Fund, including the critical allowance of providing funds for payments of principal and interest on bonds issued. The option to use bonds is what makes this model possible. We must be bold and approach this crisis head-on. You know all how...you all know how hard I fought to increase the amount in the Affordable Housing Fund. It was critical to do this before I introduced the change in price guidelines, as I know County subsidies for developers and homebuyers will be critical, just like it was critical to pass Bill 111 first to make sure that our long-term residents and workforce are prioritized when getting these homes. I would like Staff to distribute my ASF now. You can find it on Granicus, and it's number 23 if you want to pull it up right now. And it was also posted on Granicus at the beginning of the meeting

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

for people watching or waiting to testify. And right now, I'd like to take about a ten-minute recess to give everyone time to read and digest the rewritten amendment. When we come back from the recess, I'd like to receive comments from Deputy Corporation Counsel Mimi DesJardins, and then Housing and Human Concerns Deputy Director Linda Munsell, and then take testimony for those who've waited to testify after listening to the opening remarks. So Members, I'm going to take a ten-minute recess. You can print it out; you can read it. It's up on Granicus. And we'll come back after ten minutes, and then we still have our folks who wish to testify. And I see Councilmember Keani Rawlins-Fernandez's hand up. Yes, Councilmember?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I just wanted to make sure you saw Member Kama on. I think she joined.

CHAIR JOHNSON: Oh, thank you for recognizing.

COUNCILMEMBER KAMA: Just before you recess.

CHAIR JOHNSON: Yep. Okay. Councilmember Kama, oki to you. That's the greeting of the day. Welcome, welcome, Councilmember Kama.

COUNCILMEMBER KAMA: Aloha 'auinalā, Chair. And oki to you, and all of my colleagues. And wow, this is so exciting to be taking up this one item today that I'm sure is going to bring great joy and tears to, you know, our people's eyes. So thank you very much, Chair.

CHAIR JOHNSON: Thank you.

COUNCILMEMBER KAMA: Thank you, Keani.

CHAIR JOHNSON: Thanks for helping me out with that. Now, we're going to put...for those Members who...hold on one second, Chair Lee. For those Members...or those folks who are on this, we're going to put the amendment in the chat so you can look at it in the chat as well. So Chair Lee, go ahead.

COUNCILMEMBER LEE: Okay. I was just going to ask you if you could just email it to me.

CHAIR JOHNSON: Okay.

COUNCILMEMBER LEE: That's easier.

CHAIR JOHNSON: We can do that too.

COUNCILMEMBER LEE: Okay, thank you.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: All right. So we're going to take...one sec. We're going to take...we're going to take a ten-minute recess. It's 2:07. We're going to come back at 2:17. 2:17, come back and be freshed [sic] and ready to go. Well, before we do that, Councilmember Yuki Lei Sugimura, you have your hand up.

COUNCILMEMBER SUGIMURA: Refreshed my Granicus and there's also a ASF from Tamara. So you might as well announce that too.

CHAIR JOHNSON: Yep. Councilmember Paltin has one as well, I noticed, and that's number 24. Okay. So it's 2...it's 2:07. Come back at 2:17. The Affordable Housing Committee is in recess on 8/4/2022. ...*(gavel)*...

RECESS: 2:07 p.m.

RECONVENE: 2:17 p.m.

CHAIR JOHNSON: ...*(gavel)*... Will the Affordable Housing Committee of 8/4/2022 come back from our little recess there? I hope everybody has those amendment...my amendment out there. And now we'll...what we're going to do...we're going to bring some Departments to speak on this. So we'll allow our Department representatives to provide their opening comments. And I'd like to recognize Deputy Corporation Counsel Mimi DesJardins. Ms. DesJardins, are you...there she is. She's on the call. The floor is yours.

MS. DESJARDINS: Thank you, Chair. Good afternoon, Members. So I'm looking first at the amendment summary form that was submitted by Chair Johnson. I don't have...I mean, I haven't had as much time as I usually like to have to vet these things, but I will tell you that just at first blush, the only thing that I think that could use some consideration is at the very end, where it says...let's see. I'm sorry. Under number 3, the Department must make available a home acquisition subsidy program, and that subsidies from this program must be used to fund the difference between the prices under 1 and 2. I'm just wondering if the word must could somehow invite folks to argue that you are going to subsidize without any other consideration. You must provide a program, sure. The home...3.35 does allow Council...or 3.34 allows Council to expand the types of programs under 3.34. That's great if you want to expand your programs, but I would, in terms of interpretation, make it clear that when you apply for a subsidy, you would be qualifying for that subsidy. It would not be mandatory that you would be entitled to a subsidy. So just at first blush, Chair --

CHAIR JOHNSON: Okay.

MS. DESJARDINS: -- that's the only thing that I see as far as form and legality.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: So if I'm hearing you correctly, shall would be better, or may?

MS. DESJARDINS: I think I would clarify it to be the Department must make available a program. So you would be amending 3.34 to include a new program, which would be, say for example a deferred mortgage program or whatever you'd like to title it, to address this. But the part that I think you need to make clearer is whether or not people are entitled to that subsidy, or whether they would go through a application process to apply for the subsidy and then see exactly what the subsidy is. So that's...that is what I mean by changing it, not from...to shall, but subsidies from this program may be distributed, or may be applied, or may be applied for, or something along those lines, because I don't think you intend that everybody is entitled to this.

CHAIR JOHNSON: So which one would you prefer, shall or may? And I think the rest could be done in Admin, right? Oh, I see Councilmember Paltin's hand up. Go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: Would...to...subsidy to a qualified buyer help?

MS. DESJARDINS: Something along those lines, exactly. Something that would mean more than just shall be. The program you can make mandatory, the creating of it.

COUNCILMEMBER PALTIN: So like they have to qualify through the...through like a HUD housing counseling agency or something, and then once they qualify through that process, then they must get the subsidy is okay?

MS. DESJARDINS: I don't know if must is okay, because what if we don't have the funds available and you need to budget your balance...balance your budget every year. I think that when you say must subsidize, it puts a financial burden that's too mandatory on the County. The County can perhaps take applications to see if folks qualify, and then look at the fund, how much money's in the fund, what can the County afford. What if the County...what if funding is depleted, and you have shall provide a subsidy? How are you going to account for that?

CHAIR JOHNSON: So how about this, where it says subsidies from this program shall be made to a qualified buyer?

MS. DESJARDINS: Again, you're mandating that the subsidy...that the County shall provide the subsidy without knowing whether the County has the funding.

CHAIR JOHNSON: So may be...

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MS. DESJARDINS: It has to...

CHAIR JOHNSON: May be made to a qualified buyer; is that better?

MS. DESJARDINS: Well, just like the first-time homebuyers program, you apply, some folks are accepted, some folks are not. Just simply because you apply and you qualify does not mean that we provide that subsidy. Depends on a number of factors that I think would have to be developed, but I'm just cautioning you to not make it so much of a commitment to the County that you have no way around it.

CHAIR JOHNSON: Okay. All right. I understand where you're coming from. Councilmember Paltin, did you have any...you had your hand up?

COUNCILMEMBER PALTIN: Yeah, but I think my comment might be discussion. So I'll reserve it for after testimony.

CHAIR JOHNSON: Okay. Thank you for that. Appreciate that. All right. Councilmember...or Ms. DesJardins, do you have anything else? That...was that your only concern?

MS. DESJARDINS: That's my only...at first blush my only concern with your page...your amendment summary form. I don't know whether you want to go through them one at a time. I know there's another one.

CHAIR JOHNSON: No, we'll just do mine first, and then we'll have the Department speak after you. But...and we'll have the Councilmembers speak to you after we have Deputy Director Linda Munsell come up next, okay? All right. So let's bring up Deputy Director Linda Munsell.

MS. MUNSELL: Thank you, Chair.

CHAIR JOHNSON: Go ahead.

MS. MUNSELL: My name is Linda Munsell. I'm the Deputy Director for the Department of Housing and Human Concerns. With me today is Jessica Crouse, the Assistant Housing Administrator, who will help assist if we've got some questions programmatically. As you mentioned at the June 30th meeting, the Department had proposed that we would set these new sales price guidelines based on 28 percent of principal and interest. We had proposed this as a simple administrative change rather than amendments to 2.96, which would make it very...obviously a simple thing. Of course, since that time, you have expressed significant interest in also providing a home acquisition fund of some sort to assist with making the housing more affordable for people. And I can see that's reflected in your bill here. Again, we would propose that you

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

would keep it very simple and indicate that the Housing Division or the Department would be providing guidelines on how a program like that would be administered, rather than codify it in an ordinance, that way we can work through some administrative things. If you do want to put it into the ordinance, we do have some suggested changes because I'm not positive that what you're proposing will actually accomplish what you're wanting to accomplish. Not everyone is going to need the same amount of subsidy for every home. Some are going to need more than others. And we would also like to ensure that the program is run by the...by the Department rather than through a HUD counseling agency, and that it reflects the final housing closing...or final housing cost rather than the qualifying housing cost, which we think is...would be using the taxpayers' dollars in a way that would be unnecessary. And we're here, obviously, to answer any questions and to help you with wording. And thank you.

CHAIR JOHNSON: Okay, great. Thank you. Now, Members, before we begin deliberations, we still have out public testimony that we want to do, okay? So at this point, I would like to have...to open public testimony for AH-14(6), the Comprehensive Affordable Housing Plan: Affordable Sales Price Guidelines. So Staff, is there anyone else wishing to testify on this item?

MS. STEWART: Chair, the next testifier is Keoni Kuoha, to be followed by Brett Davis (*phonetic*).

CHAIR JOHNSON: Mr. Kuoha, aloha. The floor is yours.

MR. KUOHA: Aloha kākou. Aloha 'auinalā e na lala hanohano kēia Komike (*phonetic*). 'O wau o Keoni Kuoha. I have the privilege of lobbying to this Council as Director of House Maui Initiative of the Hawai'i Community Foundation. So first off, just mahalo nui for the additional time to consider and discuss Bill 107. I have appreciated the opportunity to speak with many of you one on one about this bill, understand your intentions, your concerns, and the specific verbiage that can realize the best outcomes for affordable housing in this County. Our shared goal is making housing truly affordable to County residents. The crux of the challenge before us is doing this in a way that enables and expands affordable housing development. The approach captured in Bill 107 is to cap the cost of homeownership and for the household...or per household income. Therefore, the homebuyer would pay for their new home according to their ability. And so, we've kind of gotten to discuss a bunch of that, and I think the new verbiage that Chair Johnson has put forward gets us closer, if not there. I've gotten to review it. Just to give you a little insight into my process, I really appreciate getting to talk to a wide range of folks with different understandings of the system because I think there's no one expert on this whole system. You got to talk to finance people. You got to talk to different types of developers because it affects different developers differently. And so, I

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

just would appreciate more time to farm this out, see, you know, are we missing something, how might this impact your work. But honestly, I just...I feel like these conversations are really helping us produce legislation that's going to be really good for both the community, the residents that need the access, as well as the developers who want to build affordable housing, including for 2.97. We've have had a few developers pick us up on that, but we want 100 percent affordable housing where the math can work. So again, mahalo nui. I really appreciate all the time and effort that has gone into...into the discussion so far.

CHAIR JOHNSON: Thank you, Mr. Kuoha. Members...we have a question for you from Councilmember Sugimura. Go ahead.

COUNCILMEMBER SUGIMURA: Thank you. So, clarifying question. So, are you saying that this gets us closer, but we're not there yet?

MR. KUOHA: It...I don't know that we're there yet. This verbiage might be perfect, but just for my process...you know, for instance, Jeff is like a great partner in this. He understands how financing...the ins and outs of that. But then we have other stakeholders and folks that help sort of lend...lenses and insights to different parts of how this bill may impact the system.

COUNCILMEMBER SUGIMURA: So, more discussion. Thank you very much. Appreciate it.

CHAIR JOHNSON: Okay. Members, any other questions for our testifier? Seeing none...oh, we do have...we have two. Councilmember Kama, followed by Councilmember Keani Rawlins-Fernandez.

COUNCILMEMBER KAMA: Thank you, Chair. Thank you so much for being here, Mr. Kuoha. So, in reading the different amendments that is on Granicus, were you able to review all the amendments, or just Chair Johnson's amendment?

MR. KUOHA: Oh, we've had a chance to look through all of the amendments that have been put forward, all the options sort of for this bill. And some of the things that we noticed...and we still have the one, Member Kama, that you had put forward. And, you know, some of our concerns with the original bill was making that connection --

COUNCILMEMBER KAMA: Right, and the subsidy.

MR. KUOHA: -- between the funding and the requirements. And I'm seeing that connection being built. And, you know, when a...when a builder is looking to build something, that certainty helps them finance the...you know, adds to the capital stack that allows them to actually --

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER KAMA: Right.

MR. KUOHA: -- put shovels in the ground and build their houses.

CHAIR JOHNSON: Okay. Thank you.

COUNCILMEMBER KAMA: Thank you. Thank you, Chair.

CHAIR JOHNSON: Thank you. Councilmember Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I just wanted to see if we want to check with Mr. Kuoha to see if he would be able to serve as a resource.

CHAIR JOHNSON: Mr. Kuoha, are you free to be a resource?

MR. KUOHA: I am free for the next half hour, and then I'm jumping into another meeting . . . *(inaudible)*. . .

CHAIR JOHNSON: Okay. Members, without objection...without objection...

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR JOHNSON: Yeah. Okay, without objection, I'll designate Mr. Kuoha as a resource person under Rules 18(A) of the Council, given his expertise in the subject matter, for the next half hour.

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR JOHNSON: No objections? Okay. All right. So, let's move on to the next testifier, please. Staff, will you call the next testifier?

MS. STEWART: Chair, next on the list is Brett Davis, to be followed by Brad Cook *(phonetic)*.

CHAIR JOHNSON: Aloha, Mr. Davis. Can you hear me? Oh, he's not testifying. Okay. Let's move on to Mr. Cook. Mr. Cook, are you here to testify? Not testifying. Okay. Staff, do we have any more testifiers?

MS. STEWART: Chair, we do have Trinette Furtado logged in. I'm not sure if she wishes to testify or not.

CHAIR JOHNSON: Okay. If you don't...

MS. FURTADO: Yes, I would like to if I can briefly, please.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: Please, certainly.

MS. FURTADO: Aloha, Chair Johnson and Members of the Affordable Housing Committee. My name is Trinette Furtado. I live in Kula, and I wholeheartedly support this bill. I think that in many ways it will help those in our community that are really what seems to be below the threshold, so to speak, now for qualifying to purchase an affordable home. Some of my concerns are ensuring that it is local residents that are the ones that get these subsidies when they get these homes because a lot of the application process doesn't account for the fact that some of those awardees, those lottery winners, are people who have recently moved to the islands, over those who have been here a long time. And so you know, I'd like...and I know this probably may not be part of this bill, but I think thinking about what we use to determine homeownership and residency in real property taxes might be considered for those that apply for affordable housing units. I also think that when we look at affordable housing projects, that we need to take into account where the project is sited, and you know...as that will be a consideration in future payments that those homeowners will have to think about and deal with. For instance, projects in flood zones and on wetlands and in areas that might present a hazard later on, those homes that may be next to the 3.2, you know, that inundation zone. All of these things, I think, when we look at projects that are brought before the Council, need to be taken into consideration so we do have some kind of idea of what that price will actually look like for our homeowners. Because one of the most disappointing things and defeating things that some of our people have gone through already is qualifying for the home, getting into the home, and then, because of HOA fees, or flood insurance, or a number of these things together, end up being very close to losing that home, or losing that home. And we certainly don't want those kinds of things to happen to our residents who, you know, are just trying to stay here and grow their families. I appreciate the opportunity to testify on this issue, and thank you for your time. Mahalo.

CHAIR JOHNSON: . . .*(inaudible)*. . . Ms. Furtado. Before we open up to Members' questions, I just want to let you know that, you know, we wrote Bill 111 that gave priorities to residents who...on the length of residency that would be...and I can send you that email, or I'll send you the bill so that it's more clarifying for you because I know your concern is putting residents first. Well, ours as well. And that's Bill 111. I'll send you an email with it, and we can clarify that for you. Now, we have a question for you from Councilmember Paltin. Go ahead.

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you, Ms. Furtado, for your testimony. I just was wondering if you could clarify or define what you mean when you say local residents. Because I thought you had said something similar for like homeowner, which would be like that they paid income tax the year before, and then like...then living here one year would make them a local resident. Or did you mean something different?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MS. FURTADO: No, I...thank you, Member Paltin, for the question. No, I in fact did mean that. The same kinds of guidelines that we have to determine what a resident is for real property tax, I think should be applied for those that apply for lotteries for our affordable projects. And as Chair Johnson has said, that's...that kind of language is included in this bill, and I look forward to reading it.

COUNCILMEMBER PALTIN: So just to clarify my clarification, one year previous is for the homeowner status. That's what you meant?

MS. FURTADO: Yeah.

COUNCILMEMBER PALTIN: Okay. And then you'd be supportive of owner-occupied in perpetuity, then?

MS. FURTADO: Absolutely.

COUNCILMEMBER PALTIN: Okay, cool.

CHAIR JOHNSON: Okay. I think we posted Bill 111 in the chat.

UNIDENTIFIED SPEAKER: I'm going to.

CHAIR JOHNSON: And we're...it's going to happen shortly so we can clarify that for you. Okay. Thank you. Members, any other questions for our testifier? Seeing none. Staff, will you call the next testifier, please?

MS. STEWART: Chair, the list has been exhausted if you'd like to make a last call.

CHAIR JOHNSON: Certainly. If there is anyone else wishing to testify on this item, please unmute yourself and identify yourself. Oh, we got Mr. Nakoa. Go ahead, Mr. Nakoa. The floor is yours.

MR. NAKOA: Yes, sir. What's up, brah? I stay all the way in Honolulu. Got to get ready for the paddling championship, state championships, brah. But what you call...yes, I support this buggah. I support this bill, you know, any way to help get the local residents into affordable homes, that's the main thing. Not...that's not the main thing, that's a good thing. But you know...and like Trinette went say, the location, yeah. No put them inside the wetlands or on...in ditches and all that kine...you know, ugly kine places where these people who barely can make the affordable homes will have to suffer, yeah. Because if they get...you know, if they get flooded, then what? They got to deal with the elements, yeah, and then all that kine crap. But also, I know I talked to couple of you guys already and I when yell at the Mayor, and also McKelvey

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

about the project here in Lāhainā. I know it's a workforce housing rental thing, yeah, li'dat. But they going to build a new one. But across the street, they already get one for everybody else, yeah, or everybody. But the one they going to start building now is on Hawaiian ceded lands. I know it's a State issue. I know they goin' get...lease the lands through the HHFDC or whatever you guys...what letters you gonna use. But I just going to bring 'em up at this meeting because, you know, couple people from the County over there. That's the Mayor taking credit for something that is good, when the thing actually taking land away from the Hawaiians. We got to watch what we do about all that kine stuffs and if we support them or whatnot because you guys know, get choke people on the Hawaiian lists, you know what I mean? And I'm on it. And we no more even first preference for that housing, yeah, nothing. We no more nothing. No more Hawaiians first or, you know, this and that. No. No more lottery when you get put them into this issue...into this element with the HH...the FDC or whatever. Sorry. It's just more kine piss off, so shaking. But better watch out for da kine. I been in contact with the developer, Ikaika Builders. Mahalo, Brother Gabe for making that...making it happen, but he agrees with me. So we're gonna...gonna work out something before he go start marching and blocking and start trying to stop the development. We gonna work on something when he comes back here to Maui. Again, I'm a man of action. I going go talk story with that buggah. He remember me cause I wen yell at him about this project and say I no like this project here on Hawaiian ceded lands. And when the hearing come meet with us at Waiola Church, yeah. So I was never for this project, especially when taking Hawaiian lands for everybody. Like Trinette said, you know, the people from here, if we start bringing down the list of Hawaiians off the list, we taking care of the people of Hawai'i, bottom line.

CHAIR JOHNSON: Okay.

MR. NAKOA: That's all.

CHAIR JOHNSON: Thank you, Junya.

MR. NAKOA: Mahalo, guys. And Bill 111, I support that mother too, yes. Let's do this, brah. You guys doing a great job. Let's not screw it up. Mahalo.

CHAIR JOHNSON: All right. Do we have any questions...clarifying questions from Mr. Nakoa? Seeing none. Thank you for coming and testifying, Junya. Appreciate it.

MR. NAKOA: Shoots.

CHAIR JOHNSON: All right. Is there anyone else wishing to testify on this item? Please unmute yourself and identify yourself. Okay. Members, seeing there's

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

no more individuals wishing to testify, without objection, I will now close oral testimony for AH-14(6), Comprehensive Affordable Housing Plan: Affordable Sales Price Guidelines. Objections?

COUNCILMEMBERS VOICED NO OBJECTIONS. (excused: KTK, MJM).

CHAIR JOHNSON: All right, Members. Are there any objections to receiving written testimony in the record? No objections?

COUNCILMEMBERS VOICED NO OBJECTIONS.

CHAIR JOHNSON: Okay. And if there's no...all right. So I now close public testimony for this item.

. . . END PUBLIC TESTIMONY . . .

CHAIR JOHNSON: And let's go into our discussion, our deliberations. Members, please refer to my proposed amendments to Bill 107. All right. So, you...I assume you all have it. No one has any...didn't have a hard time getting with...getting to it. So, I can now propose a round of three minutes for further discussion and questions. And we can do additional rounds if Members need it. I would like the conversation to stay on topic. That's very important, Members. Please stay on topic of price guidelines and subsidy models in the amendments. I also want to remind you that we have with us today Deputy Director May-Anne Alibin, who can answer questions regarding the bonds. And we also have our two resources. And after the second round, I will entertain amendments from the Members. Okay. So, if you have an amendment, let's hold off for the second round so we can at least have a discussion on this one. And the round robin will go as follows. We'll have Councilmember Kama, followed by Chair Lee, followed by Councilmember Rawlins-Fernandez, followed by Councilmember Sinenci, and then Councilmember Sugimura. So Councilmember Kama, do you have anything to add in this discussion? Would you like to speak now?

COUNCILMEMBER KAMA: Chair, would you like me to speak to your proposal? Because...

CHAIR JOHNSON: Yes, please, if you can.

COUNCILMEMBER KAMA: Okay, I will do that.

CHAIR JOHNSON: Thank you.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MR. NAKOA: Okay. I will stick with your proposal only, correct? So, I think I want to go down to...on your ASF, where it...I think the third paragraph from the bottom of the page. It begins with, the sales price must be calculated using only principal and interest capped at 28 percent of gross annual incomes within each range when a developer does not receive direct County subsidies. So where did you get...I mean, how did you arrive with 28 as opposed to the 31 percent that we're talking about?

CHAIR JOHNSON: Yes, thank you. That was...if you recall the letter from Department of Housing and Human Concerns, Linda Munsell was speaking on that. And she's here on the call if you want to clarify more with that.

COUNCILMEMBER KAMA: Okay. Thank you, Chair.

CHAIR JOHNSON: That good for you? Okay. Deputy Director Linda Munsell.

MS. MUNSELL: Thank you. Thank you for the question. Yeah, so if you recall at the presentation that we made in June, we had gone and...out and consulted with a number of mortgage bankers and brokers, and actually sent out our workforce housing guidelines at 30 percent to principal and interest, and discovered that that was not affordable to a lot of the buyers...or well, they could qualify, but they would be struggling, right?

COUNCILMEMBER KAMA: Right.

MS. MUNSELL: And so the feedback we had received was that if we had changed that to 28 percent principal and interest, then that would solve the vast majority of our qualification problems with folks that were actually prepared to buy. And then when they did finally close, generally, the mortgage bankers used high estimates to make sure that it really is affordable to them. When they actually do close, those...a lot of those costs do go down. And so, the final housing cost would be well within the range that you're proposing. It wouldn't be 31 percent necessarily for every single buyer, but would be in that range, and certainly would not result in people not being able to close for the most part.

COUNCILMEMBER KAMA: So, it'd be 28 percent if the developer does not receive a direct County subsidy, right?

CHAIR JOHNSON: That's correct.

COUNCILMEMBER KAMA: So, is the...is the intent to give the subsidy to the developer, or is the intent to give the subsidy to the homeowner? And I'm trying to read that here. So, I don't...

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: Just to...for that particular one, it's for the homebuyer. Because some developers tell us they don't want to take County money because of all the strings attached. They might have to do an EA, or there's smaller type of developers who don't...who don't want to...they have their own financing. So this is a fork in the road. If you...if you're a developer who takes County subsidies, you follow this rules, and then...okay, I see your text...I see that in the chat, Councilmember Keani Rawlins-Fernandez. So we...we're at the fork in the road where folks who do take subsidies will be at that percent, and those who don't will be at the 28 percent. But the bottom line is the buyers will always have that 31 percent. We'll have to subsidize the buyers, right, to keep...to get them there. And before we go on, I did screw up the order. I want to clear up the record. I forgot Councilmember Paltin. I didn't mean to forget your...where you're at. So you're after Chair Lee and before Councilmember Rawlins-Fernandez, okay? So does that answer your question, Councilmember Kama?

COUNCILMEMBER KAMA: It does. It answers it because we're talking and having this conversation, but I'm not seeing where it's written. And that's the only concern I have, is...because you're right. I would like to have the subsidy be given to the homeowner because then that pumps up, right, their . . . *(timer sounds)*. . . the housing price is not...will not be as high if they're getting the subsidy direct, right, because that means that their income is increased. And if your income is increased, that means you can actually go...right, you don't have to keep the cap at 28 because now, if you give them the subsidy, it increases their income, right? So, I just want to make sure that it's...what we're talking about here is what's written here. That's...that's my point, Chair.

CHAIR JOHNSON: Right. That's in the...in the third paragraph...okay. And we'll come back to you, Councilmember Kama, because --

COUNCILMEMBER KAMA: Thank you, Chair.

CHAIR JOHNSON: -- of the three minutes. And you can read over the third paragraph.

COUNCILMEMBER KAMA: Thank you.

CHAIR JOHNSON: And then if we need more discussion on that, we certainly can. Okay. Let's move to Chair Lee next, followed by Councilmember Paltin, my mistake. Go ahead, Chair Lee.

COUNCILMEMBER LEE: Okay. Thank you, Mr. Chair. I had a question on your proposal on the idea of the subsidy. It can be in the form of a loan, a grant, deferred payments, or other mechanism...mechanisms the Council may find appropriate. So are you intending for this subsidy to be repaid at some point?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: Under a loan, yeah, you would be repaid. For the loan.

UNIDENTIFIED SPEAKER: So it's not a subsidy.

COUNCILMEMBER LEE: If it's a grant...if it's a grant, are you expecting that there'll be a repayment at some point? And what would...what did...kind of a cap did you have in mind, Chair Johnson?

CHAIR JOHNSON: So, the affordable mortgage payment rolls with the house. So, the next buyer of the house, they would have that, right? So there's...so not...some are grants, and some are deferred mortgage payments, and some are loans. And then your question about the cap...hmm, let me see here. So we don't have a cap in here at the moment. So...but...

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

CHAIR JOHNSON: There's...hold on. There's a...there's definitely a difference between the two prices. So, I think what we can do is, let's have the person in the trenches, as they say, answer that question. Let's ask Deputy Director Linda Munsell about that. Deputy Director Linda Munsell.

MS. MUNSELL: Yeah, thank you. I mean, so what's proposed in the current amendment would be a limit between what was calculated in the 31 percent, you know, with the...with the subsidy going to the developer and the 28 percent. So if I do the math on that, that means that a person who's earning in the 80 percent bracket, the difference between those two numbers is about \$60,000. For a person in the 140 percent bracket, that is about \$100,000. So, if...once we get to actually discussing how a program might be designed, that might not actually solve the problem for either one of those folks. We would actually propose, rather than do a calculation on the difference between the two, that we would take the actual situation of that individual and do a calculation. And maybe we would want to limit the maximum subsidy to be about \$150,000 maximum. I don't know how much would be needed, but we could come back to you with a program design that would give you an idea of what we think that that might...it might take to subsidize that, at which point, then you would be ready to actually fund a program or propose funding for it. I hope that is clear.

COUNCILMEMBER LEE: So in your mind, you don't see a problem subsidizing one homeowner \$150,000?

MS. MUNSELL: It would depend on need. And as the Chair mentioned, our expectation would be that that money would eventually come back to the County if the home were like refinanced or sold, or for some reason wasn't sold

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

to another affordable buyer. This money would never go into the pocket of the person...obviously there's a risk if somebody goes --

COUNCILMEMBER LEE: Yeah. Okay.

MS. MUNSELL: -- bankrupt or--sorry--if there's foreclosure. But . . .*(timer sounds)*. . . we would try to ensure that...

COUNCILMEMBER LEE: Okay. Yeah, I have a...real questions along those lines, Mr. Chair. And the other question meaning...it's hard to support subsidizing somebody at the 140 percent level.

CHAIR JOHNSON: Yeah.

COUNCILMEMBER LEE: You know, it doesn't make sense to me.

CHAIR JOHNSON: Well...yeah, okay. I understand.

COUNCILMEMBER LEE: So my comments. That's all.

CHAIR JOHNSON: All right. Thank you. Okay. Thank you, Chair Lee. Let's move on to Councilmember Paltin. And I do have that bookmarked for you. You have some...you want to ask the resources, they're here for you.

COUNCILMEMBER PALTIN: Oh, I didn't realize we were going to get a recess, so I asked them during the recess. But...so, my first question would be to Ms. DesJardins' comments on your ASF --

CHAIR JOHNSON: Um-hum.

COUNCILMEMBER PALTIN: -- about if the money would be there, and us being able to say must subsidize. Would it work if we put in something about at the time the project gets administrative approval or whatever, that the subsidy...there is like a program subsidy amount earmarked at that point so that...so that we know it's there, and then we're putting money like in the Affordable Housing Fund that's available and that's committed, and so that we're sure that it's there and then we know that it must be given? Is that a possibility in legislative intent?

MS. DESJARDINS: Do you want me to answer that, Chair?

CHAIR JOHNSON: Please, please.

MS. DESJARDINS: Okay. So, here's what I was thinking as a fix to that, Member Paltin. If this program that is anticipated is parked under 3.34, which is the

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

Home Acquisition and Ownership Programs Revolving Fund, which is that fund that we use to subsidize individuals versus, say, developers, language along the lines of something like the Department shall create a program within the Home Acquisition and Ownership Programs Revolving Fund to ensure affordability of units that have been priced according to Section 2.96.060(C)(2), and then say any proposed subsidy to a homebuyer from this program shall be administered in accordance with Chapter 3.24 Maui County Code. Because that's...then it goes through like a budget appropriation. You can do a budget amendment. So there are layers of permission and authorization rather than it just, you know, being a straight subsidy, very similar to how we do the homeowners acquisition...the down payment fund. So, it would be administered the same way.

COUNCILMEMBER PALTIN: . . .*(inaudible)*. . . basically you have a way forward. My other question would be like for 201Hs or 2.97s, this 28 percent--for Member Johnson...or Chair Johnson--it would still apply? Like are we counting an exemption given under 201H or 2.97 as a developer direct subsidy so that they would have to be still at this 28 percent? And then what if the subsidy is for community-serving infrastructure broader than just this one project? Would it still be the 28 percent, or is there any amount of wiggle room?

CHAIR JOHNSON: Yeah, no, not...no. I wasn't planning on doing that, no. Exemptions are not direct. Yeah.

COUNCILMEMBER PALTIN: So, if they got an exemption for rubbish fee or something like that, then they could still...

CHAIR JOHNSON: Doesn't count.

COUNCILMEMBER PALTIN: Okay. And then...so like take, for example, the Waikapū Country Town, where we're possibly entering into this public-private partnership. Where would that fall? Because the infrastructure partnership we're going there I would say is bigger than just that project. It's helping kind of the whole region. And so would that...

CHAIR JOHNSON: Fall under the 31 percent because they're getting the direct funds, right? That's in the language. If you're getting direct funds, you got to follow the 31 percent.

COUNCILMEMBER PALTIN: Okay. And there's no wiggle room on that? . . .*(timer sounds)*. . .

CHAIR JOHNSON: If there's a way, but you know, the bottom line, it comes...it's going to come to our Committee anyways. And I don't...I'm not sure what you mean by wiggle room.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER PALTIN: You want me to wait until next round?

CHAIR JOHNSON: Oh, yeah, yeah. Okay. The timer did go off, yeah. I...we'll go to the next. So, thank you for that. Let's go to Councilmember Sinenci, followed by Councilmember Sugimura.

COUNCILMEMBER SINENCI: Mahalo, Chair. Yeah. My...so my question...clarifying question to Ms. Munsell is...so if the developers take the subsidies or not, this bill will cover whichever action that they want to take, whether the subsidies would be going to the applicant or the subsidies would be going to the developer; is that correct?

MS. MUNSELL: Thank you for the...that's an excellent question. So, I mean, that's one of the things that we haven't worked out yet, obviously, is how do you figure out what kind of subsidy is enough for the developer in order for them to charge the lower...or sell for a lower price. So, I'm not sure how to answer your question actually.

COUNCILMEMBER SINENCI: Okay. So should we go ahead and support this bill, the Department will be developing this program and the different...trying to kind of punch [sic] the numbers, so to speak, for different applicants?

MS. MUNSELL: So, the Department can certainly estimate the total housing...so we can actually create these sales price guidelines. How you administer the subsidy to the developer and how you determine whether the subsidy is actually needed or not is a different story. That might be beyond the current Department's abilities to do, but I think we would have to figure out between Public Works and Environmental Management and other places like that, Finance. There would be a much more intensive kind of process in order to vet those kinds of things.

COUNCILMEMBER SINENCI: Okay. Thank you for that. But at the crux of this, Chair Johnson, is that we will be decreasing those...at least by 22 percent the cost of each home for the applicants, yeah?

CHAIR JOHNSON: Yes, that's true.

COUNCILMEMBER SINENCI: Okay.

CHAIR JOHNSON: And remember, the developer can come before the Administration and ask for subsidies, right? Like they can say we need direct infrastructure subsidies. And so we can pencil out...so they go to...that's...you know, they can go to the Administration and ask for those.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER SINENCI: Yeah, I...you know, even though the last time we did deny one of the last affordable housing projects, I would imagine that a lot of developers, knowing that we have...we want to subsidize these projects, will be lining up. And like we did have Mr. Cheng, I believe, come and they're open. There's developers that want to work with the County if we have...if they're aware that there's subsidies available to help them build the projects, so...thank you for that.

CHAIR JOHNSON: Yeah, I agree. I agree with that 100 percent, Councilmember. I think this was having the two paths, where one is for if you do receive, and the other if you don't receive. There's the little guys who maybe don't want, you know...because you have to fill out...you know, they...it might trigger them to do a EA even though we have many exemptions where you don't have to do an EA. So maybe a smaller developer wouldn't want this...the County's subsidies because they don't want to do the EA and the extra, you know, strings attached to that money. Whereas the larger nonprofit, they're used to it. They know how to do it. They want...they want that. So, the bottom line is, you know, we want the buyers to still do that 31 percent and reducing the cost of our folks to be paying by 22 percent, right. That's the goal. . . .*(timer sounds)*. . .

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

CHAIR JOHNSON: Okay. All right. So now let's move on to Councilmember Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Thank you. I wonder if you would allow Jeff Gilbreath, because I asked for him to be a resource, to make comments on your amendment.

CHAIR JOHNSON: Certainly. Mr. Gilbreath, are you on the call?

COUNCILMEMBER SUGIMURA: Oh, he's still there.

CHAIR JOHNSON: Mr. Gilbreath, would you like to respond to Councilmember Sugimura's question? Oh, he's having video issues. Well, if you turn your mike on, maybe we can just hear you speak. He said he's having audio issues too. Well, Members, we're at a second round, but I think--we're at 3:00--we could take our afternoon break. Does that sound good? And then we can get Gilbreath...Mr. Gilbreath to get his stuff sorted out. How's about a ten-minute break? Is that fair enough? Okay.

COUNCILMEMBER KAMA: Sounds good, Chair. Thank you.

CHAIR JOHNSON: 3:02. We'll come back at 3:12. The Affordable Housing Committee is in recess until 3:12 p.m. . . .*(gavel)*. . .

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

RECESS: 3:02 p.m.

RECONVENE: 3:14 p.m. (Excused: KTK, MJM).

CHAIR JOHNSON: . . .*(gavel)*. . . Will the Affordable Housing Committee of 8/4/2022 come back to order? The time is now 3:14. And Members, we're on our second round robin of three minutes. And I think...let's see...we'll go...we can go in reverse order. There's a lot less of us it seems today. So we'll start with Councilmember Sugimura, followed by Councilmember Sinenci, followed by Councilmember Paltin. Oh, wait, and I know Jeff is back on the call, right, Mister...okay, there he is. Yeah. So it was Councilmember Paltin, Chair Lee, and then Councilmember Kama. So...all right. Councilmember Sugimura, do you have any more additions?

COUNCILMEMBER SUGIMURA: I asked for Jeff Gilbreath to come on, right.

CHAIR JOHNSON: Oh, yes. Okay.

COUNCILMEMBER SUGIMURA: So can he...because he has to leave, that's why, right.

CHAIR JOHNSON: Certainly. Mr. Gilbreath.

MR. GILBREATH: Thank you. I'm so sorry, folks, to hold you up. So, you know, reading through the amendment, I just want to be very clear on our stance. I think it would be helpful to have language in there that commits funds and project approval specifically to subsidize the buyer. And that is to ensure, most importantly, that we're not triggering an additional environmental report for the builders, which can add typically about...you know, up to 36 months, and costs of half a million to a million dollars. And again, this goes back to the Comprehensive Affordable Plan, which you guys asked to say, hey, we want 5,000 affordable homes in construction in five years, and to make those affordable under 120 percent AMI. So our recommendation is to make sure that that language is clear, and to commit those funds to project approval so the builder knows those subsidies will be available to their buyers, and they can meet the subsidized price guidelines. So I hope that helps.

CHAIR JOHNSON: Okay. Go ahead, Councilmember Sugimura.

COUNCILMEMBER SUGIMURA: Okay. So basically, by reading the ASF, which basically it goes...the subsidy goes to the developer. So this particular ASF before us, then, is contrary to what the...your plan stated; is that correct?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MR. GILBREATH: I...you know, I think there is...I think there is a callout to assistance for the buyer. I think it would be helpful...and I'm not...I'm not an attorney by any means, but I think it would be helpful to be more clear about the subsidies to be direct for the buyer and committed at project --

CHAIR JOHNSON: Okay.

MR. GILBREATH: -- approval.

CHAIR JOHNSON: Mr. Gilbreath, let me jump in right here real quick. On Section 3, the very last sentence, it says subsidies from this program shall and may be in the form of loans, grants, deferred mortgage payments to the buyer or any other mechanism. Would that just say...because it's just said specifically to the buyer; is that where you're...what would satisfy your needs?

MR. GILBREATH: I think that could help. I think that could help. I also think to make sure there's language in there at project approval, right --

CHAIR JOHNSON: Um-hum.

MR. GILBREATH: -- so that...so that you know that...so that when the builder is starting, they know that this subsidy will be there. We need to have that certainty for them. But yeah, I think to the buyer gets you there. I would...I would maybe refer to your Corp. Counsel, if that's...if I...if I'm right on that, but I think that gets you closer there, Councilmember.

CHAIR JOHNSON: Okay. Well, how about this? The very beginning of number 3, the Department may make available a home acquisition subsidy program to ensure affordable units that have been priced accordingly. The Department may make available a home acquisition subsidy program to the buyer? I mean, that's pretty much...the home acquisition program is going to be to the buyer. It's not going to go to the developer, right?

MR. GILBREATH: Sure, yeah. I think...I mean, if you can somehow...Councilmember, if you can just specify the buyer, I think...but then again, like the...I think the other piece is at project approval, right, or however that language looks. So there's that certainly before the project starts in.

CHAIR JOHNSON: Okay. All right.

COUNCILMEMBER LEE: Qualified buyers, right? Qualified buyers.

MR. GILBREATH: Qualified, yeah.

CHAIR JOHNSON: Now, we...if...are you finished, Councilmember Sugimura?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER SUGIMURA: Could we have Mimi DesJardins comment on it --

CHAIR JOHNSON: Okay.

COUNCILMEMBER SUGIMURA: -- since he mentioned Corp. Counsel?

CHAIR JOHNSON: Ms. DesJardins.

MS. DESJARDINS: Sure. So, I understand Mr. Gilbreath's concern about whether or not we can guarantee that subsidy at the time of approval, but I guess the sticky point is that at the time of approval of the project by Council, we don't really know who's buying, or what their income is, or anything about them because we haven't had the lottery. None of that has happened. But what you could do is you can time your budget amendment. Once you gather up the amount of subsidy that you think that you need in order to support a project, you could then write your budget amendment through prior to that. You would be...it would be a timing issue, and that probably would be something that could be addressed in the administrative rules developed by the Housing Department in order to sort of effectuate how that timing is going to work to make the developer feel at ease that they in fact have a guarantee of a subsidy in order to develop the project. But I think that's...but again, going back to guaranteeing or mandating that subsidies shall occur, I don't think is where we want to go in terms of committing the County to something we have no . . . (inaudible) . . .

CHAIR JOHNSON: Okay. Thank you. All right. So, let's move on to Councilmember Keani Rawlins-Fernandez because she looks...she's going to be getting on a plane here shortly. So, if she can just jump in right here before...if that's all right with everyone else. Okay. Councilmember Rawlins-Fernandez.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Mahalo, Members. Okay. So, I just have a comment, and then a question. Okay. So first the comment. Mr. Gilbreath said that the Comprehensive Affordable Housing Plan that we requested was to build 5,000 homes in the next ten years, and that...just wanted to check with Mr. Gilbreath because I believe that the request was just to make 5,000 houses affordable and available, not necessarily to construct them.

CHAIR JOHNSON: Mr. Gilbreath.

MR. GILBREATH: You are correct. You are correct, Councilmember, to I think create 5,000 affordable opportunities, which we did a mix of construction and some other...some other strategies.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Mahalo for that clarification. And then my question regarding the buyer...okay. So, I'm...I hear the direction of the discussion and adding clarification to add specifically the buyer to that section. With like our microgrants...farmer's microgrants, the grants...the funding never goes to the applicant. It gets paid directly to the vendor. So...and I don't know if this would end up going into the admin rules because this isn't something stipulated in our budget ordinance. This is something that is, you know, I guess, addressed in their admin rules, and how they manage funding for the farmer's microgrants. So is this kind of how we would envision...that the funding would never be received by the homebuyer, but rather it would...it would be applied for by the homebuyer, but it would be paid directly to the landowner?

MR. GILBREATH: Yeah, Councilmember, I think it would be like a second mortgage. So, at mortgage closing, you are correct, it would not go to the buyer directly. It would basically do into escrow, and then that escrow would disburse the funds out to the appropriate parties, but would not be to the buyer directly. You are...you are correct there.

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

CHAIR JOHNSON: Thank you. That is a very good question. Thank you for clarifying that. We're not going to give people \$100,000 checks. So yeah, thank you. Okay. So, let's move on to Councilmember Shane Sinenci.

COUNCILMEMBER SINENCI: Mahalo, Chair. Yeah, just continuing on the lines of those questionings with Mr. Gilbreath. Jeff, so I mean, is it my understanding that Hawaiian [sic] Community Assets, you guys are looking more for subsidies to the homeowner so that...so that we can assist the smaller developers and possibly, for instance, you know, not go through a lengthy EA for the project? Is that what you mentioned?

MR. GILBREATH: Yeah, I think the subsidy...I think what happens when you fund the builder directly...they not only have to do the environmental report, which is required as part of the County process, but then they have to do additional environmental reports, which can stretch out...and may stretch out up to 36 months and some costs that would be prohibitive, specifically for 100 percent affordable builders. And so, you are correct there, Councilmember. That's what we saw in the development of the plan, and the conversations with community, and the builder community as a way to structure this subsidy so that it is to reach those subsidized sales price guidelines, but also make sure that builders can recoup the cost of building, right? So, everyone is...it's a win-win for everyone, essentially.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER SINENCI: Yeah, it's particularly for those maybe smaller developers that might...that need to, you know, pencil out their projects. Okay. All right. Thank you for that.

MR. GILBREATH: Yeah, I think this...exactly. I think if this subsidy did not go to the buyer, and you instead provide it to the builder, especially for 100 percent affordable builders, I think that in and of itself could keep them from being able to build because of the cost and the time.

COUNCILMEMBER SINENCI: Okay. Thank you for that clarification. Thank you, Chair.

CHAIR JOHNSON: Councilmember Sinenci, let me add a little bit to that from our Corporation Counsel Mimi DesJardins on what triggers those big EAs and those extended, you know, processes and paperworks [sic] that they would have to do if they do accept money. So Ms. DesJardins, can you speak on the way that works for when...you know, in regards to what triggers...go ahead.

MS. DESJARDINS: So, if you receive County funds, obviously under State law, that triggers an EA. Then the question becomes, is there...are you exempted. And under the administration rules for Chapter 3.43, there is an exemption for affordable...new construction of affordable housing if it follows the lines of the definition of affordable housing in the County where it's being constructed, which would mean anywhere from very low to basically gap income is the definition of affordable housing. And if the only trigger is the acceptance of County funds, and you're not asking for a district boundary amendment, and you're not asking for a change in zoning, and you're not in the SMA or asking for a shoreline setback or anything like that, then you are exempt. What the Department of Housing does is they write a letter to the Office of Environmental Quality Control saying, we think this project's exempt. This was done for Liloa Hale Senior Housing, I think Hale Pi'ikea as well, because they hit all of those criteria. That letter gets published, and as long as there's no objection, then that project is exempt...it's deemed exempted. The other way to get an exemption is to try to come up with something to put on the permanent exemption list, which we can ask. But the question becomes, do we want to ask for exemptions, for example, if we're subsidizing a project to the tune of \$40 million or some large amount of public funding, is that something you want to ask to be exempted or not. And again, we have to get permission from the Environmental Quality Office because it's all run by State law. So right now, a lot of our projects are exempt just by virtue of that definition I just described to you, but there are some ways to try to encourage other exemptions if you want to. Hope that helps.

CHAIR JOHNSON: So Ms. DesJardins, if I can just clarify that in layman's terms, if you...if it's a simple plot of land that doesn't need any, you know, change in

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

zoning, nothing complicated, it's ready to be built on, it's shovel-ready, as we tend to say, you...and if you're building an affordable housing project on that, you can ask the State for an exemption and still collect County monies; is that correct?

MS. DESJARDINS: That's the only trigger. And if you don't have any other things like complicating it, then you...then the Department of Housing will write a letter saying, we believe this project is exempted. Then they lay out a description of what the project's like because there is sort of a discretionary issue here with the Director that said it doesn't have...doesn't really impact any sensitive environmental things. So, in those types of projects, it's there as a . . .*(inaudible)*. . .

CHAIR JOHNSON: Okay. Thank you. And I see Councilmember Sinenci nodding his head. I haven't heard the timer yet. So, Staff, if you're...you know, make sure the timer goes off when we're going. You notice in the chat, Members, that our...one of our resources, Mr. Gilbreath, has to leave the call. So, he's pau for now. And I want to thank him for coming out and speaking to us. So, let's move on to Councilmember Paltin, followed by Chair Lee.

COUNCILMEMBER PALTIN: Thank you, Chair. I think my questions this round will be for Deputy Director Munsell. I wanted to find out more about how we came to the 28 percent, and if we need developer input, not because we need to be catering to the developer, but I think, you know, holistically, we need the buyer to be able to be affording it, and we need the developer to be able for it to be built for this to work.

MS. MUNSELL: Yes, thank you. So, 28 percent principal and interest price guideline would result in about a 6.7 percent decrease in prices, and that will certainly not be helpful to a developer as it is. However, that will generally help our workforce buyer who needs to be able to qualify for a loan, and qualification requirements are higher and much more stringent than usually the final closing costs and final housing costs when they do close the loan. So, we think that that solves the problem, for the most part, for the buyer. If you add in the other subsidy to the...direct to the buyer, that completely solves the problem, or should relatively completely. The developers are not going to be happy about a 6.7 percent price decrease, but it's very clean.

COUNCILMEMBER PALTIN: Well, I mean, the 6.7 percent price decrease is without a subsidy to them, but it'll give a subsidy to the buyer. Is there still that concern that housing won't be built? Like that was what we had heard last time, is housing won't be built. Then do we just go with Bigleys and Paul Chengs?

MS. MUNSELL: Yeah, so that is a good question, right. Obviously, one of the things that developers can request are some of these exemptions. You see that happen

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

through 201H and 2.97 projects all the time. What that doesn't address are the...are the 2.96, or projects that are already entitled, right. We're lowering their sales prices. Can they get...apply for assistance from the County? Certainly, if it's 100 percent workforce, they can do that already. So, I think that if we work a little bit on trying to provide other kinds of subsidies to the developer that offsets this, if that's necessary, and they need to come to us and make that...make that case, I think that we're kind of in a compromise position. They could always apply for Affordable Housing funds. They're not...they're not excluded from doing that.

CHAIR JOHNSON: Let me jump in right here real quick to remind the Members that Hawai'i does, at a...you know, at 28 percent, and they...and they...they're...you know, they're building. Big Island does that as well...as well, and they're building. We're...Maui County is some of the highest affordable housing in the...in the State. Correct me if I'm wrong, Deputy Director Linda Munsell, is that the high--are we the highest County?

MS. MUNSELL: Yes. We're actually the only County right now that uses a 30 percent principal and interest. If we were to decrease our sales prices to be based on 28 percent principal and interest, we would be right in with the other Counties in the way that they're calculating their sales prices. It's right on the mark. Plus, then we're offering these subsidies and so, we're doing...we're doing a pretty good job, both with Affordable Housing funds as well as possibly subsidizing buyers to make it more affordable.

CHAIR JOHNSON: Well said, Deputy Director. Go ahead.

COUNCILMEMBER PALTIN: Then to clarify, so say we do the exemptions, and that's not excluded as that they have to hit the 28 percent, but say then the exclusion is something that we want, like...or not exclusion, exemption, sorry...like for example, with Kilohana Makai, where it was beneficial to the broader public to have that small side street and take into account sea level rise and like that. So if we give...we were to give them the exemption on a traffic improvement, but then use the Affordable Housing Fund later as a budget amendment or whatever, that...what does that fall under, the 28 percent . . . *(timer sounds)*. . . no...is that a subsidy to the developer?

CHAIR JOHNSON: Deputy Director.

MS. MUNSELL: Well, yeah. Thank you. What I would propose is just to keep this very simple and leave it at 28 percent. And if they need to have subsidy, that they come to us and ask for it, and you know, in those kinds of either exemptions, or subsidizing, or paying for that infrastructure improvement, right. I think that that's very clean.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

COUNCILMEMBER PALTIN: Okay. That makes sense.

CHAIR JOHNSON: Okay. Let's move on to Chair Lee, and followed by Councilmember Kama at the end.

COUNCILMEMBER LEE: Thank you, Chair. Ms. Munsell, my concern with this discussion is that I believe that the way the requirements are laid out now in terms of 80 percent, 80 to 120, 120 to 140, so forth, that the bottom tier is already a loss to the developer. The developer loses...he doesn't break even. He loses on the low...the low price, the low end. And that is why he...they try and make it up on the higher side. But from my recollection talking to developers, for them to get loans to finance their projects, they have to show at least a 5 percent profit. You ask Bigley...he's a nonprofit, but they...even they have to show a 5 percent profit in order to get financing. So if we lower the price that they can sell a house at by 6 percent, they're losing even more on the product that they're doing below cost. So how do we offset that, you know, is the question. I'm totally for helping the buyer get qualified with a subsidy, but how do we make the developer's project worthwhile in terms of being practical, you know, being profitable in the sense that he's going to try and want to do it, as opposed to handing him a...say here, by the way, you're going to lose a lot more than you thought you were on the bottom end, you know. Something...when you take away something, you have to give back something. So, what do you have in mind?

MS. MUNSELL: So that...that's a...

COUNCILMEMBER LEE: We already heard from Doug Bigley and some of the other developers and said...and they said they can't do it.

MS. MUNSELL: Right. It's very difficult. And that's a very fair point, Councilmember...or Chair Lee. The way 2.96 is designed...and I think that you were probably part of that whole process of evaluating, right? One of the reasons that we required 25 percent of the units and not 50 percent of the units at certain price points was because that seemed to be kind of a sweet spot, right. So, we're now changing from 30 percent to 28 percent, and that's certainly going to have an effect on our developers. We don't know what that effect will be entirely, but if we're also suggesting, then, that we can help them or that the County is going to start doing things like the infrastructure that developers have been in the past responsible for providing, maybe we're going to fast track some stuff for them. Or perhaps we'll give them an added density bonus. There were all kinds of things that were proposed in the affordable...Comprehensive Affordable Housing Plan that I don't...that this Committee hasn't taken up. I'm not sure it's being taken up in other Committees or not, but there's all kinds of carrots that you can offer to a developer that will help encourage them to build more houses. This one all by

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

itself is certainly going to be a deterrent. We don't have a bunch of developers, the 2.96, the regular guys, knocking on our doors just dying to build. What we do have are the 2.97s and the 201Hs, and those are the folks that are actually committing more units to workforce, but we're also in return offering them a carrot. And so, looking at that dynamic is a really interesting one, and I think that that's something that we need to explore further to make sure that our 2.96 projects are going to move forward or continue to move forward, as well as our projects that we're providing exemptions and subsidies to more directly, right.

COUNCILMEMBER LEE: Okay. Well, thank you. . . .*(timer sounds)*. . .

CHAIR JOHNSON: Let me add a little bit to that. Yep, thank you. So for the record, Doug Bigley said he could make it pencil out if he did get the subsidies, right? Now, there's some...I hear your argument, Chair Lee, on that point. But the other side is, some people don't want to accept money because it opens up their books, and we don't...and they don't want to tell us how much they're making. And so it's not always that they're just, you know, woe is me. They might be keeping how much they're making in their...in private. So, with...so there's definitely a lot...not just one thing that...you know, it's...there's a lot of factors involved. So thank you for that discussion. Let's move on to Councilmember Kama finally.

COUNCILMEMBER KAMA: Thank you, Chair. So, I just have this question for Deputy Director Munsell. My question to her is, how does a higher percentage of income allocated to housing result in a lower housing price in the table?

MS. MUNSELL: I know. That's very...that's very confusing. It's not really a straightforward thing. So, when we're doing just principal and interest, 28 percent principal and interest or 30 percent principal and interest, that's all we're accounting for. So, your income is...28 percent is being allocated to principal and interest, and then on top of that, we're adding taxes, insurance, homeowners, you know, whatever. And that ends up...instead of 28 percent of your income, you're actually spending 32 percent or 33 percent of your income on your total housing costs. And so, what this body is trying to do is actually move that 22 or 23 *[sic]* percent down to 31 percent...and that means the amount that can be allocated to principal and interest, which is your housing price, has to be lower. And so, you still have the same total housing cost. You're moving the goalpost downward, and then that means your sales price has to move downward to accommodate that extra space, those extra expenses. Does that make sense?

COUNCILMEMBER KAMA: But you're only accounting for the principal and the interest. You're not taking to...into account the homeowners insurance cost that's going to be added to them that they're going to have to figure out where

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

they're going to get the money from, doesn't include the association dues if they have any, or the mortgage insurance payment that's going to be required to make sure that you make payment on the loan. So...I mean, so where do they get the money to do that?

MS. MUNSELL: So...yeah, thank you. When we were talking to our mortgage brokers and folks about what typically people, you know, that they are serving are spending on their housing, they came up with a huge range. All the way up to 42 percent of their income is being used to...for their total housing cost with all those things that you just mentioned, right? Well, that puts a strain on a family's income, right. So, under our current price guidelines, when we did that evaluation, what we found was the total housing cost, including all those things that you mentioned, actually puts somebody up in the upper 30 percent, over 40 percent. They could still get a loan, but it was going to be painful. And so, when we ran the numbers based on 28 percent principal and interest, what we found was that in general, once they close, those folks would be paying about, I think it's like 31, 32 percent of their income on housing costs. Now, the goal outlined in the Affordable Housing Plan was that you wanted to hit a target of 31 percent. So, 28 percent doesn't necessarily do that for everyone. And what had also been proposed is this subsidy to the...to the buyer that would help mitigate that. So, we would actually either be buying back down their points, or providing them a down payment assistance of some form that would result in their housing...total housing cost being in the 31 percent range, which is the target of this Committee. . . .*(timer sounds)*. . .

CHAIR JOHNSON: Okay. All right. So, we went round robin on everyone. I think we had a really good discussion on this...on this very important bill. I think right now we have...we had...I want to kind of backtrack and call on Corporation Counsel Mimi DesJardins to speak on some of the language that she had to kind of amend so it's legally sound. And so go ahead, Ms. DesJardins. The floor is yours for now.

MS. DESJARDINS: Okay. Thanks, Chair. Let me pull that up again. So this would be incorporated into your current proposed Section 3. And what I would propose is instead of what you have in the beginning here: The Department shall create a program within the Home Acquisition and Ownership Programs Revolving Fund to ensure affordability of units that have been priced according to section 2.96.060(C)(2). Subsidies from this program must be used to fund the differences between the prices, as you indicated. And then I would replace...or you could say, subsidies from this program must be made in the form of loans, grants, deferred mortgage payments, et cetera, and then add to the end: Any proposed subsidy to a homebuyer from this program shall be administered in accordance with Chapter 3.24, Maui County Code.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: Okay. Ms. DesJardins, can you put that in the chat so the Staff will be able to understand that?

MS. DESJARDINS: Yes.

CHAIR JOHNSON: Okay. So I understand where you're coming from with that. It makes pretty much sense to me. She'll...Ms. DesJardins will write it in the chat, and then Staff will have a look at it, Members will have a look at it. And I think if anybody wants to talk about that, we can. But I also want to bring up Deputy Director Linda Munsell after this, and maybe she has some more languages that she would like to share to this amendment. Go ahead, Ms. Paltin.

COUNCILMEMBER PALTIN: I just had a question. I think...I forget who said it. It might've been Ms. Munsell, about how this would affect currently approved 2.96s and what we had said...what you had said previously about projects like Waikapū County Town, that we're doing a public-private partnership with. And kind of the informal agreement, because they need to come for a formal change in zoning condition, was based on the old sales price guidelines. And so I was wondering how that works out. Would we then renegotiate the public-private partnership for that because when we initially added more affordable units, it was under a previous sales guideline, or offer more subsidy?

CHAIR JOHNSON: So before Deputy Director answers that, I don't know if Section 4...I just want to remind everybody, it's Section 4 where this ordinance takes effect within 30 days of publication of the 2023 HUD area median income guidelines. So that's not until a month after next year will these take an effect. So that...I just want to put...sorry, there's drilling going on in the back. But there's...it's in the bill for that, but let's have Deputy Director speak on that.

MS. MUNSELL: Thank you for that. Thank you for that question. Generally, projects, when they are ready to go to market...they don't actually set their prices until they're ready to go to market. So even though Waikapū Gardens has been rolling down the road here, they haven't set their sales prices anyway. And so when they come out and approach us to develop their sales...their marketing plan, that's when we're actually going to say, here's what you can sell them at. And I suspect that at that point, if they determine that they can't afford to do that, then they would maybe enter into additional negotiations with us. But we don't know what those sales price guidelines...or what those sale prices are going to be now under the current price guidelines, much less, you know, anything future that we might put into place.

CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: Okay.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: Okay. Let's see. Ms. DesJardins, did you write that in the chat on the language that you proposed?

MS. DESJARDINS: Almost done, thank you.

CHAIR JOHNSON: Okay.

MS. DESJARDINS: Kind of lengthy. Hold on.

CHAIR JOHNSON: No, I get you. Okay. There it is. And I'll read it out loud for the record as long as they don't drill behind me. The Department must create a program within the Home Acquisition and Ownership Programs Revolving Fund to ensure affordability of units that have been priced according to Section 2.96.060(C)(2). Subsidies from the program must be used to fund the difference between prices established under Subsection 2.96.060C...or (C)(1) and subsection 2.96.060(C)(2). Subsidies from this program must be in the form of loans, grants, deferred mortgage payments, or any other mechanism the Council finds appropriate. Any proposed subsidy to a homebuyer from this program shall be administered in accordance with Chapter 3.24 [sic], Maui County Code. Yeah, that's a mouthful, but okay. Legally speaking, that's...I mean, I appreciate that. And I see people nodding their heads. It does...I don't think this requires any more discussion for that part. I do...if the Members would allow it, I'd want to have Deputy Director Linda Munsell come and speak about some language she would like to put in. Go ahead, Deputy Director. The floor is yours.

MS. MUNSELL: Thank you. Just a...just a couple of things under (C)(1). One of the things that I would suggest--I think it's in your second sentence--is the sales price must be calculated using estimated total housing cost capped at 31 percent. That will make it clear...more clear for the Department, I think, pending...

CHAIR JOHNSON: Say that...say that again? I'm sorry, I didn't catch that.

MS. MUNSELL: So in (C)(1) at the very top...we haven't talked about this --

CHAIR JOHNSON: Yes.

MS. MUNSELL: -- section very much. But what I would like, if possible, is for you to say the sales price must be calculated using estimated total housing cost capped at 31 percent of gross annual income. So that would be the first --

CHAIR JOHNSON: So since we added...um-hum.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MS. MUNSELL: -- first thing I would recommend. And then down below, where Ms. DesJardins has suggested some wording, I would...I would do a couple of things. So she says, the Department must create a program with the Home...within the Home Acquisition and Ownership Programs Revolving Fund to ensure affordability of units for workforce buyers--would add that right there--that have been priced according to Section 2.96.060(C)(2), and subsidies from the program...and this is where I differ from what you're trying to do here because I think it's very limiting, and it won't necessarily address affordability for individual situation. I would suggest that instead that we would say something like, subsidies from this program are to be used to improve...to provide a subsidy to the buyer in an amount necessary such that final actual housing cost does not exceed 31 percent of household income. And then subsidy, of course...onto your own...subsidies from this program must be in the form of loans, grants, deferred mortgages, or other mechanism the Council finds appropriate. And then finally, this program is subject to budget appropriation and availability of funding.

CHAIR JOHNSON: Okay. Sorry, I'm going to have to ask you to do...if you can, write it in chat just like the way Ms. DesJardins did. You don't have to write the small...like estimate in Section 1, I understand, but maybe the changes you just proposed in Section 3 would be better off if you kind of wrote it in chat.

MS. MUNSELL: Okay.

CHAIR JOHNSON: And just for the record, that very last number, or the last sentence was...Mimi had wrote is, in accordance with Chapter 3.24...that's a....that's a error. That's 3.34, not 3.24.

MS. MUNSELL: This'll take me just a second. I'll...

CHAIR JOHNSON: Okay. Why did you want...let me ask you real quick. Why did you want to add workforce buyers instead of...oh, go ahead.

MS. MUNSELL: Just to...oh, sorry. Just to make it clear. Earlier in the conversation, you know, folks were feeling like maybe this wasn't clear. And plus, we want this to be for the folks that are, you know...you're trying to subsidize a specific project, right, a 201H project, or a 2.97 project. I'm not sure that we want to be subsidizing folks that are market...or not buying one of these workforce homes. I thought it was just clarifying.

CHAIR JOHNSON: So, does that exclude affordable? You know, like 60 to 140, you know, or below 60? I mean, are you excluding any brackets of folks with that language?

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MS. MUNSELL: No, the only...the only ones that would be excluded would be market buyers in this case.

CHAIR JOHNSON: Thank you for that clarification. So, Deputy Director, do you need about a five-minute recess to type that out? Or we can...

MS. MUNSELL: Yes, if you wouldn't...if you wouldn't mind.

CHAIR JOHNSON: Yeah.

MS. MUNSELL: Thank you.

CHAIR JOHNSON: All right. We might as well. Let's just take a quick five-minute break, Members. The time is 3:55. Come back at 4:00 p.m. The Affordable Housing Committee is in recess until 4:00 p.m. on 8/4/2022. . . .*(gavel)*. . .

RECESS: 3:54 p.m.

RECONVENE: 4:06 p.m. (Excused: KTK, MJM, YLS).

CHAIR JOHNSON: . . .*(gavel)*. . . Will the Affordable Housing Committee of 8/4/2022 come back to order from our short recess? Just a reminder, everybody, we have a hard stop at 4:30 today. So, our Staff...Paige has been working diligently to put this...all of these proposed amendments into a share screen mode. So Paige...Ms. Greco, if you're ready, can you share screen?

MS. GRECO: Chair, this is Staff. I just want to ensure we have Chivo on the line.

CHAIR JOHNSON: Oh, okay.

MS. GRECO: It looks like we're good. So, I'll do screen share now.

CHAIR JOHNSON: Thank you so much. So, Section 3 was the one that got amended. We can go down to there. I know there was one word in Section 1. That seems pretty small. Section 3 says...I'll read it for the record. The Department must create a program within the...pardon. The Department must create a program within the Home Acquisition and Ownership Programs Revolving Fund to ensure affordability of units for workforce buyers in projects that have been priced according to Section 2.96.060(C)(2). Subsidies from this program must be used to provide a subsidy to the buyer in an amount necessary such that a final actual housing cost does not exceed 31 percent of household income. Subsidies from this program must be in the form of loans, grants, deferred mortgage payments, or any other mechanism the Council finds appropriate. Any proposed subsidy to the homebuyer from this program must be administered in accordance with Chapter 3.34. This program is subject to

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

budget appropriations and available [sic] of funding. So let's just check that one word that we wanted to put up in Section 1 real quick. I think it was estimated. Do we have that word estimated up there?

MS. GRECO: Estimated total cost.

CHAIR JOHNSON: Estimated total housing cost. Estimated...thank you for checking on that. Estimated total housing cost. Okay. So that's the way this is looking presently. All right. We...looks like everything was put in there that we spoke on. And if you don't mind, stop sharing screen, Ms. Greco. We can go to the Members to see what they have to say. Members, if at this point...you know, I'm happy having worked with Corporation Counsel and the Departments to hammer out a very good bill, but I know that if any other Members have any amendments that they wanted to add or any language that they wanted to add, now would be your time. Sorry, we didn't...it's 4...ten after 4 but...and we have a hard stop at 4:30, but if anybody has anything and...it would be the time. Or we could call for the question. Oh, we got a hand up. Okay. We got Councilmember Paltin. Go ahead.

COUNCILMEMBER PALTIN: So I'm not sure if this is legal, but I'm just going to go for it because it's an...it's kind of important part to me. I would like to add...

CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: I would like to add Section 3 of 2.96.060, the amended Subsection B as follows. Deed restrictions: (1), the residential workforce housing unit shall be owner-occupied in perpetuity, which shall be evidenced by the unit owner being eligible for and receiving the home exemption pursuant to Sections 3.48.410 and 3.48.450(C) of this Code at the time of purchase. This restriction wouldn't apply in situations of foreclosure.

CHAIR JOHNSON: Okay.

COUNCILMEMBER PALTIN: I can explain if you want.

CHAIR JOHNSON: Let's...now, Councilmember Paltin, I'd like to get some comments from the Departments, if that's okay, but I don't know. In the meantime, could you write it in the chat so people can see? Or can...

COUNCILMEMBER PALTIN: Sure.

CHAIR JOHNSON: Okay. So let's bring up Corporation Counsel Mimi DesJardins, followed by Deputy Director Linda Munsell.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

MS. DESJARDINS: If I could have a chance to see it in chat first, that would be great. Thank you.

CHAIR JOHNSON: Okay. Let's see if Deputy Director Linda Munsell would like to speak on it.

MS. MUNSELL: I apologize. I would have to look at it. I don't want to comment on the fly and give you bad information.

CHAIR JOHNSON: Okay. Is that the...all of it there, Councilmember Paltin? It looks like...oh, here we go. She'd got some more writing. So, the residential workforce housing unit shall be owner-occupied in perpetuity--owner-occupied, very important concept--which shall be evidenced by the unit owner being eligible for and receiving the home exemption pursuant to Sections--I assume those sections are home exemption, like tax, yeah--at the...at the time of purchase, and it doesn't apply to situations of foreclosure. Okay. So, let's see if the Departments want to speak on any of that language, on legalities especially. Ms. DesJardins, please.

MS. DESJARDINS: Sure, okay. So how about, the residential workforce housing...any workforce housing unit subsidized under this provision shall be owner-occupied in perpetuity, period? And the reason I say that is because what if somebody never applies for the...you know, they just never bothered to receive that exemption. Do you really want to tie it to that? In some of these other things that you've brought up about homeownership in perpetuity and other provisions that have been amended, I noticed that that provision wasn't there. So I'm just wondering, if you make it just consistent, it has to be owner-occupied in perpetuity. And if somebody doesn't live in it, and they're renting it, then they get notice, hey, you have to owner occupy this or sell it. They would have to sell it to another owner who would commit to living there in perpetuity. Would that work? And leave out the whole thing about the tax structure. Yeah, they have to qualify, says Member Rawlins-Fernandez, not necessarily receive the exemption. So anyways, that's my thought on that, but...

COUNCILMEMBER PALTIN: Yeah. The reason why I was saying that is like, you know, we're creating affordable housing for our workforce, and not for passive income or second homeownership and like that, and it goes towards the commodification of housing. Like even if you are --

MS. DESJARDINS: Sure.

COUNCILMEMBER PALTIN: -- renting it out long term, we're creating this housing for people to buy to live and work here. And it kind of goes to the situations you hear with people making offers and being outbid sight unseen from folks

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

on...offshore folks, you know. And so regardless of the affordability price, everybody needs help. Like you heard Ms. Paleka saying, she makes choke money, but she can't afford a house, a market value house. So, you know, if the affordability period runs out and somebody buys it, not affordable or whatever, they're buying it to live there to work here kind of thing, you know. It's like...

MS. DESJARDINS: So what about something like this? What about putting in, which shall be evidenced by the unit being owner-occupied as defined under...and I'm assuming there is an owner...a definition of an owner under Chapter 3.48. I'm not familiar with that. And then you would tie the definition in, but they wouldn't necessarily had to have received the exemption. Would something like that work? Is there a definition under 3.48 for owner-occupied? Yes, the definition of the . . . *(inaudible)*. . . So if you wanted to do that, you could.

COUNCILMEMBER PALTIN: I'd love to do that.

CHAIR JOHNSON: Okay.

MS. DESJARDINS: I don't see harmful ramifications.

CHAIR JOHNSON: All right. So we've had a pretty good discussion in regards to that from Ms. DesJardins. Let's see what Deputy Director Linda Munsell has to say to that.

MS. MUNSELL: I guess I'm a little confused about why somebody wouldn't take the exemption if they qualified for it. But on a more practical terms, what I'd be concerned about is administration of this. I know that real property tax does track some of this stuff in terms of some of our multi-family projects...our multi-family rental projects. And would they also be administering this as well, or how would this be administered? That would be my question. And then also, I'm still looking at what would be our teeth for actually holding people accountable for this? I think we've had some questions about that in the past. So those would be the two issues I would raise.

CHAIR JOHNSON: Councilmember Paltin, would you like to speak on that?

COUNCILMEMBER PALTIN: Sure. So my understanding is during the deed-restricted affordability period, that's the requirement anyway by the Department of Housing and Human Concerns, that it be owner-occupied. And so it would just be extending it in perpetuity. I mean...and to your point, I know that you guys aren't enforcing that because I've seen some of the Kaiaulu O' Kā'anapali project's not be classified as owner-occupied, even though I know the owners are occupying it. And I'm not sure the reason for that, but this would come into play more so, you know, on a honesty way and at the point of sale. Like we're

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

not...make an agreement that you're not going to sell this to somebody that just moved here, doesn't live here, and so on and so forth. And I haven't thought through what a penalty would be, but I think at this point, agreement on the purchaser, the buyer's end, can be a good starting point.

CHAIR JOHNSON: Okay. All right. So Members, we have a hard stop at 4:30. And I want to kind of...I saw Deputy Director Linda Munsell go on, but we're going to continue. I'm just trying to remind everybody. Go ahead, Deputy Director.

MS. MUNSELL: Yeah, I'm just...I'm just wondering, I mean, we're going to have a conversation about deed restrictions potentially in the next month or so. Maybe we could wrap this into that so we have a little more time to think that through.

CHAIR JOHNSON: Okay.

MS. MUNSELL: If you don't . . . *(inaudible)* . . .

CHAIR JOHNSON: Okay. I saw Chair Lee's hand up. Go ahead, Chair Lee.

COUNCILMEMBER LEE: Yeah. Well, I know you're eager to pass this out, but I still have some questions on it. And if you're so inclined, I would really appreciate, at the next meeting, to have someone who is an actual loan officer, who does this impartially every day, and doesn't know who they're working with. And so that person could run us...some scenarios for us so I...so we can figure out, okay, 28 percent is right, 29 percent, whatever is right, the numbers are right. And then...and then an actual developer, because we're...what we're doing is, we're dropping the sales price without making any changes on the other side. So I just want to make sure that what we're doing --

CHAIR JOHNSON: Um-hum.

COUNCILMEMBER LEE: -- is not just an academic exercise that nobody can actually build. We want people to build this. We want the subsidies for people who deserve it, and who qualify for them. But I just need that much more information, and then I think I'm ready to go.

CHAIR JOHNSON: Okay. All right. Does anybody else have any discussion on this at this point? What...oh, go ahead, Councilmember Kama.

COUNCILMEMBER KAMA: So Chair, I still have my amendment summary form that we haven't had an opportunity to speak on. So...and I'm hoping that we can do that at that next...whenever that next time occurs. So I'm not sure if you want to recess or defer until...or whatever you decide, Chair.

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: Okay. Thank you, Councilmember Kama. I'm looking at deferring this today, and then in the next meeting, I'll be bringing up a deed restriction bill in...concurrent with this. So that way, people really understand what we're trying to do. We're not...want to say give the baby up with the bathwater. I'm sure there's an expression on what I don't want to do, but I want to make...

COUNCILMEMBER KAMA: Throw the baby out with the bathwater.

CHAIR JOHNSON: Well, I don't know if that's what...appropriate...I don't know what I was trying to say. I'm just trying to say that I want everybody to be very clear that this isn't a giveaway, right. This isn't just, you know, a free for all. I think this bill would work well with the deed restriction bill coming up, but at this point, I want everybody's chance to have a...talk on...because it seemed to me, as it seems now, that this is a pretty heavy topic, right. And I kind of want to...you know, that's why I worked with everybody so much over this past period on this bill. So, having said that, any final words before I defer this item? Okay. Go ahead, Councilmember Paltin.

COUNCILMEMBER PALTIN: You don't need to go over my ASF. I'll withdraw it. And I can bring up the owner-occupied portion with the deed restrictions, but the posted ASF, I'm fine with going with your thing.

CHAIR JOHNSON: Okay. Wow, look at us working together, Members. I love it. Members, without...I'm thinking it's about time to go home a little bit early because it's not just a hard stop at 4:30, they have to be out of the room at 4:30. So we want to give Staff a little time to...whatever they got to do, clean the chairs or whatever they got to do. So, Members, without any objection, I'll defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS.

ACTION: DEFER pending further discussion.

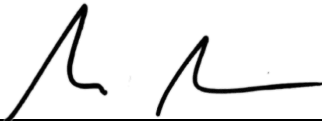
AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CHAIR JOHNSON: All right. That takes us to the end of our agenda. I want to thank everybody for this robust discussion. I heard what you guys said in the...in our main Committee meeting about how you wanted to take it back to Committee. I brought it back. We hammered out some issues. I hope you guys have buy-in. I hope we start thinking about the people who need it the most, our folks that are moving away. This is what we're trying to do for these folks, our residents. So, thank you all, Members. The time is 4:23. The Affordable Housing Committee is now adjourned. I always want to say it's finished. It's now adjourned. Thank you. So, thank you so much for everybody. Aloha. Have a good night. . . .(gavel). . .

ADJOURN: 4:23 p.m.

APPROVED:



GABE JOHNSON, Chair
Affordable Housing Committee

ah:min:220804-d:slv

Transcribed by: Brenda Clark

AFFORDABLE HOUSING COMMITTEE MINUTES
Council of the County of Maui

August 4, 2022

CERTIFICATION

I, Brenda Clark, hereby certify that pages 1 through 51 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 6th day of September 2022, in Wailuku, Hawai'i



Brenda Clark