

COUNCIL OF THE COUNTY OF MAUI  
**HOUSING AND HUMAN SERVICES  
COMMITTEE**

August 6, 2004

Committee  
Report No.

04-122

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Housing and Human Services Committee, having met on July 6, 2004, and July 7, 2004, makes reference to County Communication No. 03-139, from Councilmember Wayne K. Nishiki, relating to Council approval of proposed affordable housing projects pursuant to Chapter 201G, Hawaii Revised Statutes (HRS).

Your Committee notes that pursuant to Section 201G-118, HRS, the Council shall approve or disapprove affordable housing projects by resolution within 45 days after the preliminary plans and specifications for the project have been submitted to the Council, or the project shall be deemed approved.

Your Committee further notes that the affordable housing project referenced in this Committee Report is the proposed Waikapu Affordable Housing Subdivision, proposed by Spencer Homes, Inc., for the development of approximately 410 single-family residences, at least 51 percent of which will be sold at prices affordable to families earning 120 percent or less of the County's median family income, on a parcel of approximately 94 acres on the makai side of Honoapiilani Highway, adjacent to Waikapu Town, identified as TMK: (2) 3-5-2:01 (portion). The deadline for Council approval or disapproval of the proposed project is August 11, 2004.

By correspondence dated June 28, 2004, the Director of Housing and Human Concerns transmitted the following:

1. The Section 201G-118 application for Spencer Homes, Inc.'s proposed Waikapu Affordable Housing Subdivision, located at TMK: (2) 3-5-2:01 (portion) in Waikapu, Maui.
2. A proposed resolution entitled "APPROVING THE WAIKAPU AFFORDABLE HOUSING SUBDIVISION PURSUANT TO SECTION 201G-118, HAWAII REVISED STATUTES". The

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purpose of the proposed resolution is to approve the subject project with various exemptions, including exemptions from the Wailuku-Kahului Community Plan; zoning standards for the Agricultural District; various fees relating to driveways, wastewater assessment, fire, electrical, plumbing, building, grubbing and grading permit and inspection; and Maui County Code requirements relating to frontage improvements, sidewalks, curbs and gutters for one of the improved roadways, sewer lateral connections, and parks and playgrounds.

3. A proposed resolution entitled "DISAPPROVING THE WAIKAPU AFFORDABLE HOUSING SUBDIVISION PURSUANT TO SECTION 201G-118, HAWAII REVISED STATUTES". The purpose of the proposed resolution is to disapprove the proposed project.

By correspondence dated July 2, 2004, Karlynn Kawahara, Planner, Munekiyo & Hiraga, Inc., the applicant's consultant, transmitted copies of the following:

1. Correspondence dated June 17, 2004, from P. Holly McEldowney, Administrator, State Historic Preservation Division (SHPD), Department of Land and Natural Resources, to the Director of Housing and Human Concerns. Ms. McEldowney recommended: (1) archaeological monitoring during ground-altering activities and the submission of an archaeological monitoring plan; (2) notification to SHPD upon the onset and completion of the proposed project; and (3) submission of a preservation plan to SHPD for the Kama Ditch, indicating the portions of the ditch to be preserved/impacted, prior to ground-altering activities.
2. Correspondence dated July 2, 2004, from Ms. Kawahara to Ms. McEldowney. Ms. Kawahara stated that: (1) the developer will ensure that archaeological monitoring occurs during ground-altering activities and noted that an archaeological monitoring plan has been submitted; (2) the developer will ensure that SHPD is notified of the onset and completion of the proposed project; and (3) a

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preservation plan for the portion of Kama Ditch that will be preserved will be submitted to SHPD.

Your Committee notes the following:

- The proposed project is situated on a 94-acre parcel previously used for agriculture, bordered to the west by Honoapiilani Highway and the Waiolani and Waiolani Elua Subdivisions located across the highway, to the south by Waiolu Place and single-family residences, to the east by the proposed Waiale Road extension, and to the north by vacant lands and the Kehalani Subdivision. The land is currently owned by Wailuku Agribusiness Company, Inc. (Wailuku Agribusiness) and will be purchased by Spencer Homes, Inc.
- The approximately 410-home project will feature a variety of 1-2 story homes with enclosed garages. Dwelling sizes will range from 1,000 to 1,750 square feet. At least 51 percent of the units will be affordable to families with an income of 120 percent or less of the County's median income. Prices will range from \$225,000 to \$275,000.
- The project will include a 10.33-acre linear park, featuring a walking path and other passive uses. Due to the varying widths of the park (from 60-100 feet) and the reservoir located within the park limits, it will not be utilized for ball fields or other organized sports. The Maui County Code's park dedication requirement for a 410-home subdivision would normally be an 8-acre park, complete with parking spaces and comfort stations. As the proposed park is a deviation from the norm, the developer is requesting an exemption from Code requirements. The park will be owned and maintained by the community association.
- Wailuku Agribusiness uses the plantation reservoir located onsite for agricultural irrigation. Once the parcel is acquired by Spencer Homes, Inc., the reservoir will be leased back to Wailuku Agribusiness for continued use. The development will have access to reservoir water to irrigate the park.

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- Slated road improvements include the development of a Waiale Road extension, without curbs, gutters and sidewalks. The developer is requesting an exemption to the requirement for curbs, gutters and sidewalks. Additionally, the developer will contribute toward the installation of a traffic signal at the intersection of Waiko Road and Honoapiilani Highway. All internal subdivision roadways will be built to County standards, under consultation with both the Department of Public Works and Environmental Management and the Department of Fire and Public Safety. The internal and external roadways will be dedicated to the County.
- Utilities improvements will address onsite water, sewage and drainage needs. An offsite detention basin located across the proposed Waiale Road extension will receive onsite runoff. Electrical, telephone and cable lines will be located underground.
- Water needs for the residents of the project are estimated at 250,000 gallons per day. The developer is required to create water storage for fire control purposes.
- Following Council review and approval of the proposed project, the State Land Use Commission will need to review the proposed application and consider redesignating the subject parcel from Agricultural to Urban.

At its meeting of July 6, 2004, your Committee met with the Director of Housing and Human Concerns; the Fire Chief; a Captain, Fire Prevention Bureau, Department of Fire and Public Safety; the Deputy Director of Parks and Recreation; the Division Chief of Planning and Development, Department of Parks and Recreation; the Planning Director; a Staff Planner, Department of Planning; the Director of Public Works and Environmental Management; the Director of Water Supply; a Lieutenant, Department of Police; a Wailuku Community Police Officer, Department of Police; a Deputy Corporation Counsel; Karlynn Kawahara, Planner, Munekiyo & Hiraga, Inc.; Michael Munekiyo, Planner, Munekiyo & Hiraga, Inc.; Jesse Spencer, Developer, Spencer Homes, Inc.; Mark Spencer, Developer, Spencer Homes, Inc.; Stacy Otomo, Engineer, Otomo Engineering, Inc.; Phillip Rowell, Traffic Engineer, Phillip Rowell &

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Associates; B. Martin Luna, Esq., Carlsmith Ball, LLP; and Blaine Kobayashi, Esq., Carlsmith Ball, LLP.

Your Committee received testimony from three individuals. The first testifier, a Wailuku resident, stated his concern that prime agricultural land was being proposed for development of residential housing, and also noted that the soil should be tested to ensure that it was toxin-free and safe for residential use. The second testifier, the Coordinator of the Maui Nui Housing Task Force, stated that as an individual he was encouraged by the project, but the task force would not take a formal position on the project until July 22, 2004. The third testifier, the President of the Maui Contractors Association, stated the organization's support of the project, and noted that the developer has a good reputation for quality projects at affordable prices. He also noted that although the project would utilize former agricultural lands, the area is close enough to other residential areas to be considered on the urban fringe.

Jesse Spencer, Mark Spencer, and Karlynn Kawahara presented your Committee with an overview of the proposed project and provided your Committee with a copy of their presentation. Your Committee was also provided with a document entitled "Breakdown of the Spencer Homes Sales in the Past Six (6) Years", submitted by Mark Spencer.

Jesse Spencer said that the goal of the proposed development is to provide homes to the working class families of Maui. To date, approximately 3,000 applications have been received.

Mark Spencer noted that the anticipated spread of affordable units is as follows: 21 for Model A, at approximately \$225,000; 32 for Model B at approximately \$235,000; 43 for Model C at approximately \$245,000; 43 for Model D at approximately \$255,000; 32 for Model E at approximately \$265,000; and 43 for Model F at approximately \$275,000. He noted that it is difficult to promise this price range in the end, as costs will be affected by interest-rate modulations and other factors. The remaining 49 percent of the project will also be in an affordable range, hopefully, to meet the needs of County and State employees, as well as long-time Waikapu families and veterans.

Mark Spencer further stated that the affordable lots would not be smaller than 5,000 square feet.

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Your Committee expressed concern about the lack of a self-help or lots-only component of the project. Mark Spencer noted that a self-help component of the project was ruled out because self-help homes are vastly different from Spencer homes. However, he noted that he would be willing to consider two lots-only units.

Your Committee expressed concern about the development's projected impact on local schools, especially those schools that are already near or beyond capacity. Mark Spencer noted that the State Land Use Commission would determine what the developer's contribution to the State Department of Education should be, if any.

Your Committee expressed concern about the estimated value of the exemptions being requested, as it would appear that the burden would be shifted to other taxpayers. Mark Spencer noted that the estimated value of the exemptions is approximately \$2,400 per home, or approximately \$1 million for the entire project. He further noted that the County would benefit from a variety of improvements that would be completed along with the development, including the developer's dedication of the Waiale Road extension. Additionally, the developer will contribute to the installation of a traffic light at the intersection of Honoapiilani Highway and Waiko Road, and will likely contribute to the Department of Education schools in the area.

A concern was raised regarding the shrinking of the buffer between Wailuku and Waikapu, which might conflict with the County's general and community plans. The Planning Director noted that under the 201G process, decision-makers need to choose between the policies and objectives found in the general and community plans. In this instance, a choice needs to be made between a policy to protect agricultural land and a policy to promote affordable housing. He further stated that the Department supports the creation of affordable housing in this instance.

Your Committee expressed concern regarding the reservoir, specifically about ensuring the safety of community children. Mark Spencer noted that the reservoir will be fenced, restrictive landscaping will be planted along its perimeter, and education will be provided to the community to discourage trespassing.

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Your Committee expressed concern regarding the ability of police to navigate within the subject property while in pursuit of a suspect, and the additional burden a project of this size places on a police force that is currently understaffed by approximately 30 officers.

Despite assurances that the internal subdivision road widths would comply with Department of Public Works and Environmental Management and Department of Fire and Public Safety standards, a concern was raised that the widths would be inadequate should residents and their guests park their cars along the internal roadways rather than in driveways.

The Director of Public Works and Environmental Management noted that although his Department supports the project, the developer's request for an exemption from County standards on the extension of Waiale Road means that at a later date, the County will need to fund the installation of sidewalks, curbs, and gutters. Mark Spencer noted that the Waiale Road extension will match the County-developed Kuikahi Road extension.

Further, the Director of Public Works and Environmental Management noted that although he was initially opposed to the developer's request for an exemption to the requirement for single lateral wastewater lines, the Department has subsequently deemed the request for double lateral wastewater lines acceptable. The main concern was that in the event of a system blockage, it would be difficult for the Department to determine which party was responsible. Mark Spencer noted that to avoid this scenario, the community association will be billed by the County and the association will in turn split the bill between the two separate homeowners.

Your Committee, along with the Wailuku Community Police Officer, voiced concerns relating to the traffic impacts of the project on nearby roadways. Mark Spencer, along with Phillip Rowell, stood by the report and maintained that the project will not significantly impact traffic. The project will generate approximately 308 trips during the peak morning hour, and 408 trips during the peak afternoon hour. The project does not propose any direct link to Honoapiilani Highway. However, since the developer has agreed to contribute toward the installation of a traffic light at the intersection of Honoapiilani Highway and Waiko Road, the signal will aid in easing traffic impacts in the area. Additionally, the Waiale Road

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extension to Waiko Road will provide additional opportunities for ingress and egress from the project.

Your Committee recessed its meeting to July 7, 2004.

At its meeting of July 7, 2004, your Committee met with the Director of Housing and Human Concerns; a Captain, Fire Prevention Bureau, Department of Fire and Public Safety; the Deputy Director of Parks and Recreation; the Planning Director; a Staff Planner, Department of Planning; the Director of Water Supply; a Deputy Corporation Counsel; Karlynn Kawahara, Planner, Munekiyo & Hiraga, Inc.; Michael Munekiyo, Planner, Munekiyo & Hiraga, Inc.; Jesse Spencer, Developer, Spencer Homes, Inc.; Mark Spencer, Developer, Spencer Homes, Inc.; Stacy Otomo, Engineer, Otomo Engineering, Inc.; Phillip Rowell, Traffic Engineer, Phillip Rowell & Associates; and Blaine Kobayashi, Esq., Carlsmith Ball, LLP.

Your Committee expressed concern over County approval of proposed projects with no guarantee that water will be available. The Director of Water Supply noted that there are several water development projects underway that will likely accommodate the proposed project well in advance of its anticipated completion date in four to five years.

Your Committee noted that it would like the Council to create a policy that would prioritize water allocation for new projects, especially if a priority could be placed on reserving water for new affordable housing development.

A concern was raised about the reservoir, and possible problems associated with it, including odor emanation, mosquito infestation, and flooding. Mark Spencer noted that the water in the reservoir is constantly moving. Ditch water enters the reservoir continuously and water leaves the reservoir continuously for agricultural irrigation. He noted that because it is not a stagnant pool, odor emanation and mosquito infestation would not be a problem. Further, it was noted that after the water level reaches a certain elevation, the system is designed to spill into Waikapu Stream, negating concerns about possible flooding.

A concern was raised about view plane impacts from Honoapiilani Highway due to the proposed project, and the developer was requested to



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consider limiting the number of two-story homes along Honoapiilani Highway. Mark Spencer stated that he would consider such a limitation. The Staff Planner added that view plane impacts were not considered by the Department; view plane preservation is mainly recommended for coastal development.

Your Committee discussed its desire to ensure that promises made by developers were kept.

The Director of Housing and Human Concerns offered her assistance in ensuring that a unilateral agreement be drafted and executed to document the representations made by the developer.

After considering the information presented, your Committee voted to recommend that both proposed resolutions be forwarded to the Council for consideration without a recommendation.

Your Housing and Human Services Committee RECOMMENDS the following:

1. That Resolution No. \_\_\_\_\_, attached hereto, entitled "APPROVING THE WAIKAPU AFFORDABLE HOUSING SUBDIVISION PURSUANT TO SECTION 201G-118, HAWAII REVISED STATUTES", be FORWARDED to the Council; and
2. That Resolution No. \_\_\_\_\_, attached hereto, entitled "DISAPPROVING THE WAIKAPU AFFORDABLE HOUSING SUBDIVISION PURSUANT TO SECTION 201G-118, HAWAII REVISED STATUTES", be FORWARDED to the Council.

Adoption of this report is respectfully requested.

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JOSEPH PONTANILLA Chair

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MICHAEL J. MOLINA Vice-Chair

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DANNY A. MATEO Member

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