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PUBLIC SERVICES COMMITTEE
Council of the County of Maui
M I N U T E S
February 18, 2009
Council Chamber

REPORTED BY: Robert K. Balian, Hawaii CSR #463
Certified Shorthand Reporter

APPROVED:

Committee Chair

1 CONVENE: 9:01 a.m.

2 PRESENT: VOTING MEMBERS:

3 Councilmember Wayne K. Nishiki, Chair

4 Councilmember Joseph Pontanilla,
5 Vice-Chair

6 Councilmember Sol P. Kaho'ohalahala

7 Councilmember Danny A. Mateo (In 9:05
8 a.m.)

9 Councilmember Michael P. Victorino

10 EXCUSED: Councilmember Jo Anne Johnson

11 Councilmember Bill Kauakea Medeiros

12 STAFF: Scott Jensen, Legislative Analyst

13 Clarita Balala, Committee Secretary

14 ADMIN.: Jo-Ann Ridao, Deputy Director, Department

15 of Housing and Human Concerns (Item

16 No. 2)

17 Carol Gentz, Community Development Block

18 Grant Program Manager, CDBG, Office of

19 the Mayor (Item No. 6)

20 Kimberly A. B. Sloper, Deputy Corporation

21 Counsel, Department of the Corporation

22 Counsel

23 OTHERS: Alice Lee (Item No. 2)

24 Vanessa Medeiros, Development Manager,

25 Lokahi Pacific (Item No. 2)

26 DeGray Vanderbilt (Item No. 2)

27 John Andersen, Executive Director, Na Hale

28 O Maui (Item No. 6)

29 John Rapacz, Esq.

30 Warren Suzuki

31 (4) additional attendees

32 PRESS: Akaku: Maui Community Television, Inc.

33 Harry Eagar, The Maui News

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1 CHAIR NISHIKI: ...(gavel)... Will the Public Services
2 Committee please come to order. Let the record show
3 Committee Members Sol Kaho'ohalahala, Joseph
4 Pontanilla and Michael Victorino present.

5 COUNCILMEMBER VICTORINO: Good morning, Chair.

6 CHAIR NISHIKI: Excused are Council Members Jo Anne
7 Johnson, Danny Mateo and Bill Medeiros.

8 Let me first start by introducing members here
9 of the Administration, Kimberly Sloper, the
10 Corporation Counsel. I see Jo-Ann Ridao here, the
11 Deputy Director of Department of Human Concerns.

12 From our staff, we've got Clarita Balala, the
13 Committee Secretary and Scott Jensen, our
14 Legislative Analyst.

15 Two items today on our agenda, PS-2 and PS-6.
16 We will start the meeting by first accepting public
17 testimony. First to testify is Alice Lee,
18 representing herself followed by Vanessa Medeiros.

19 . . .BEGIN PUBLIC TESTIMONY. . .

20 MS. LEE: Good morning, Chairman and Members of the
21 Public Services Committee.

22 My name is Alice Lee, and I am testifying as
23 an individual. A few questions and concerns were
24 raised at last week's meeting regarding the
25 recommendation to allow up to 50 percent of an

1 affordable housing requirement to be provided outside
2 of the subject community planned district. One
3 concern raised was the need to mitigate traffic by
4 having homeowners live close to where they work.

5 The current residential Workforce Housing
6 ordinance under Chapter 2.96.090 and 2.96.100 relative
7 to the applicant selection process does not require
8 that the applicant live or work in the subject
9 community plan. Applicants must meet other
10 eligibility requirements and are selected by a
11 lottery system. Some of the eligibility criteria
12 include the applicant must be a citizen of the
13 United States or permanent resident alien, be 18
14 years of age or older, meet the income
15 qualifications, meet asset qualifications for a
16 period of three years before the submittal of
17 ownership application, not have had any interest of
18 50 percent or more in real property, must pre-qualify
19 for loan with the applicant's choice of lender.

20 So these are the types of requirements that
21 are included in the current ordinance. The idea of
22 inclusionary housing started with the development
23 of hotels in the 1980's. At that time, decision
24 makers were essentially concerned about the need
25 for employee housing.

1 In 1992, when Chapter 2.94 was established by
2 the County Council, housing requirements changed
3 from employee to affordable housing. There were
4 several reasons for this change.

5 First, a growing number of housing units built
6 by hotel developers were continually vacant.
7 Apparently, many employees chose not to live where
8 they worked.

9 An example of this was the apartment complex
10 called Keawe Terrace.

11 Second, the Council at that time recognized
12 the need for affordable housing in general, and not
13 only for employees. Further, the Council
14 acknowledged that there was a need for affordable
15 housing in every district.

16 In conclusion, I hope my testimony has
17 provided at least some insight on the evolution of
18 inclusionary housing in Maui County, and that you
19 will favorably consider permitting at least 50
20 percent of the project's housing requirements to be
21 satisfied outside of the subject community plan.

22 Thank you.

23 CHAIR NISHIKI: Thank you, Alice. Any questions for
24 Alice? Seeing none, thank you.

25 MS. LEE: Thank you.

1 CHAIR NISHIKI: Let the record show the presence of our
2 Chairman, Danny Mateo.

3 Next to testify, Vanessa Medeiros representing
4 Lokahi Pacific. She is the Development Manager.

5 MS. MEDEIROS: Good morning. Thank you for the
6 opportunity to provide comment on the proposed
7 amendments to the residential Workforce Housing
8 policy.

9 The policy was meant to provide affordable
10 residential options for working families. The
11 intent was to foster and promote the development of
12 new affordable housing units. If the reason for
13 creating the Workforce Housing policy was to stem
14 the migration of our young to the mainland and
15 elsewhere for lack of affordable housing, then it
16 is Workforce Housing that needs to be the County's
17 priority.

18 In the past six months, Lokahi Pacific has
19 been working on a number of potential developments
20 that will provide more than 450 affordable units,
21 both rental and ownership, at rents and sales
22 prices that are less than the County's affordable
23 sales price guidelines. 450 units, if that doesn't
24 perk your ears, I don't know what will.

25 Having had the opportunity to implement the

1 Workforce Housing policy, I found both challenges
2 and opportunities. On the plus side, there has
3 been, I think, a better collaboration between
4 developers and non-profit housing providers. More
5 non-profit organizations are looking at developing
6 housing for their special needs clients and has
7 provided another source of funding to non-profit
8 housing providers to finance their development
9 costs.

10 The non-profit housing community has grown,
11 and the same old guy isn't the only one getting all
12 the money. With respect to the policy itself,
13 greater transparency is needed in agreements
14 entered into between the County and the developers.
15 I am sure that the intent of this policy was to
16 provide flexibility with minimal manipulation.

17 Better reporting is needed so that the public
18 is aware of what has been agreed to and what we can
19 expect. Over all, the policy provides direction
20 and guidelines to developers. The biggest
21 challenges were dissecting the pieces so that it
22 could be appropriately applied, and the in-lieu fee
23 could be correctly calculated. In that respect, I
24 would say that Section 2.96.040.B should really be
25 revised to be more reader friendly, because that is

1 the crux of all the determinations. Following are
2 some of the other ideas and recommendations I feel
3 should be addressed to enhance this policy:

4 Allow developers to also co-develop with
5 non-profit organizations to provide sale/ownership
6 units. Overall, the sales and rent guidelines are
7 unrealistic with respect to the HUD income
8 standards. Also, the setting of the sale price by
9 income group category leads to only a small segment
10 of that income category being served, and it pegs
11 the sale price to the highest percentage in the
12 applicant's income group.

13 In terms of Workforce Housing credits, allow
14 a developer who wishes to build their affordable
15 units in advance of their primary project to
16 receive the applicable credits, ensure that
17 evidence of any Affordable Housing credit used to
18 meet any of these requirements must be provided as
19 an exhibit to the Workforce Housing agreement,
20 again, so that we can all see what is being
21 determined.

22 The review and approval of in-lieu fees or
23 land donation by the Council takes too long. I'm
24 sorry to say, it needs to be shortened or
25 eliminated so the monies or the land can get to the

1 non-profit organizations as quickly as possible so
2 that they can proceed with their projects.

3 Co-development agreements between developers
4 and non-profit organizations and the timing of the
5 in-lieu fee payment also needs to be addressed.
6 This is a critical social fundings for non-profits
7 to do pre-development costs or construction.

8 Lastly, amendments to the Workforce Housing
9 amendments -- agreements for which there is a
10 co-development agreement or promise by developer to
11 enter into one which substantially changes the
12 terms of the agreement should not be allowed unless
13 the non-profit is notified and has agreed to the
14 amendment.

15 This is a brief outline of my comments, and I
16 would certainly be happy to discuss further the
17 underlying reasons for my recommendations. Thank
18 you.

19 CHAIR NISHIKI: Thank you, Vanessa. Any questions from
20 -- for Vanessa?

21 Mr. Mateo.

22 COUNCILMEMBER MATEO: Chairman, thank you.

23 Ms. Madeiros, can you make your testimony
24 available to us?

25 MS. MEDEIROS: Absolutely.

1 COUNCILMEMBER MATEO: Your written testimony. And also
2 for your reference to the non-profits and their 450
3 year opening units, someone in the 140 percent
4 median income level, would they qualify for those
5 450 units?

6 MS. MEDEIROS: The Lokahi Pacific's mission is -- is
7 primarily to provide housing to families that are
8 80 percent and below of median income.

9 COUNCILMEMBER MATEO: Thank you. So somebody who makes
10 120 percent median income level, would they qualify
11 for your 450 units?

12 MS. MEDEIROS: At this point in time, no.

13 COUNCILMEMBER MATEO: Someone who is making 100 percent
14 median income level criteria for your 450
15 units, would they qualify for your housing units?

16 MS. MEDEIROS: At this point, no.

17 COUNCILMEMBER MATEO: I rest my case. Non-profits
18 provide a service, and you use the word real
19 appropriately for the special needs clients.

20 The policy addresses both, the need to take
21 care of the special need groups, as well as the
22 working individuals of this County. I hear a give
23 me, give me, give me to the non-profits when, in
24 fact, the purpose and the intent of the creation of
25 the housing policy was to help our working

1 individuals as well. I do not see it happening. I
2 didn't see it through your administration term, and
3 I don't see it now.

4 Thank you, Mr. Chairman.

5 CHAIR NISHIKI: Thank you. Any response?

6 MS. MEDEIROS: Yes. And I'm sorry that you don't see
7 it. The non-profits do not only serve special
8 needs clients. The non-profits also serve working
9 families. Just because we focus on families that
10 are at 80 percent and below does not mean that we
11 are not meeting the criteria of providing affordable
12 housing, and non-profits should not be undermined
13 nor demeaned for their purpose.

14 CHAIR NISHIKI: Thank you, Vanessa.

15 Any questions? Mr. Pontanilla.

16 VICE-CHAIR PONTANILLA: Thank you. Good morning,
17 Vanessa. Thank you for being here.

18 So when the non-profits collaborate with
19 private developers in regards to affordable housing
20 here in Maui, you stated that your mission is 80
21 percent below median income. According to the
22 workforce -- Workforce Housing policy, residential
23 Workforce Housing restriction, rental unit goes
24 from very low income to moderate income families.
25 Is there a possibility that non-profits, you know,

1 not only look at 80 percent below median income,
2 but also look at, you know, the moderate income and
3 below for affordable housing units, and what Member
4 Mateo had indicated, you know, we do have gap
5 groups that need to be addressed too and, you know,
6 by partnering with private developers, you know, most of
7 the housing units, although it's going to be
8 providing for the very low, and low income group,
9 we leaving out, you know, the working people here
10 on Maui, the working professionals that make more
11 than 80 percent median income.

12 So I leave you with that comment in regards to
13 maybe, you know, the non-profits can re-look at
14 their mission, and provide housing, not only for
15 the very low and low income residents, but also
16 provide for the moderate income resident here on
17 Maui.

18 Thank you, Chairman.

19 MS. MEDEIROS: If I may say --

20 CHAIR NISHIKI: Response?

21 MS. MEDEIROS: -- the true gap group in our community
22 are those earning 81 percent to 110 percent of median
23 income, and that is an area that certainly needs
24 focus on. Those are earning 110 percent or more,
25 right now with the economy that we have, they have

1 a wealth of opportunities in housing that is
2 available to them. Prices have come down
3 significantly. So focus again in partnering with
4 developers, is that developers would provide the
5 housing -- affordable housing for those higher
6 income groups, and they do partner with non-profits
7 who have an expertise in providing housing for
8 those at lower income groups and working with the
9 families to help them to qualify and achieve
10 affordable housing.

11 CHAIR NISHIKI: Thank you. Any other questions for
12 Vanessa? Seeing none, thank you.

13 Anyone out there in the chamber would like to
14 give testimony? Please come down. You can sign up
15 later after your testimony. Is that to be
16 distributed, DeGray?

17 MR. VANDERBILT: Yes. Yes.

18 CHAIR NISHIKI: Two sets of testimony there, Scott?

19 MR. VANDERBILT: Thank you, Mr. Chairman and --

20 CHAIR NISHIKI: Identify yourself, please.

21 MR. VANDERBILT: Yeah. My name is DeGray Vanderbilt. I'm a
22 30-year resident of Molokai. I spent a lot of time
23 testifying when the ordinance was going through in
24 2006. I'm the former Chair of the Molokai Planning
25 Commission. Our Molokai Planning Commission spent

1 a tremendous amount of time, several meetings,
2 formed a subcommittee and put a really nice
3 package together of 20 or 30 suggested amendments
4 to the Workforce Housing plan. Unfortunately, many
5 of them didn't get in. We are hoping that maybe
6 some of those could be reconsidered at this -- on
7 this go around. But what I wanted to do today --
8 I've got two parts of the testimony.

9 One is a -- is a chart I put together
10 yesterday, and the other is a copy of my testimony
11 in November 2006 which I'm not going to spend a lot
12 of time on. It was about 20 -- 20 something pages,
13 but it has some good food for thought that still
14 applies today.

15 The chart that's on top of the testimony there
16 sort of follows up about this whole thing about
17 affordability. I was going to bring a box of
18 Kleenex today because I thought there would be some
19 developers in the audience that would be whining
20 that they can't afford to build affordable housing,
21 and that's just inconceivable to me, especially
22 when you look at these numbers.

23 The average price that the developers can
24 charge for single family affordable housing and
25 meet the affordable housing requirements is

1 \$425,000. Now, that's using the maximum they can
2 charge in each category, the below moderate, 30
3 percent of the workforce requirement, moderate, 30
4 percent, and then above moderate, 20 percent, and
5 20 percent for the gap group.

6 Now, if you average from the low part of each
7 category to the high part, that 425 would probably
8 drop down to 392, but it's hard for me to imagine
9 that a developer who can do a three bedroom house
10 can't do -- this is all based on three bedroom
11 prices, and these figures came from the attached
12 Housing Division's 2008 affordable sales price
13 guidelines, and I attached the ones for single
14 family for Maui Island, multi-family for Maui
15 Island, and single family for Molokai.

16 If you look at the very low and low income
17 brackets which go from under 50 percent up to 80
18 percent of median, the policy -- Workforce Housing
19 policy provides for no single family opportunities
20 for those workforce families. They don't have a
21 chance. They got to rent. In this group, back in
22 2004, represented 47 percent of Maui Island's
23 45,000 households. 47 percent of the people
24 workforcing families on this island are not even
25 eligible under this way to afford for a single

1 family. Everything is geared to people making from
2 58,000 to 116,000, and they are going to pay 300 to
3 539,000 for a three bedroom house. And if you look
4 over at the lower right, the far right-hand corner
5 at the bottom, if it goes to a fourth bedroom, that
6 539 price jumps to 620, so the developer can get
7 80,000 for an additional bedroom. If it's 100
8 square feet, that would be \$809 per square foot.
9 There should be a lot of profit in that.

10 On Molokai, our median income is 48,000
11 compared to Maui's 72,000 down in the lower left
12 hand corner. And on Molokai, the average price is
13 four -- 282,000 versus Maui's 425,000. Now, I
14 don't know. I haven't done a wage comparison, but
15 there can't be that much discrepancy between
16 workforce people on Molokai and Maui and what --
17 what they are making. My contention all along that
18 this median income figure has no relationship to
19 what workforce families are making. It's skewed by
20 a lot of wealthy people moving in, and each year,
21 this figure goes up, and each year that that goes
22 up, the amount of the sales price of the affordable
23 housing goes up. So I would hope that there may be
24 some other way, more realistic figure, to -- to
25 work with to get an affordable sales price that is

1 in -- more in tune with what people are making. As
2 I said, in this -- in this whole scheme of things,
3 of all the households in Maui, only 15 percent make
4 over 160 percent of median income, and that's the
5 cutoff for affordability, only 15 percent. So the
6 developers are saying, look it, we want to build 70
7 to 80 percent for those 15 percent, and we want 20,
8 30 percent for the other 85 percent of the people
9 on Maui -- on Maui.

10 So where is the balance in all this? There is
11 no balance. It's -- everything is being
12 manipulated, and you -- you've got to get some
13 facts from these developers. They come in, and
14 they just talk here and talk there. They say they
15 can't afford it. Yet, you've got Jesse Spencer
16 saying he wants to move forward. You've got
17 Puunani that's coming on with 750 units now.
18 You've got Charlie Jencks saying he's got his
19 financing ready to go on 670 with 50 percent
20 housing. So these guys come in, and they give you
21 a lot of rhetoric, but they don't give you any
22 facts and figures.

23 And I think that's one of the things that
24 needs -- needs to really happen, and I would like
25 to see a little task force set up. Put the

1 developers on it, but then put some real people on
2 there, the people that need affordable housing or
3 people that have been following this, that can ask
4 these guys the hard questions.

5 As far as -- as -- and then, let's see, I
6 guess -- I guess the thing that gets me a little
7 bit, and I'd like to see change is in the middle --
8 that note in the middle of the page. You know, a
9 developer has all the flexibility in the world. If
10 he is building a, like Mr. Dowling, a single family
11 project in Wailea at three and a half, four million
12 dollars, he doesn't have to do single family
13 housing as affordable. He can do multi-family,
14 onsite, offsite, or he can work with the
15 non-profits and contribute to them.

16 So he -- and there is no standards. You can
17 have a developer that says, look it, I want to get
18 a decent size lot to the affordable family. But
19 then the next guy can say I want to go the minimum,
20 5,000 or 6,000 or whatever it is. So there is no
21 real standards there, and so I would like to see
22 some standards put in there on lot sizes and
23 minimum square footages on -- on three bedroom
24 house, say can be a minimum of 1,100 square feet.
25 You can get three bedrooms. I've seen them on 975

1 square feet. There are some other things that I
2 did. I wasn't able to find the Molokai Planning
3 Commission recommendations. Unfortunately, the
4 committee files have been sent to storage, but
5 Planning Department is looking for that right now,
6 and I'd hope to get that to you at the next
7 meeting.

8 The other thing is this 201G process. Well,
9 let me go back on one thing. There was an article
10 in the newspaper just recently. It was regarding a
11 project that's -- was just coming before the State
12 Land Use Commission -- what's called Puunani
13 project, and it's going to be here in Wailuku, 754
14 units, and there was an article in the Maui News on
15 February 15th by Chris Hamilton, and in there he
16 says the project consists of -- it's 754 units, and
17 they are saying 50 percent affordable. Okay. 300
18 and so many units will be affordable, 50 percent of
19 the total. Now, in this thing -- in this article
20 it says, the project consists of 127 half acre
21 lots, six one acre lots, 145 single family lots,
22 and 476 multi-family units.

23 Now, you'd think if we got a little balance
24 here, you'd have some affordables -- lots as well
25 as some affordable multi-family, but guess what,

1 the cheapest way to go on the affordable is put
2 them all in the multi-family, and that's exactly
3 what happened. So our workforce families and their
4 kids are getting stuck in the minimum sizes with no
5 respect to quality of life features that more
6 wealthy people get, and I think that -- that's
7 wrong, and there should be some -- something in the
8 ordinance. I don't know what the wording would be
9 right now, but I just don't understand this whole
10 crying the blues of the developers. If a project
11 isn't going forward today, it isn't because of the
12 affordable housing requirement. It's because of
13 the lending, and I remember -- the lenders. And I
14 remember -- I went back and looked at some of the
15 testimony that came in to this body when they were
16 considering the -- the -- the Workforce Housing
17 Bill. And one of them was from the Chamber of
18 Commerce. And they just said -- they said this
19 bill is not going to work. It's going to cause
20 there to be no affordable housing, on and on and
21 on. They contacted two bank financing advisers.
22 One was -- I forgot what the one guy's name is, but
23 the other guy's name was Leroy Laney. He is a
24 consultant, economic advisor with First Hawaiian
25 Bank, and she attached -- Pamela Tumpap from the

1 Chamber attached his testimony, and then he starts
2 talking about how you can't force affordable
3 housing. You can't force it on developers. It's
4 not right. You've got to let the market work. And
5 he said let me begin with a few general concepts of
6 economic welfare before specifically addressing the
7 subject of mandated affordable housing itself.

8 Economists have learned sometimes the hard way
9 that well intended interference with the market
10 mechanism often has unforeseen and unintended
11 outcomes. Terrific. That's a great statement.
12 But I'm sure that he and the other bankers didn't
13 have any trouble taking government handout's on the
14 bailout. So just like you were trying to help the
15 affordable housing, our Federal Government is
16 helping these same bankers. They are chastising
17 you guys for trying to help our working families in
18 Maui County, and it's just wrong. So I wouldn't
19 give the time of day to these guys that are coming
20 here whining, and unless they come in here and show
21 you some facts and figures, I'd say "aloha," and
22 just stick with the program. And on Molokai, we'd
23 hope that maybe the affordable ratio would go from
24 50 to 100 percent. So thank you, Mr. Chairman.

25 CHAIR NISHIKI: Thank you. Any questions for DeGray?

1 Mike Victorino.
2 COUNCILMEMBER VICTORINO: Thank you. DeGray, thank you
3 for your testimony. Let me start off right away my
4 -- my first point of order would be -- point that I
5 wanted to work with you on is the median income,
6 and I think I can tell you, partly, and I'm not no
7 expert here, but I can tell you partly why the vast
8 difference between Maui and Molokai. Maui, our
9 median income is basically based on the amount of
10 money that household brings in. For example, many
11 families here, as you well know, work two jobs.
12 Husband and wife both work two jobs. Okay. On
13 Molokai, maybe that's not as readily available, but
14 that's changing also real quickly because many
15 hotels have cut back, laid off people, so the
16 part-timers were the first to go. So that median
17 income -- may be really skewed, may go the other
18 way kind of. I just had a meeting this morning
19 with an affordable developer, and they agreed.
20 They think this is going to change. So I think
21 maybe if you're asking why the skewing, as far as
22 why 72 over here on Maui, and 40 -- 48,000 on
23 Molokai, I think that may be part of it, but I'm
24 not sure if that's the only -- only reason, but
25 just an FYI, I agree with you that we need to find

1 another system, no question in my mind because I've
2 never liked HUD'S system, but at this point in
3 time, that's the only system we are allowed because
4 of Federal funding. So, I mean we all on the same
5 page. Let me ask you this, Vander, what would you
6 think if, you know, and -- and I think this
7 question has come up, and I've been opposed to it,
8 so I want to ask your opinion. Affordable housing
9 built outside of the project district. Now, that
10 was brought up a number of times, and even this
11 morning's testifier brought that up. So if they
12 are going to build, for example, the Wailuku
13 Puunani, right, built in Wailuku, but now you can build
14 it on Molokai, 50 percent of the affordable
15 requirement on Molokai, or Hana, or Lanai. Would
16 you think that would be appropriate?

17 MR. VANDERBILT: If a Maui developer developing on
18 Maui --

19 COUNCILMEMBER VICTORINO: Gets credit --

20 MR. VANDERBILT: Built his affordable housing on
21 Molokai?

22 COUNCILMEMBER VICTORINO: Yes.

23 MR. VANDERBILT: If he wants to do it -- if he can't
24 afford it on Maui at 72 percent median income, how
25 is he going to afford it on Molokai for 42 --

1 42,000 median income. I mean, I don't think they
2 would even go there, if they are not even -- I
3 mean, they can make so much more money on the
4 affordable housing right here on Maui, but if they
5 did, we'd welcome it, as long as he went with the
6 Molokai median income.

7 COUNCILMEMBER VICTORINO: Okay. I just wanted your
8 take on that. The second thing I have on this is
9 the word affordable. The way the housing component
10 is, not the income, but the housing component. How
11 would you suggest, and again, you made a good
12 point, if they come in and they whining and crying,
13 we just say hasta luego, goodbye, aloha. But how
14 would you suggest we have more -- a better tab on
15 this? What would you ask us to do from government
16 side, you know, like in the permitting process, and
17 all this other stuff, if we could reduce the cost,
18 but making sure that cost was directly to the
19 individual family that buys that particular home?

20 MR. VANDERBILT: Well, I -- I think the permitting
21 process is one thing that might -- could save some
22 time. I know the State has that 201G process where
23 they could come in here, and they don't have to
24 deal with zoning or anything else, and you guys got
25 to give them an answer in 90 days and so on, and

1 they -- but what I would do is -- there has been --
2 since this Workforce Housing ordinance came into
3 effect, there has been things in the paper that
4 there has been no affordable housing, there has
5 been 1,000 units. I would hope that the Department
6 of Human -- Housing and Human Concerns would give
7 you guys a summary sheet of the projects that came
8 in, how many market units there were, what the
9 makeup of the market units were in pricing, what
10 the affordable package that the Housing Division
11 agreed to -- was it multi-family, single family and
12 how all that worked out so that you get some base
13 line data because to me, that's been the weak link
14 in all this. The last development that gave a lot
15 of specific figures was Puunoa, affordable housing
16 project on the West Side, and that was really
17 helpful. The State made them give a breakdown, and
18 I think you guys can require some kind of breakdown
19 because I think that makes it a lot easier. We are
20 all not housing experts, but -- and -- and when the
21 developers come in, have them show you some things,
22 and then you can show it to a banker, an economist
23 like the Chamber shows everything to First
24 Hawaiian, and Hawaiian Bank and you can get your
25 own economic experts, but I'm just a believer in

1 firm data because otherwise, everybody is just
2 wasting their time trying to figure out what
3 everybody is saying, including what I'm trying to
4 say.

5 COUNCILMEMBER VICTORINO: Last question, Mr. Chair, and
6 I'll let the other Members have a crack at -- at --
7 MR. VANDERBILT: DeGray.

8 COUNCILMEMBER VICTORINO: Don't worry. I just -- number
9 and names in my mind. What about those communities
10 that we have that oppose any affordable housing being
11 built in their area, aka, this Jesse Spencer's
12 Maalaea Mauka which has had some vehement
13 opposition from the Maalaea Homeowners Association
14 and some of the condos in that area, that he wants
15 to build all affordable housing or basically
16 Affordable Housing Workforce Housing development
17 like he did right here by Waikapu, but he have
18 opposition from the community. How do we address
19 that because, again, that's coming up more and more.
20 There are areas that are saying no, we don't want
21 it here. I'm a firm believer, you build where you
22 can to give everybody an opportunity to enjoy the
23 quality of life as you have spoken about.

24 MR. VANDERBILT: Well, on Molokai, for sure, we are not
25 a big fan, and we really -- I think our community

1 plan's pretty clear on it. We don't want gated
2 communities. We don't want segregated communities.
3 We are a community, and if -- if you can't help out
4 your working neighbor, that's fine. But -- but
5 then there is a concern about ag land and open
6 space because with the State 201G it's just a green
7 light to do market-priced housing projects with an
8 affordable component because you can make money on
9 the affordable side, and then you've got a free
10 ride on the market.

11 But I guess the thing that worries me the most
12 is that you come in with all this affordable
13 housing, and the developer is saying, "Well, the
14 affordable people can't afford it because the
15 lenders are tougher." Well, I think this policy,
16 if I'm not mistaken, and I haven't read it lately,
17 and correct me if I'm wrong, but if the affordable
18 housing doesn't sell within a certain period of
19 time, they can sell it as market price housing, and
20 that's dangerous right there because they can
21 manipulate that, and these guys are manipulators.
22 I just -- that's their business, and I'm not saying
23 they don't do good, some of them, but they
24 manipulate for their own benefit, and if it's
25 between their benefit and the public good, they are

1 going to go with their benefit just like the
2 corporate guy will go for his stockholders before
3 the general good of the community. So that's just
4 my take on it.

5 COUNCILMEMBER VICTORINO: Thank you, DeGray. Thank you,
6 Chair for allowing me those questions.

7 CHAIR NISHIKI: Councilman Pontanilla.

8 VICE-CHAIR PONTANILLA: Thank you. Thank you DeGray
9 for being here this morning. And you know, I took
10 real interest when you mentioned Puunoa because
11 when I was Housing and Human Services, Human
12 Concerns Chairman for the Council, it was my first
13 project on the 201G at the time. And by the way,
14 it's now called 201H, and the process is 45 days,
15 and we trying to amend it to lengthen the period of
16 approval from 45 to 90. So it's in the hands of
17 our Legislature to -- to do that, and you right,
18 most of the 201H that we see today are on ag land,
19 and you know, ag land can get it at a cheap cost.
20 But let me come back to Puunoa. You know, the
21 developer had provided us with all those statistics
22 in regards to costs. Just to give you a flavor, a
23 affordable house at that time was \$125,000. That
24 was seven years ago. Today it's, you know, like
25 you say, looking at 80 percent median income,

1 \$242,000. But again, you know, it was on a
2 4,000 square foot lot average, and 700 square foot
3 house average with provisions to extend it, two
4 bedroom to a three bedroom house, and you know,
5 that project didn't fly because we had some land
6 issues in regards to the residents surrounding that
7 project. But again, yeah. You know, we asked the
8 developer to provide us that cost, and he did, and I
9 just like to remind, you know, the Members, seven years
10 ago, \$125,000, you know, you can't find anything
11 like that today, and I felt sorry for those people
12 in Lahaina that were looking for affordable housing
13 units in Lahaina, and you know, because of all the
14 issues that some of the Members had with the
15 project, you know, we failed to approve the
16 project, and again, DeGray, thank you for your
17 insights in regards to affordable housing and the
18 pricing of the housing. Thank you again.

19 MR. VANDERBILT: Okay.

20 VICE-CHAIR PONTANILLA: Thank you again.

21 CHAIR NISHIKI: Any questions for DeGray? Sol.

22 COUNCILMEMBER KAHO'OHALAHALA: Thank you, Mr. Chair.

23 DeGray, I'm -- I'm interested in your comments
24 about the lenders driving the cost of housing. Do
25 you want to elaborate on that, because you know, we

1 are looking at making sure that the affordability
2 is some figure that -- that we will try to come out
3 based on these charts that you've -- you've
4 provided, what HUD has provided, but is there
5 another component when you mentioned that the
6 lenders are driving the cost?

7 MR. VANDERBILT: I don't recall what I was saying about
8 the lenders. I did refer to the one lender that
9 was taking exception to the Council mandating
10 affordable housing on developers is some kind of
11 economic welfare subsidy, and yet the banks turned
12 around, and when they needed a handout from the
13 Federal Government, they were quick to grab it up.
14 But I don't recall the other.

15 COUNCILMEMBER KAHO'OHALAHALA: Okay. Well, you made
16 reference to that, and you made reference to the
17 Chamber of Commerce's comments.

18 MR. VANDERBILT: Yeah. The Chamber of Commerce. Right.
19 And I -- I think it's interesting to go back and
20 read some of the testimonies that came in during
21 the Council's final two readings of that ordinance,
22 and it was all doom and gloom, and I don't think
23 any of the doom and gloom has really occurred
24 because of the affordable housing ordinance, and --
25 and -- and Mr. Chairman, if I might, I just -- I

1 hear all this stuff, we are in a bad time so we
2 need to reduce the percentage of affordable
3 housing, but before this housing policy was done,
4 thanks to a lot of hard work by our Councilman
5 Danny Mateo, where were all the developers coming in
6 to work out a partnership with government so our
7 people could have affordable housing? When times
8 were good, they were raking in the profits, and
9 just oh, okay. That's fine. And then finally, it
10 just got out of hand, and -- and it was all for the
11 guys with the big bucks, and the working families
12 were getting hosed, and then the Council jumped in,
13 and thank goodness they did, and I -- and unless
14 there is some really solid reason why this thing
15 needs to be lowered, I certainly wouldn't sacrifice
16 the affordable families for the whims of a few
17 developers.

18 COUNCILMEMBER KAHO'OHALAHALA: Okay.

19 MR. VANDERBILT: That's all.

20 COUNCILMEMBER KAHO'OHALAHALA: I want to thank you at
21 least for providing some of your -- your charts here
22 to help give a little bit more of a different
23 perspective.

24 MR. VANDERBILT: Well, in that old testimony too,
25 Councilmember Pontanilla mentioned Puunoa. I did

1 do a -- based on the figures that were given by
2 Puunooa, I showed if it had been 100 percent
3 affordable, Puunooa, that it would have still been a
4 profitable project using the affordable guidelines
5 at that time, if the whole project was affordable,
6 not just 50 percent. So there is just some
7 interesting stuff in there, and I just thought I
8 would just share it because -- anyhow, but I
9 appreciate your comments.

10 CHAIR NISHIKI: Thank you, DeGray.

11 MR. VANDERBILT: Thank you, Mr. Chairman.

12 . . . END OF PUBLIC TESTIMONY . . .

13 ITEM NO. 2 AMENDMENTS TO THE RESIDENTIAL
14 WORKFORCE HOUSING POLICY (C.C. No.
15 09-25)

16 CHAIR NISHIKI: Seeing no other questions, thank you. I've
17 seen members of the public come in late. Do any of
18 you that have entered wish to give any testimony?
19 Seeing none, we'll move on to the Residential
20 Workforce Housing Policy, PS-2. Now, the Chair has
21 worked with staff and also had a meeting with the
22 Administration. Two things that I felt needed to
23 be addressed:

24 One, the history of why this major ordinance
25 was created. Number one, I think there was a lack

1 of consistency in how affordable units were
2 required by developers, and Danny and the rest of
3 you that have been in office when this was created,
4 you could also enlighten the general public as well
5 as the Chair.

6 Second, there was little or no accounting or
7 follow-through of affordable units owed by the
8 County, and I think when the Chair was in office,
9 the amount of units that we may have lost or
10 developers that built the units and built their
11 high-end housing and skipped town without building
12 the affordable, other kinds of reasons why we lost
13 a lot of the units, and perhaps this was the major
14 reason why this major legislation was created.

15 Secondly, I think before we jump into looking
16 at the ordinance, we need to review the past two
17 years and ask this Administration, and again,
18 working with them, what has happened? Updates in
19 regards to units that have been created with the
20 Workforce Housing. Also, who in this
21 Administration is monitoring this process, and
22 finally, how is this process being initiated? How
23 is it working?

24 And so this is where the Chair would like to
25 take this meeting today and getting from this

1 Administration where are your units that have been
2 created from Workforce Housing, and the concern for
3 personnel and also how the process works.

4 So if the Administration would like to take
5 the lead in this?

6 MS. RIDAO: Thank you, Mr. Chair. First of all, maybe I
7 should address the process. Normally, when a
8 developer proposes to do a market project, he will
9 come in, or she will come in and discuss the
10 project as far as it relates to the 2.96 in
11 relationship to the market units that they want to
12 do, and we sit down normally with Corp. Counsel, we
13 make that determination, and an Affordable Housing
14 agreement is developed, and that is the way -- that
15 is the mechanism that is the check -- the check and
16 balances for the developer to -- must doing -- must
17 do -- have to do his affordables, and normally in
18 the agreement, we put in there that the affordable
19 must be done before the market project can be done.

20 As you know, the only development that has
21 provided us affordable housing units is David
22 Goode's Na Hale O Kilinahe in relationship to his
23 Pulehu Farms project. The other project that we
24 got in-lieu fees for -- was David -- I'm sorry,
25 Everett Dowling's Makena parcel -- Makena project,

1 and he has partnered with Hale Mahaolu which is
2 developing the elderly housing project in Kihei,
3 and that is a total of 115 units, I believe.

4 Mr. Dowling has -- is contributing 5.8 million
5 of which he has already contributed about half of
6 that amount. So the check and balance is usually
7 the Affordable Housing agreement that is developed
8 with the department. At this time we are not
9 overburdened by monitoring because, of course, as
10 you can see, we don't have a lot of projects.
11 There may come a point where we -- we are going to
12 need someone to focus on monitoring on the
13 projects.

14 Right now, what I've been experiencing is many
15 developers coming in and wanting to talk story
16 about how they can meet the requirements of the
17 2.96, and we try to give them ideas on how they can
18 accomplish that, and we also refer them to
19 non-profits if they prefer to do the partnerships.

20 I would be happy to answer questions, if there
21 is -- that will lead to more understanding of how
22 we do things.

23 CHAIR NISHIKI: I want to keep the questioning in -- in
24 the process area that Jo-Ann has basically given
25 you an idea of how the Administration handles this.

1 Any questions from Committee Members?

2 Mr. Pontanilla.

3 VICE-CHAIR PONTANILLA: Thank you. So it's only the
4 process that you want to discuss at this time?

5 CHAIR NISHIKI: Right now just so we can keep it now
6 because, otherwise, if you go all over the place,
7 then I don't think we are going to accomplish much.

8 VICE-CHAIR PONTANILLA: Thank you. I -- you know,
9 wait until we come to this handout that was
10 provided by Housing and Human Concerns.

11 CHAIR NISHIKI: Any other questions in regards to
12 process? Seeing none, Jo-Ann, I've got some
13 questions --

14 MS. RIDAO: Sure.

15 CHAIR NISHIKI: -- in the process area. A developer
16 comes in, no matter whether he builds ten homes or
17 1,000 homes. Is there a check off list that has to
18 occur so that there is none that we missed through
19 this process?

20 MS. RIDAO: No. There is no checklist.

21 Normally, we go to the law. If, you know, he
22 is doing his markets at 600,000 or more, he is
23 required to do 50 percent affordables. Then the
24 discussion will normally get into if he is going to
25 do it onsite or offsite, if he is going to

1 provide cash in-lieu, if he is going to partner
2 with a non-profit to provide the affordables, and
3 that's normally the way the discussion goes.

4 CHAIR NISHIKI: So -- so you -- you stated that the only
5 time this happens is -- is if they come and see
6 you.

7 What about the other departments, Planning
8 Department, Public Works, how do they figure into
9 this whole process? Is there anything that the
10 Administration does with them to alert them that if
11 they -- if there is a project that's occurring that
12 they need to come and see you? This is where I
13 have a concern.

14 MS. RIDAO: Okay. If zoning is appropriate, then
15 normally, you know, there is not a discussion with
16 Planning Department.

17 The areas that we have had discussions with
18 Planning Department has been on the 201H projects
19 because as we have experienced with Kula Ridge, it
20 was outside of the, what do you call it, the
21 boundary line, yeah? The urban growth boundaries.
22 So in that respect, and any projects that are
23 outside the urban growth boundaries, we do have
24 discussions with the Planning Department, and --
25 and that's where it becomes, I think, more

1 technical as far as if this project is going to go
2 or not.

3 CHAIR NISHIKI: So Jo-Ann, I think the Administration
4 may need to look at a process with the other
5 develop -- the other departments because
6 as you've stated, there is no process that
7 alerts the Planning Department to notify you if a
8 project is being done that is -- that has to
9 address the Workforce Housing.

10 So again, as much as this ordinance is a good
11 one that needs to be reviewed, there are pukas in
12 the process that I see that Administration may need
13 to look at.

14 MS. RIDAO: Maybe, Mr. Chair, I should add that, since
15 the 2.96 and law was enacted, the Housing Division,
16 Department of Housing and Human Concerns is
17 required to review every building permit that comes
18 through DSA, so that is one check and balance, but
19 as far as Planning Department, yeah, if it's within
20 the zoning, normally, that's not a problem. If
21 it's outside of the zoning, or outside of the urban
22 growth areas, then we must work with the Planning
23 Department.

24 CHAIR NISHIKI: So you mentioned that there has been two
25 projects that 2.96 created housing or in-lieu money.

1 The question I have is, you now require,
2 Jo-Ann, again, every permit to come to the housing
3 process, and this is sent to you by what
4 department?

5 MS. RIDAO: That was -- that was a requirement of the
6 department of -- DSA, and so what happens is when, I
7 guess, the developer goes in for his building
8 permits, you know, a vast majority of the building
9 permits that come in are single family projects,
10 but there are projects that a developer is going to
11 do that are five units or more that we -- at that
12 point we notify DSA, Development Services
13 Administration that the project is subject to 2.96,
14 and that is another check and balance.

15 So in other words, what will happen is that
16 project will not be able to get their market
17 project started until the affordables are started.

18 CHAIR NISHIKI: Let me ask you in regards to personnel
19 because in some of the testimony that we received
20 in this committee, they feel that perhaps the --
21 this ordinance did not address and now needs to
22 address personnel that you may need for this
23 process, for this system to work for
24 Administration.

25 Right now, who is the person assigned to

1 monitor all the different permits that are coming
2 through this Administration?

3 MS. RIDAO: Primarily, I review all of the permits that
4 come through our department.

5 CHAIR NISHIKI: And any comments in regards to your job
6 and what this ordinance is doing, and perhaps the
7 need for someone -- I guess the concern from the --
8 this person from the general public was, you know,
9 we don't know how much that person may cost in
10 salary, but if we lose like we have in the past,
11 and this ordinance again would not be a good one
12 unless we've got the personnel to address these
13 concerns, that cost of that personnel may be, you
14 know, priceless compared to what we may lose in
15 housing units not being gotten by this, again,
16 ordinance which I consider to be a major ordinance
17 to address it. But without the personnel to
18 monitor this, Jo-Ann, I think that there may be a
19 concern if you're doing all of this, and I know
20 you're doing other things. Response? And it may
21 not be today, but you may need to look at it and
22 respond later. Go ahead, Jo-Ann.

23 MS. RIDAO: Mr. Chair, I think it -- it all depends on
24 how you want to address the bill.

25 If -- if the way we are doing it now where the

1 developers come to us, and we respond to them, and
2 we educate them as to what is required by the law,
3 at this time, I think we are okay.

4 If the County decides, or the Council decides
5 that they want to take a very active role, whereby
6 we go out, and we encourage developers, then I
7 think that is a whole different way of
8 administering this law, and in that respect, yes.

9 I think we would have to take a good look at how we
10 would do that.

11 CHAIR NISHIKI: Mr. Pontanilla.

12 VICE-CHAIR PONTANILLA: Thank you, Chairman.

13 I -- I think when most of the testifiers from
14 the public came before this Committee the last
15 time, I think, you know, what they were looking at,
16 the permitting process. You know, sometimes the
17 permitting process is so long that, you know, who's
18 keeping tabs as far as permit from the Planning
19 Department to the Public Works Department to the
20 Water Department, I think that's the issue that's
21 -- you know, the testifiers that were here the last
22 time were really, really -- say -- you know, saying
23 that these are the type of delays that are
24 affecting probably cost -- cost to the developers,
25 in the end, cost to whoever is buying the product

1 from these developers.

2 So we need to take a look at all these various
3 department that handle the permit. I don't know if
4 they have a time limit in regards to their review,
5 but there must be some mechanism so that these
6 permits, you know, up or down from every department,
7 you know. Let the developer know if it's going to
8 go or not going to go. That's all they asking for,
9 and I think the Department of Housing and Human
10 Services, based on the 2.96, I think they following
11 the law to the best of their ability, but you know,
12 we may have to take a look at the other departments
13 that handle building permits.

14 CHAIR NISHIKI: Any response to a statement made by
15 Mr. Pontanilla, Jo-Ann?

16 MS. RIDAO: Well, I can say that I know a lot of work is
17 being done in Development Services Administration
18 as a lot of the permitting process now can be done
19 online and by computer. So I think that is
20 speeding up the process. I also know that there is
21 a task force report as to suggestions to how to
22 speed up the process that is on its way or, you
23 know, should be here any time. I know that the
24 task force work is done. So we just need to see
25 that report. I have not seen it yet.

1 So I know that at least the department is
2 aware that people are concerned about the time it
3 takes to get a building permit, and that they are
4 working on it, and we have -- we have become aware
5 of it because we get trained on how to access the
6 system via computer, how to input via the computer,
7 so that the process is, you know, sped up some.

8 VICE-CHAIR PONTANILLA: Chairman? Thank you for that
9 response, knowing that, you know, Administration is
10 taking an active role in trying to speed up the
11 process.

12 The last thing that I would like to add,
13 Chairman, is in regards to the Council. Sometimes we
14 need to take, you know -- you know, because when it
15 comes to the Council to -- to have it addressed in
16 committee meetings, sometimes it takes forever, ten
17 years, 15 years. Hopefully, you know, if we want
18 to speed up the process, then we take an active
19 role in regards to approving or disapproving any
20 project that comes through the committee or -- or
21 the Council.

22 So we have some responsibilities, too, in
23 regards to creating affordable housing for Maui
24 County and the people of Maui County. So we all
25 have a stake, you know, in creating affordable

1 housing. So thank you, Chairman.

2 CHAIR NISHIKI: Thank you. I just hope that, like you
3 stated Mr. Chair -- Joe, that it doesn't take ten
4 to 15 years for any affordable housing project to
5 become a reality.

6 Jo-Ann, you passed out today this chart.

7 MS. RIDAO: Yes.

8 CHAIR NISHIKI: And can you inform us what the chart is
9 all about?

10 MS. RIDAO: Okay. Actually, when I first met with you,
11 Mr. Chair, the chart was a lot longer, and I don't
12 take credit for doing this actually. The prior
13 Administration put this work together.

14 What I did was I tried to clean it up a little
15 bit to make it a chart that was more projects that
16 was more active, I would say. Many of these
17 projects were, you know, preliminary review only.
18 They just came in to get information. So I think
19 it was giving us a false sense of how many units
20 were in the pipeline. I'm calling this a
21 Residential Workforce Housing Policy Activity
22 Report, and I changed it a little bit. On the
23 first column, I'm giving you information on the
24 unit type. So SF stands for single family. ILF
25 stands for in-lieu fee, and MF stands for

1 multi-family. I would be land only. It's a
2 compilation of those projects that I think are
3 pretty much on the radar.

4 We -- we -- there is -- there is more
5 activities on these projects than the other
6 projects that I kind of eliminated from the chart
7 because they were just preliminary review or
8 questions.

9 So this chart I think will give you a little
10 more of a handle on, you know, what projects are
11 possible in the near future.

12 CHAIR NISHIKI: Questions for Committee Members?

13 Mr. Pontanilla.

14 VICE-CHAIR PONTANILLA: Thank you. Thank you,
15 Jo-Ann, for providing us with this chart. It gives
16 us, you know, some idea as far as projects that are
17 being proposed here in Maui County. Some of them
18 are active. Some of them are in the planning
19 stages. I don't know if you can go back maybe 15
20 years because someone made a statement that we have
21 13,000 plus units -- affordable units that's in the
22 pipeline, and what we see here is, you know, not 13
23 plus --

24 MS. RIDAO: Right.

25 VICE-CHAIR PONTANILLA: -- thousand units. And I'm

1 assuming that some of these projects and the
2 numbers that they are providing are numbers from
3 projects that probably were submitted to the
4 Planning Department or the -- or whatever
5 department at that time was responsible of their
6 intentions to build on Maui.

7 So if those projects are ten years and older,
8 you know, how much guarantee do we have in regards
9 to those units being built? I don't know. Things
10 has changed, you know. I don't know if the
11 Administration is taking a look, and probably
12 weeding out those projects, the so-called projects
13 that will provide 13,000 units. Is there a review
14 process in regards to weeding out, you know,
15 projects that been in the books for ten, 15, maybe
16 20 years?

17 MS. RIDAO: Not that I know of, but I think you bring up
18 a really good point, and I think going back 15
19 years will probably take some work trying to figure
20 out what were all the affordable projects that were
21 provided in the past 15 years, but I'm sure it's --
22 you know, it's possible.

23 VICE-CHAIR PONTANILLA: Yeah. Because when I look at
24 projects like Spencer Homes, Mr. Nishiki was here
25 when we approved it. Seven years. Can you imagine

1 bringing a project 15 years back is going to take
2 another seven years to complete? You know, it's a
3 very long time.

4 MS. RIDAO: Uh-huh.

5 VICE-CHAIR PONTANILLA: We've got to be more
6 realistic in the numbers. I like to see them.

7 MS. RIDAO: Your -- I'm sorry, Mr. Pontanilla, you're
8 talking about projects that are completed, units
9 that have been received?

10 VICE-CHAIR PONTANILLA: No. Projects that are being
11 planned.

12 MS. RIDAO: Oh. Okay.

13 VICE-CHAIR PONTANILLA: These are the number that
14 I've heard of, 13-plus thousand units that are
15 being planned.

16 MS. RIDAO: You know, that original chart that was given
17 to you that had a lot of the pending ones, that was
18 a total of 3,600 possible units. So -- yeah. So I
19 guess there is 10,000 units that we should go look
20 for.

21 VICE-CHAIR PONTANILLA: Yeah.

22 MS. RIDAO: Yeah.

23 VICE-CHAIR PONTANILLA: Thank you, Chairman. I just
24 wanted to make that point.

25 CHAIR NISHIKI: Yeah. Some clarification. Do -- are we

1 giving Jo-Ann an assignment, Joe?

2 VICE-CHAIR PONTANILLA: Yeah. If they could, you
3 know, follow up on this.

4 CHAIR NISHIKI: What are you requesting?

5 VICE-CHAIR PONTANILLA: To take a look at all of the
6 projects that are being planned or were approved
7 that will provide this 13,000-plus units that is --
8 and I think I saw that in the paper a couple weeks
9 ago in regards to the general plan.

10 MS. RIDAO: Okay.

11 VICE-CHAIR PONTANILLA: That these are the number of
12 units that are being planned right now. So --

13 MS. RIDAO: Okay.

14 CHAIR NISHIKI: These are affordable and market? Or
15 what is --

16 VICE-CHAIR PONTANILLA: I don't know if it's both. It could
17 be both. Could be both.

18 MS. RIDAO: Okay.

19 CHAIR NISHIKI: Okay. And so you want that not as an
20 update to this chart that they provided us?

21 VICE-CHAIR PONTANILLA: No. Not as an update on this
22 chart that they provided us, but I think that would
23 give us, you know, a sense in regards to what is
24 truly being planned.

25 CHAIR NISHIKI: Okay.

1 COUNCILMEMBER VICTORINO: Mr. Chair?

2 CHAIR NISHIKI: Yeah. Any questions to the chart here?

3 COUNCILMEMBER VICTORINO: No.

4 CHAIR NISHIKI: Go ahead.

5 COUNCILMEMBER VICTORINO: Thank you, Mr. Chair.

6 Am I correct, you know, I see this light blue
7 which would indicate some action has been taken.

8 So I go up to the Pulehu Farms Subdivision, and I
9 read at the end where 13 units in-lieu, four units
10 at 90 will come out to 490 -- 490,000, right? But
11 then I don't see nothing in-lieu amount. So that
12 means it's still in project in progress. In other
13 words, nothing has come to fruition yet?

14 MS. RIDAO: Right. Mr. Goode has completed the 13
15 units.

16 COUNCILMEMBER VICTORINO: Uh-huh.

17 MS. RIDAO: He has identified a piece of property that
18 he will complete the four additional units. So he
19 will not be doing -- he is not doing the in-lieu
20 fee. He is going to complete the four units.

21 COUNCILMEMBER VICTORINO: So we can scratch that 490,000
22 off?

23 MS. RIDAO: Yes.

24 COUNCILMEMBER VICTORINO: Okay.

25 MS. RIDAO: Yes.

1 COUNCILMEMBER VICTORINO: And that in-lieu or the
2 project he is referring to, and that's the one in
3 Makawao he did, and now he is identifying another
4 area.

5 MS. RIDAO: Yes.

6 COUNCILMEMBER VICTORINO: Okay. Again, that was another
7 question that I think someone brought up, and I may
8 have to -- that will be another point of -- of
9 topic when we come to new versus renovation and
10 taking old and just rehabilitating and then saying,
11 here, this is what I'm going to give you. So
12 another issue, another time we'll bring that up.

13 The last one I have is over here at the
14 in-lieu fee again which was done in Kaanapali at --
15 for the Hyatt Regency.

16 MS. RIDAO: Yes.

17 COUNCILMEMBER VICTORINO: Which is their, I guess,
18 timeshare units?

19 MS. RIDAO: Yes.

20 COUNCILMEMBER VICTORINO: Okay. This one would be --
21 where would this be built? Was this money just
22 going to Lokahi Pacific for build -- to be built
23 anywhere, or still in the project district?

24 MS. RIDAO: No. It must be within the project district.

25 COUNCILMEMBER VICTORINO: So it will still stay within the

1 project because there was no clarification on that
2 part. So I just wanted to make sure that that
3 hadn't been changed.

4 MS. RIDAO: Yes.

5 COUNCILMEMBER VICTORINO: The last question I have is
6 you have a total unit count of 1,000 -- I mean,
7 3,130 -- excuse me, 3,103 units on the very top.
8 You have I guess a compilation across.

9 MS. RIDAO: Uh-huh.

10 COUNCILMEMBER VICTORINO: That's a total of all that is
11 showed on this chart, whether it's been -- has come to
12 fruition, or just in the planning stages.

13 MS. RIDAO: Correct, in that column.

14 COUNCILMEMBER VICTORINO: Yeah. In that column.

15 MS. RIDAO: Yes.

16 COUNCILMEMBER VICTORINO: So the 13,000 that we read
17 about or we've heard or been told about has -- is a
18 part of or this is a total separate?

19 MS. RIDAO: I would suspect this is a part of --

20 COUNCILMEMBER VICTORINO: Part of, yeah?

21 MS. RIDAO: Yes.

22 COUNCILMEMBER VICTORINO: Okay. And then the other one,
23 right adjacent to that is affordable housing
24 requested. Is that what that means?

25 MS. RIDAO: Affordable housing requirement, I believe.

1 COUNCILMEMBER VICTORINO: Requirement.
2 MS. RIDAO: Yes.
3 COUNCILMEMBER VICTORINO: Okay. So 993 would be of this
4 3,103?
5 MS. RIDAO: Yes.
6 COUNCILMEMBER VICTORINO: So why not 50 percent, or is
7 it -- this based on the in-lieu fee?
8 MS. RIDAO: Well, I think -- yeah. Some are in-lieu
9 fee.
10 COUNCILMEMBER VICTORINO: Okay.
11 MS. RIDAO: So that's not included.
12 COUNCILMEMBER VICTORINO: That's not included.
13 MS. RIDAO: Yes.
14 COUNCILMEMBER VICTORINO: Okay. I just wanted to make
15 sure that was clarified because if we going 50
16 percent, I -- I saw -- I was looking for 1550.
17 MS. RIDAO: Correct.
18 COUNCILMEMBER VICTORINO: And I see only 993, you know.
19 Okay. All right. Thank you, Mr. Chair. I
20 appreciate the opportunity to ask the question.
21 CHAIR NISHIKI: You're welcome. Jo-Ann, some
22 clarification because I know that perhaps
23 Mr. Victorino didn't want to ask, but I will ask,
24 this Pulehu Farms subdivision. They were required
25 to provide 17 units.

1 MS. RIDAO: Correct.

2 CHAIR NISHIKI: And the next column, it says, the number
3 of affordable units provided so far is 13, and so
4 they now owe four.

5 MS. RIDAO: Correct.

6 CHAIR NISHIKI: Okay. The question is, and I don't know
7 if this is important to Committee Members, but we
8 heard that the units, and I don't know how many
9 were units that were existing and refurbished, or I
10 don't know how you would describe that.

11 Is that a true fact?

12 MS. RIDAO: Yes. That is true. I believe there were
13 eight existing units that were refurbished, and he
14 built five from the ground up in that location.

15 CHAIR NISHIKI: And this policy that this Administration,
16 except that it may not have been you, was -- okay.
17 This is something that the Administration thought
18 to be okay in how the units were addressed, that 17
19 units?

20 MS. RIDAO: Yes. The location of the project is right
21 on Makawao Avenue.

22 CHAIR NISHIKI: Uh-huh.

23 MS. RIDAO: And I believe that the Administration felt
24 that it was an ideal location, and that there were
25 at the time and -- and still existing no affordable

1 units available in the Makawao area. We discussed
2 it with -- I was involved in the discussions, and
3 we did have a discussion with Mr. Goode, and we
4 felt that he was providing the affordables that
5 were required for his Pulehu Farms project.

6 CHAIR NISHIKI: Okay. Any questions from Committee
7 Members in regards to the policy that this
8 Administration chose? Danny, go ahead.

9 COUNCILMEMBER MATEO: Chairman, thank you.

10 Chairman, not -- not a question on the policy, but
11 a follow up on the listing that the department
12 provided to us.

13 MS. RIDAO: Uh-huh.

14 COUNCILMEMBER MATEO: Some of the projects that we're
15 aware of is not existent on this list. For
16 example, the Maui Lani project. They still owe us
17 affordable units in their -- in their project
18 development that's not yet -- and I don't see it
19 listed here at this point.

20 MS. RIDAO: You know, I believe this list, Councilmember
21 Mateo, is based on 2.96. I don't know if Maui Lani
22 --

23 COUNCILMEMBER MATEO: Is there another list that you
24 have --

25 MS. RIDAO: No.

1 COUNCILMEMBER MATEO: -- to show what's actually owed?

2 MS. RIDAO: No. I don't have that. I would have to
3 develop that.

4 COUNCILMEMBER MATEO: Okay. I believe -- I believe the
5 department already has in part bits and pieces of
6 similar charts.

7 MS. RIDAO: Okay.

8 COUNCILMEMBER MATEO: Because, you know, we were provided
9 additional listing of projects that are, in fact,
10 old projects like Maui Lani.

11 MS. RIDAO: Okay.

12 COUNCILMEMBER MATEO: Who continue to develop and who
13 have not yet completed their affordables.

14 In addition, we are very aware that this body
15 had, in fact, opposed some projects that had, in
16 fact, come forward to us as affordables for a
17 multitude of reasons.

18 So I think it's good to have a chart of what's
19 -- what has come through during 2.96, but I think
20 we cannot -- we cannot overlook the fact that there
21 still are many units that are still owed the County
22 that we must go after.

23 MS. RIDAO: Okay.

24 COUNCILMEMBER MATEO: So I just wanted to make that
25 point, Chairman.

1 CHAIR NISHIKI: Jo-Ann, listening to Mr. Mateo, is there
2 such a chart that the Administration has in regards
3 to units that may not apply to 2.96?

4 MS. RIDAO: Mr. Chair, there may be. It's not a chart
5 that I'm aware of. So I will go back and check
6 with the Housing Division and see if there is such
7 a list.

8 CHAIR NISHIKI: Okay. I want to stick to 2.96, if
9 possible, Committee Members. That umbrella we can
10 pursue in another area of a committee.

11 Now, in the Pulehu Farm project here, and
12 then, Committee Members, I think that you may need
13 to look at how and if you want to give that much
14 authority to the Human Services Director, and I
15 just put it out so that you will see that in
16 choosing, again, and I don't know if any of you
17 have some concerns, but in choosing the projects, a
18 lot of it has been given to non-profits.

19 Now, there may be a reason why they can do it
20 cheaper, but I don't know.

21 Jo-Ann is -- can you answer that question, or
22 would you want to answer that question concerning
23 why projects perhaps are being given to
24 non-profits?

25 MS. RIDAO: Well, haven -- having done, you know, and

1 being a former executive director of a non-profit,
2 the -- the benefit or the -- the edge that the
3 non-profit has is that they have opportunities to
4 get a lot more subsidy than a for profit developer
5 would, and so therefore, with the subsidies, a
6 non-profit is able to bring projects in at a lower
7 cost.

8 CHAIR NISHIKI: Questions from Committee Members? Joe,
9 go ahead.

10 VICE-CHAIR PONTANILLA: You can rule me out of order if you
11 want.

12 CHAIR NISHIKI: No. Go ahead.

13 VICE-CHAIR PONTANILLA: This morning I was reading
14 The Maui News, and there was a project that was
15 approved by the Planning Commission. There was
16 like a 25 lot subdivision in Kihei, and
17 according to the news, that the developer is not
18 bind by 2.96, the Residential Workforce Housing.
19 I -- I don't know. I was trying to review this
20 thing for, you know, to look for exceptions, are
21 there any exceptions?

22 MS. RIDAO: You know, I didn't -- I didn't see that
23 article.

24 The only exception would be -- for that person
25 is if the project was approved prior, they receive

1 subdivision approval prior to the 2.96 law. Then
2 he wouldn't -- they would not be subject to 2.96.

3 VICE-CHAIR PONTANILLA: Okay. Thank you.

4 CHAIR NISHIKI: So do you want us to check that,
5 Mr. Pontanilla?

6 VICE-CHAIR PONTANILLA: No. If she is sure, you
7 know, if they don't have to comply with the 2.96
8 because the subdivision was approved prior, but it
9 was kind of ironic, you know, because of the
10 Planning Commission approval that I read -- I think
11 it was this morning's paper.

12 MS. RIDAO: Oh, this morning.

13 VICE-CHAIR PONTANILLA: Yeah.

14 MS. RIDAO: Okay. I haven't had time to see this
15 morning.

16 VICE-CHAIR PONTANILLA: Thank you.

17 CHAIR NISHIKI: Okay. Let's get back to this chart.

18 Jo-Ann, can you describe right across here --
19 across the line and describe exactly what it means
20 starting from unit type?

21 MS. RIDAO: Okay. Yeah. Unit type, so that would
22 describe for you if it's single family,
23 multi-family, in-lieu fee or land donation.

24 The next where it says "primary development,"
25 that's the project name. This is -- if this next

1 one is if it's within a project district. So it
2 will describe for you the district. And then the
3 third -- fourth -- third column -- fourth column is
4 the developer. So that column lists the
5 developer's names.

6 CHAIR NISHIKI: And if it's left blank, that means what
7 in the project district?

8 MS. RIDAO: It's -- it's not subject to the project
9 district requirements.

10 I guess when a development like a large
11 development in these -- in these cases, it's
12 Kapalua, and like when you had Maui Lani, different
13 -- A & B project districts, they have specific
14 requirements in their project district whereas the
15 individual -- some individual projects are not part
16 of a project district plan. So they don't -- they
17 are not subject to the agreements that were made
18 for the project district.

19 CHAIR NISHIKI: Okay. Go ahead.

20 COUNCILMEMBER VICTORINO: Mr. Chair, I -- I hate to interrupt
21 but again, you're saying, and that's the third
22 column, development project district, aka, FSK, right?

23 MS. RIDAO: Right.

24 COUNCILMEMBER VICTORINO: FKA, I should say. Now, when I
25 asked you earlier about the in-lieu fee for -- for

1 project district for the Hyatt Regency, you said it
2 would stay within the project district.

3 MS. RIDAO: Correct.

4 COUNCILMEMBER VICTORINO: Okay. So I'm confused now
5 because there is nothing there --

6 MS. RIDAO: Okay.

7 COUNCILMEMBER VICTORINO: Sorry. Sorry, Mr. Chair.

8 CHAIR NISHIKI: No. That's okay.

9 COUNCILMEMBER VICTORINO: Yeah, I'm really confused on how
10 you said, no, yes. Okay. Can you explain, please?

11 MS. RIDAO: Okay.

12 COUNCILMEMBER VICTORINO: I'm sorry.

13 MS. RIDAO: I'll try. Sometimes I'm confused too.

14 COUNCILMEMBER VICTORINO: I'm sorry.

15 MS. RIDAO: It's my understanding that sometimes what
16 happens is a large developer like A & B or, you
17 know, Kapalua will come in with a major project
18 district plan which includes everything, their
19 hotels, their housing, their, you know, their --
20 their condominium project. So it's a major plan.
21 That's a project district plan, that's my understanding.

22 COUNCILMEMBER VICTORINO: Okay.

23 MS. RIDAO: Maybe what I should have said for Kapalua is
24 that it would have been done within the project
25 area of Lahaina.

1 COUNCILMEMBER VICTORINO: Thank you.

2 MS. RIDAO: Or the planning -- yeah.

3 COUNCILMEMBER VICTORINO: Community plan --

4 MS. RIDAO: Community plan area.

5 COUNCILMEMBER VICTORINO: Yeah. Okay.

6 MS. RIDAO: Yeah.

7 COUNCILMEMBER VICTORINO: Okay. I guess that's what I

8 was trying. I guess that's why we had that

9 confusion sometimes. Even when we discuss this

10 matter, we seem to get confused.

11 MS. RIDAO: Yeah. It's all the words that we use.

12 COUNCILMEMBER VICTORINO: Yeah. And so thank you,

13 Chair, for letting us clarify that -- that issue.

14 CHAIR NISHIKI: Okay. Go ahead, Jo-Ann, down to

15 location --

16 MS. RIDAO: Then we have tax map key. Then we have

17 where on the island that's located, the community

18 plan region, and that's based on the Planning

19 Department's community plan, and then if -- Chapter

20 2.96 is saying if they required or they subject to,

21 yes or no. And then if we -- agreement date, if we

22 have signed an agreement, then there is the date in

23 there.

24 And then if -- if this has been recorded, if

25 the agreement has been recorded, we have yes or no

1 in there. The number of residential units or lots,
2 and then the number of affordable housing required
3 based on that project.

4 Now, in the first one, you might get confused
5 because you see 77, and why isn't it 50 percent.

6 In that case, it's a Lokahi Pacific project,
7 and they are doing 100 percent affordables.

8 COUNCILMEMBER VICTORINO: Okay.

9 CHAIR NISHIKI: Okay.

10 MS. RIDAO: Okay. And so then, number of units
11 provided. So in that column, we would list the
12 units that have already been completed.

13 If there has been any credits used, for
14 instance, there are developers that have credits
15 that have not been used, and if they going to use
16 those credits for a project, that's where they --
17 it would be shown.

18 Number of affordable units due, in that case
19 -- in this case, it will show how many units are
20 due.

21 Number of credits earned, that's for -- again,
22 if they -- they built or they contributed funds,
23 they earned credits, that would be in that column,
24 and then the in-lieu fee amount based on the
25 project, the in-lieu fee -- the in-lieu fee paid

1 to, and we would list there who it was paid to, and
2 if the in-lieu fee has been paid and received.

3 CHAIR NISHIKI: In other words, any questions about the
4 -- the process in which this chart has been
5 created? Seeing none, Jo-Ann, in other words, now,
6 if someone chooses not to build units, but to give
7 money, then that would be in the -- created in the
8 in-lieu fee amount?

9 MS. RIDAO: Yes.

10 CHAIR NISHIKI: And then when you create the amount,
11 then the next chart -- the next area is if they
12 paid it or not?

13 MS. RIDAO: Correct.

14 CHAIR NISHIKI: And then the next one is what?

15 MS. RIDAO: No. The in-lieu fee paid to. So it would
16 list there if it's, for instance, Lokahi Pacific or
17 Hale Mahaolu, we would put it in there, and then
18 the next one would be if it was paid. We would say
19 yes or no.

20 CHAIR NISHIKI: Okay. And -- and I know, Council
21 Members, this is a big area that, once we get to
22 the ordinances, we will have this discussion in how
23 developers are making choices, and go ahead,
24 Mr. Pontanilla.

25 VICE-CHAIR PONTANILLA: Thank you, Chairman.

1 You know, other than the land that was
2 provided by Alexander & Baldwin in regards to
3 affordable housing, and some other needs for the
4 County of Maui, has any other developer come by and
5 say, rather than in-lieu fee, they would -- they
6 would provide land instead?

7 MS. RIDAO: Yes. Not -- not to the County, but Lokahi
8 Pacific is working currently with Pacific Rim, and
9 I believe that Pacific Rim has actually transferred
10 some property to Lokahi Pacific for affordable
11 housing.

12 VICE-CHAIR PONTANILLA: Other than that --

13 MS. RIDAO: Other than that, I don't know of any.

14 VICE-CHAIR PONTANILLA: So what -- what is the
15 priority in regards to receiving the fee, the land
16 or the units, if there is a priority?

17 MS. RIDAO: Well, my priority, and I think our
18 philosophy is, we prefer units. We want to see
19 units created.

20 So, of course, in discussions, our -- always
21 is, you know, our direction is always to try to
22 encourage the developer to do units because we want
23 to see units created, and my experience has been
24 that the -- I would -- I guess you would say the
25 mid-sized developer, not the big hotels, they

1 consider doing units. I have seen -- the
2 experience so far has been that the hotel
3 expansions have preferred doing the in-lieu fees.

4 VICE-CHAIR PONTANILLA: Would you know the cost of an
5 acre of land for the different districts? And the
6 reason why I asking you all this -- this question
7 is that one of the testifiers this morning
8 testified in regards to housing in the various
9 categories, and, you know, sometimes we say yet,
10 too many of this type, and not enough of, you know,
11 different median income. If in-lieu land would be
12 provided, you know, the County can address some of
13 these problems. So --

14 MS. RIDAO: Councilmember Pontanilla, I don't believe
15 that the way the ordinance is written that it
16 appears that land was not encouraged. I mean, it's
17 -- it's, if you read it, it's difficult, and it's
18 kind of hard to interpret. So it appears that it
19 wasn't something that the -- I kind of feel like
20 the Council wanted units. So the law was written
21 to encourage developers providing units.

22 You know, of course, as you know, land is half
23 the battle of getting affordable housing built. So
24 I -- I will say that those developers that have
25 land would be very willing to negotiate for land in

1 exchange for credits. However, I don't think the
2 way it's written right now is very encouraging.

3 VICE-CHAIR PONTANILLA: Thank you. Thank you,
4 Chairman.

5 CHAIR NISHIKI: Any other questions in this area? Sol.

6 COUNCILMEMBER KAHO'OHALAHALA: So, Jo-Ann, going back to
7 the chart, when you said that in your unit type,
8 and you have couple of them that are listed as land
9 --

10 MS. RIDAO: Okay.

11 COUNCILMEMBER KAHO'OHALAHALA: Can you elaborate on --
12 explain that?

13 MS. RIDAO: These are lots only. These guys are developing
14 but lots only. They are not going to be developing --
15 they are not going to do house and lots. So I should
16 say lots only for the L.

17 COUNCILMEMBER KAHO'OHALAHALA: Okay, so it doesn't mean land?

18 MS. RIDAO: Yeah. Lots only.

19 COUNCILMEMBER KAHO'OHALAHALA: Okay.

20 MS. RIDAO: I should have -- I'll do a key for this.

21 CHAIR NISHIKI: Any other questions in regards to this chart?

22 Jo-Ann, just a question about where and, of
23 course, we don't have that many projects, but we
24 haven't -- I've not seen any way -- anywhere where
25 people are building units, you know. They have

1 either refurbished, or they have chosen to give or
2 work with non-profits. So they are not outright
3 doing it, and you mentioned that, unless people had
4 land, they were reluctant to do it. I guess the
5 question is, is the ordinance itself needing to
6 re-work itself because people are finding that it cost
7 more to build a unit, so therefore, choosing other
8 ways to address how to address 2.96?

9 MS. RIDAO: You know, I've been working with this law
10 for two years now, and it's a pretty new law. So I
11 think it would be premature for us to say that it's
12 not working or it is working.

13 I think by the two projects that we have --
14 you know, come to agreement with, it is working. I
15 do know that, you know, developers really would
16 like it to be a little less stringent, and that may
17 encourage them to be more proactive in developing,
18 but I -- you know, I just kind of have this feeling
19 that maybe it's kind of too soon to tell.

20 CHAIR NISHIKI: Uh-huh.

21 MS. RIDAO: And the -- and the economy has, you know,
22 when this law was enacted, the economy was booming.
23 Two years later, we are in an economy that is, you
24 know, completely opposite. So it's hard to gauge.

25 CHAIR NISHIKI: Any other questions?

1 Jo-Ann, Joe mentioned about land, and it seems
2 like Maui County is land poor. Do you think that
3 if land was available, then developers may choose
4 to build?

5 MS. RIDAO: Well, there are two examples that I can kind
6 of use right now. We are in the middle of doing
7 the master plan for the Lanai Affordable Housing,
8 and that is a project that is probably going to be
9 a long term project. And then, of course, the 40
10 acres in Kahului, the Waiale Planned Development,
11 and I think that project will show us -- will give
12 us a good reading on what developers are willing to
13 do because the Administration's idea is to master
14 plan that community within the next year and to RFP
15 it out, which means that all developers will have
16 opportunity to come in and -- and show us what they
17 can do.

18 So that project, I think, will give us a good
19 idea of, if you have the land, what can be done as
20 far as affordable housing is concerned.

21 Of course, land is half the battle, and if we
22 can get land, I'm sure we can do projects --
23 affordable housing projects.

24 CHAIR NISHIKI: Any other questions? Scott, just
25 because I have a question, is the discretion given

1 to the Director, what choices she will accept? Is
2 there any discretion in the ordinance now that
3 allows her to go and purchase land? Or Corporation
4 Counsel, do you know that? Joe, do you know that?

5 VICE-CHAIR PONTANILLA: I -- I don't know about this
6 Workforce Housing Policy, but we do have an
7 Affordable Housing Fund. It -- we probably could
8 use to purchase land, and I think one of the ideas
9 that, you know, we had -- I had discussed with the
10 Department was a possibility of utilizing some of
11 that Affordable Housing Fund to provide the
12 infrastructure to the 40 acres in Kahului. I'm
13 sure we can purchase land with the two percent.

14 CHAIR NISHIKI: Corporation Counsel.

15 MS. SLOPER: Chair, also any purchase of land would have
16 to come through this body, through the Council
17 pursuant to the County Code under Chapter 3.44. So
18 there is, I guess, a check there so that you folks
19 would be involved in any purchase of real property.

20 So there kind of be two ways, because
21 under 3.44 for purchase of real property would have
22 to come through the Council, and then also for any
23 use of the Affordable Housing Fund under the plan
24 would also need to come through the Council as
25 well.

1 CHAIR NISHIKI: Thank you. Anyway, Jo-Ann, is there any
2 move by Administration via the Affordable Housing
3 Fund to purchase land?

4 MS. RIDAO: What I can tell you, Chair, is that we
5 received 15 applications for Affordable Housing Fund
6 projects. The process there is that we RFP it out.
7 We let the public know these funds are available,
8 and developers as well as non-profits have the
9 opportunity to request funding for their projects.

10 We are in the process right now of reviewing
11 15 applications. The only amount that I think the
12 Administration is going to come into for is what
13 Councilmember Pontanilla mentioned, and it's going
14 to be for planning, pre-development and possibly
15 funds for infrastructure for the Waiale 40 acre
16 project.

17 CHAIR NISHIKI: So Council Members, I think this is
18 something that we need to look at and work with
19 this Administration.

20 Right now, the discretion in 2.96 is really
21 given to the Director. How we go about working
22 with this Administration, if many of you see land
23 purchase as a way to get a -- another alternative
24 to create land as infrastructure for units to be
25 built, I think that -- that should be another

1 discussion that we here in the Council should have,
2 and I guess, Jo-Ann, right now, as we speak, there
3 is no intention of this Administration to go and
4 purchase land?

5 MS. RIDAO: Not that I know of. No.

6 CHAIR NISHIKI: Okay. Any other questions from
7 Committee Members?

8 We are going to take a five-minute recess now
9 so that we can do what we need to. So we will be
10 in recess until 10:45. ...(gavel)...

11 RECESS: 10:40 a.m.

12 RECONVENE: 10:45 a.m.

13 CHAIR NISHIKI: ...(gavel)... The meeting is reconvened.

14 Jo-Ann, we'll turn to the chart, and look at six columns
15 from the right where it says, number of affordable
16 housing required. That is something that, when you
17 reviewed the subdivision, you now require that amount
18 of units from what is being proposed in the subdivision.
19 That will not necessarily turn into units, will it,
20 because of the choice now that the developers have to
21 choose from?

22 MS. RIDAO: Yes. This is based on information on our
23 conversation and what they are proposing to do.
24 Time -- time may change, you know, how they decide
25 to finish their projects.

1 CHAIR NISHIKI: Any questions? Mr. Pontanilla.

2 VICE-CHAIR PONTANILLA: Thank you. Is there a
3 possibility of maybe creating one more column to
4 provide like say some kind estimated date when this
5 thing going happen?

6 MS. RIDAO: Completion, you mean. Estimated completion?

7 VICE-CHAIR PONTANILLA: Estimated completion.

8 MS. RIDAO: Okay. I can try. As you can -- as you see,
9 we are already at the edge of the page. Target
10 date maybe.

11 VICE-CHAIR PONTANILLA: Well, maybe start and
12 complete.

13 MS. RIDAO: Okay.

14 VICE-CHAIR PONTANILLA: Thank you, Chairman.

15 CHAIR NISHIKI: So you want another --

16 VICE-CHAIR PONTANILLA: Yeah. At least give us some
17 information in regards to when -- when we expect
18 this thing to happen, and when we expect these
19 things to -- to finish, that's the important word,
20 "finish."

21 CHAIR NISHIKI: Okay. Seeing no objections, we'll
22 create that question also in this chart.

23 VICE-CHAIR PONTANILLA: Thank you.

24 CHAIR NISHIKI: Jo-Ann, in your discussions, and
25 obviously, we see all of these projects here today.

1 How many of them are close to having an agreement
2 signed? Because we see one, two, three, four that
3 have signed agreements.

4 MS. RIDAO: Okay. On the first one, Kenolio Leilani
5 subdivision.

6 CHAIR NISHIKI: Right.

7 MS. RIDAO: I believe that is ready to start
8 construction. Hyatt has signed an agreement.
9 Yeah. This Kapalua Central -- is
10 Kapalua Central --

11 CHAIR NISHIKI: What's this Kapalua Central?

12 MS. RIDAO: I think Kapalua Central is the one that is
13 in litigation right now. Yeah. So we better not
14 talk about that.

15 Kula Ridge is going to be coming back. They
16 have adjusted their 201H somewhat, and is now
17 working on their water requirements. So they are
18 going to be coming back for a 201H. That will not
19 have an agreement that's 201H.

20 Maalaea Mauka is Mr. Spencer's Maalaea
21 project. That is going to be a 201H. They are in
22 the process right now of doing the EIS.

23 Mahana Estates, this is a Kapalua project that
24 will be, I believe, using existing credits that
25 they have to comply.

1 Nahiku Farms is a lots-only subdivision. They
2 are in the SMA process.

3 So I would suspect, as they get closer to
4 being able to start construction, they will be
5 coming in to sign an agreement.

6 Puunani subdivision is the subdivision that
7 has recently started -- I guess they will be coming
8 before the Planning Commission at the end of
9 February. So that one is a ways out also.

10 Kaanapali Coffee Farm subdivision, they're --
11 they're pending, I guess, their subdivision
12 application.

13 The Kihei Residential project, that's the
14 large A & B project at the beginning of Kihei.
15 They are in their EIS review right now.

16 Nani Loa Residential, I'm not real familiar
17 with this project, but it says that the SMA
18 was approved. You know, I think this project is a
19 project that is going to be -- has come in for
20 Affordable Housing Funds. It's a new owner. It is
21 48 units that are all affordables. They are also
22 using tax credit money for this project.

23 Pulehu Farms is done.

24 Sunset Estate Residential subdivision, was
25 that -- yeah. That was the one that was in today's

1 paper. Do you recall, Joe?

2 VICE-CHAIR PONTANILLA: Yeah. Yeah.

3 MS. RIDAO: So they received preliminary subdivision
4 approval prior to the ordinance. They are not
5 going to be required to sign an agreement.

6 Waiehu-Mauka project is a Lokahi Pacific
7 partnership with Pacific Rim, and they do have an
8 agreement with each other. They will probably be
9 coming in to formalize something with the County.

10 The Von Tempsky Trust, I believe this is part
11 of the Kula Ridge Mauka project now. It's
12 incorporated.

13 The Kahoma Residential project is a
14 partnership with West Maui Land, Lokahi Pacific,
15 and Habitat for Humanities. This project is
16 currently preparing, I believe, for a 201H. They
17 are -- as other projects, they are -- I think their
18 challenge is the water.

19 The Makena Parcel H-2, that was the Everett
20 Dowling, Keaka project in Makena, and he has signed
21 an agreement. And then Hoonani which is Maui
22 Waiohuli Partnerships in Kihei. They are only in
23 preliminary review right now.

24 So most of them are nowhere close signing an
25 agreement yet.

1 CHAIR NISHIKI: Okay. Thank you. Joe.

2 VICE-CHAIR PONTANILLA: Thank you. Jo-Ann, coming
3 back to Sunset Estates, on the comment side, it
4 says that completed SM-1, and so forth, and then we
5 come to second to the last sentence, 336 rentals
6 and ten single family lots?

7 MS. RIDAO: You know, I don't know if that may be a
8 typo. I'm wondering if that's referring to a --
9 yeah. Because it's only 25, yeah, residential
10 units.

11 VICE-CHAIR PONTANILLA: Yeah.

12 MS. RIDAO: So I don't know what that -- that must be a
13 typo.

14 VICE-CHAIR PONTANILLA: Okay. Thank you. Thank you,
15 Chairman.

16 CHAIR NISHIKI: Any other questions?

17 Seeing none, the Chair is going to ask
18 Members, now that you have heard from
19 Administration, and how they are dealing with
20 Workforce Housing, if you have any other questions
21 to ask of them outside the graph or chart that
22 we've been given? If not, I would ask the
23 Committee to prepare questions. If you have any,
24 give it to our Analyst so that we can write to the
25 Administration so that we will have your questions

1 answered prior to the next meeting.

2 Finally, the concern also, Jo-Ann, if you can
3 answer that -- this question, you have been given
4 pretty much discretion on determining, after
5 dealing with the developers, how they are going to
6 address their 2.96, and so if you could let us know
7 if there are any concerns that you may have in how
8 your decision is being made to address 2.96?

9 MS. RIDAO: Okay.

10 CHAIR NISHIKI: Any other questions for Jo-Ann or
11 Administration? Seeing none, the chair is going to
12 defer this item until the next meeting. Okay. So
13 we'll defer this item.

14 COUNCIL MEMBERS VOICED NO OBJECTIONS.

15 (Excused JJ and BKM)

16 ACTION: DEFER PENDING FURTHER DISCUSSION.

17 CHAIR NISHIKI: Okay. So we'll defer this item.

18 We've got one more item on our agenda today.
19 The item number PS-6. With us we have here
20 Carol Gentz representing Administration, and I
21 think she works in CDBG. Carol, if you would
22 like to give testimony on this US Department
23 of Human and Urban Development. I guess it's
24 a HUD Development or money that we got from
25 Mazie Hirono.

1 ITEM NO. 6 U.S. DEPARTMENT OF HOUSING AND URBAN
2 DEVELOPMENT (HUD) NEIGHBORHOOD STABILIZATION
3 PROGRAM (C.C. No. 09-46)

4 MS. GENTZ: I will give a brief overview of the program.
5 Title III of the Housing and Economic Recovery Act of
6 2008 established the Neighborhood Stabilization Program,
7 and this law was enacted on July 30, 2008, and in
8 the law there were a very strict time line. HUD
9 needed to establish the allocation of the \$4 billion
10 and also program requirements.

11 The public law also established this
12 Neighborhood Stabilization Program as part of the
13 Community Development Block Grant Program, and it
14 was supposed to follow the requirements of that
15 program unless HUD had established other
16 requirements as part of the enacting guidelines.
17 So they had 60 days to do that, and then they had
18 another 30 days to allocate the funds. So there
19 was a really quick time line last fall.

20 HUD established the allocations on September
21 29th. On October 3rd, we had a meeting in HUD. On
22 October 10th, we needed to submit our proposal to
23 the State, and a preliminary proposal, and on the
24 17th, a week later, we had to submit our final
25 proposal.

1 So let me back up a little bit. CDBG is
2 administered by the counties in Hawaii, and this is
3 the only state in the Country where the CDBG funds
4 flow directly to the counties. Every place else,
5 it either goes to entitlement communities,
6 large cities, or to the states. So at the time the
7 law was enacted, there was some question on whether
8 this NSP program was going to be administered by
9 the State or by the counties. It was decided that
10 it would be administered by the State, and it would
11 be administered by the Hawaii Housing Finance and
12 Development Corporation. HHFDC. So we submitted
13 our application along with the other counties to
14 HHFDC and were awarded the \$3 million.

15 Now, when we -- the County Administration had
16 the opportunity to decide which programs we were --
17 how we were going to utilize the funds, we chose at
18 that time to go out with a request for interest to
19 -- to non-profits because we felt that they would
20 be able to utilize the money quicker and address
21 the problem faster. And -- and this money has to
22 be used within 18 months. So there is a really
23 quick turnaround. So we issued a request of
24 interest. We received five proposals, and we chose
25 the proposal submitted by Na Hale O Maui to

1 purchase foreclosed homes in areas of Maui with the
2 highest rate of foreclosure. So they are going to
3 target the -- their work in the Wailuku, Kahului
4 area, Kihei, and West Maui. So that was what --
5 that proposal was submitted to the State, and they
6 awarded the \$3 million. And so now the
7 County is not directly involved in it, although I'm
8 assisting as best I can, Na Hale, with the process,
9 and they are working directly with HHDFC [sic] to
10 implement the program. So I would be happy if
11 there are anymore specific questions, and then John
12 Andersen with Na Hale O Maui is also here if you
13 have anymore specific questions about the program.

14 CHAIR NISHIKI: Thank you, Carol. And Mr. --

15 MS. GENTZ: Andersen.

16 CHAIR NISHIKI: Andersen from Na Hale O Maui is here
17 also, --

18 MS. GENTZ: Yes.

19 CHAIR NISHIKI: -- Committee Members, to answer any
20 questions. Any questions from Administration?

21 Sol.

22 COUNCILMEMBER KAHO'OHALAHALA: Thank you, Chair.

23 In just clarifying, the funding will be used
24 to, you said for foreclosures, and you're
25 concentrating only in the areas you just mentioned, West

1 Maui, Central, Kahului, Wailuku, and I was just
2 wondering, if Lanai was given any consideration?

3 MS. GENTZ: The enacting legislation requires it -- the
4 money to be used for -- in the highest concentrated
5 areas, and at the time, in October --

6 COUNCILMEMBER KAHO'OHALAHALA: Lanai City is the highest
7 concentrated area on the Island of Lanai.

8 MS. GENTZ: On the -- Okay. Maybe John could answer
9 that. If you're able to purchase anywhere in the
10 County, I know that those three areas are the --
11 your areas of concentration. But does that -

MR. ANDERSEN: Those are priority areas.

12 MS. GENTZ: Priorities.

13 CHAIR NISHIKI: John, do you want to come and go to the
14 podium, please?

15 MS. GENTZ: So those three areas that I mentioned were
16 identified as the priority areas because they are
17 the highest concentration, and but that does not
18 preclude them from buying other homes in other
19 areas.

20 CHAIR NISHIKI: Sol, would you like to repeat the
21 question for Mr. Andersen?

22 COUNCILMEMBER KAHO'OHALAHALA: I just wanted to kind of
23 make sure that, even though Lanai is a smaller
24 community, it is the only community of homes within
25 the Lanai City, and maybe if you even considered

1 per capita, you know, we are talking about even if
2 one foreclosure is on Lanai, it would be a major
3 percentage in terms of a community losing, you
4 know, to foreclosure. So how do you prioritize, I
5 guess, is --

6 MR. ANDERSEN: As Carol related that we have priority
7 areas, but we are not restricted. We can address
8 any property in the County, and we are tracking all
9 foreclosures, including Lanai City. There has been
10 a very low activity rate there, but as you said,
11 per capita, it would represent a higher percentage.

12 One of the problems we've run into though with
13 the requirements of the Federal funding is HHFDC
14 has restricted us to acquire properties built after
15 1978 because of the potential presence of lead-based
16 paint which is now severely restricting my
17 ability to address areas like Dream City in Kahului
18 which has one of the highest concentrations of
19 foreclosures in the entire County. Our hands are
20 tied behind our backs right now with the Federal
21 funding. So we are seeking other solutions so we
22 can address all of the foreclosure properties,
23 whether they were built prior to '78 or after '78.
24 That would also apply to Lanai City.

25 COUNCILMEMBER KAHO'OHALAHALA: Okay. I happen to know

1 that the foreclosures I've seen on Lanai -- in
2 Lanai City are within subdivisions, set up and built
3 after 1978.

4 MR. ANDERSEN: Then we could address those. Yes.

5 COUNCILMEMBER KAHO'OHALAHALA: And explain the process
6 now. You would be acquiring the property.

7 MR. ANDERSEN: Yes.

8 COUNCILMEMBER KAHO'OHALAHALA: It does not deal at all
9 with the individual families that are being
10 foreclosed upon?

11 MR. ANDERSEN: That's correct. The NSP funding is only
12 -- can only be used to acquire properties that have
13 completed the foreclosure process. It does not
14 provide relief for people who are in foreclosure.
15 A plan was just released this morning from the
16 Federal Government to address that, and that's
17 definitely a problem that needs to be addressed.
18 But we can only use the allocation of the NSP money
19 to buy properties that have changed hands due to
20 foreclosure.

21 COUNCILMEMBER KAHO'OHALAHALA: Okay. So what happens to
22 the property once you acquire it?

23 MR. ANDERSEN: The process is to rehabilitate the
24 property, and we re-sell the property to income
25 qualified households earning no more than 120

1 percent of median income. So they will be resold
2 as affordable units based on the HUD guidelines of
3 affordability up from 50 percent of median income
4 up to 120 percent of median income.

5 COUNCILMEMBER KAHO'OHALAHALA: Okay. And that would be
6 the qualifications for anyone seeking to purchase
7 these homes?

8 MR. ANDERSEN: Yes. That's correct. They --
9 participants also have to attend an eight-hour HUD
10 approved counseling session and -- and there are a
11 few other requirements like that, but the income
12 qualifications are the most stringent.

13 COUNCILMEMBER KAHO'OHALAHALA: Okay. Thank you, Chair.

14 CHAIR NISHIKI: Mr. Victorino.

15 COUNCILMEMBER VICTORINO: Yes. Thank you. John, thank
16 you for that information. I appreciate the
17 clarification.

18 So if I'm going back to what your original
19 statement was, all homes prior to 1978, basically
20 because of the lead paint issue, would not be
21 eligible for this program at this time?

22 MR. ANDERSEN: At this time, that is correct.

23 COUNCILMEMBER VICTORINO: Okay. And now, anywhere else
24 in the County would be available for -- if the
25 foreclosure -- I know you said the highest

1 concentrated areas.

2 My other question is, would this also be
3 inclusive of a -- Hawaiian Homes? Would that be also
4 a part of this program because I know that there
5 are some, even in that area, that are being
6 foreclosed on right here in Central Maui.

7 MR. ANDERSEN: You know, actually, I've not found any in
8 the Hawaiian Homes area that have gone into
9 foreclosure on the tracking that we are doing --

10 COUNCILMEMBER VICTORINO: Okay.

11 MR. ANDERSEN: So that has not become an issue at this
12 point.

13 COUNCILMEMBER VICTORINO: But would that be eligible as
14 far as you know?

15 MR. ANDERSEN: Yes. If the property has changed hands
16 due to foreclosure, it's lender owned, for example,
17 it would qualify.

18 COUNCILMEMBER VICTORINO: Okay. I -- I think there is a
19 -- and the last question I have for you is, on this
20 program for eligibility for the people who would be
21 eligible, the income would be a big part of this,
22 right?

23 MR. ANDERSEN: Yes.

24 COUNCILMEMBER VICTORINO: The 50 percent up to 120
25 percent?

1 MR. ANDERSEN: Correct.

2 COUNCILMEMBER VICTORINO: Okay. Of the median income?

3 MR. ANDERSEN: Yes.

4 COUNCILMEMBER VICTORINO: Now, if they eligible, and
5 they buy into it, they buy as is, or is
6 rehabilitation a part of this?

7 MR. ANDERSEN: No. We will be rehabilitating the homes,
8 bringing them up to HUD standards for occupancy.

9 COUNCILMEMBER VICTORINO: Okay. Thank you. Thank you,
10 Mr. Chair, for that clarification.

11 CHAIR NISHIKI: Thank you. Any other questions?
12 Mr. Pontanilla.

13 VICE-CHAIR PONTANILLA: Thank you. Coming back to
14 Hawaiian Homelands Home, in regards to foreclosure,
15 if you were to pick it up, then they would have to
16 be to another -- I guess, Hawaiian that has 50
17 percent blood quantum, and you need to work with
18 the Department of Hawaiian Homeland --

19 MR. ANDERSEN: Yes. I believe those conditions would
20 ride with the property. Yes.

21 VICE-CHAIR PONTANILLA: Okay. And then the homes
22 that are being bought, would that be in perpetuity
23 forever?

24 MR. ANDERSEN: Yes. That's part of our Community Land
25 Trust process for affordability and perpetuity.

1 Yes.

2 VICE-CHAIR PONTANILLA: Thank you. Thank you,
3 Chairman.

4 CHAIR NISHIKI: Any other questions? Sol, go ahead.

5 COUNCILMEMBER KAHO'OHALAHALA: Yeah. Then just explain
6 to me, what would be the process for the island of
7 Lanai to be engaged with you?

8 MR. ANDERSEN: Well, as I said, I am tracking all of the
9 active foreclosures in the County. There are over
10 200 pending foreclosures at this present time.

11 So if you are aware of anything, then please
12 share that information with me, and we will be able
13 to track it as part of our process.

14 COUNCILMEMBER KAHO'OHALAHALA: Okay. But tracking, does
15 that mean participation?

16 MR. ANDERSEN: That's the first step in participation.
17 The process that we will go through in selecting
18 actual properties will depend on a number of
19 factors, including demand for that.

20 We are assembling a pool of buyers who have
21 gone through the pre-qualification process, and we
22 would want to know, you know, that we have buyers
23 for Lanai property. We would also look at the
24 amount of rehabilitation and the cost of that
25 rehabilitation because we are working with a, you

1 know, very limited amount of funding that we are
2 trying to maximize its use.

3 So there would be a number of factors that
4 would come into determining the acquisition of any
5 one specific property, but we are certainly open to
6 taking a look at all areas to address the
7 mitigation of the impact of foreclosures.

8 COUNCILMEMBER KAHO'OHALAHALA: Okay. I -- I will follow
9 up and give you the information.

10 MR. ANDERSEN: Thank you. I appreciate that.

11 COUNCILMEMBER KAHO'OHALAHALA: Thank you.

12 COUNCILMEMBER VICTORINO: Mr. Chair, one quick question.

13 CHAIR NISHIKI: Yeah. Go ahead, Mike.

14 COUNCILMEMBER VICTORINO: John, so am I correct, this is
15 foreclosed properties, not almost will be. This is
16 actually properties that have been foreclosed on
17 and now are eligible for these funds?

18 MR. ANDERSEN: That is correct. It is a requirement of
19 the program that the title has transferred to the
20 lender, for example, or that it is actually at an
21 active foreclosure sale that is being conducted.

22 COUNCILMEMBER VICTORINO: So something that's in
23 foreclosure process may not have reached that point
24 yet? That's correct?

25 MR. ANDERSEN: That's correct.

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2 trying to maximize its use.

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9 up and give you the information.

10 MR. ANDERSEN: Thank you. I appreciate that.

11 COUNCILMEMBER KAHO'OHALAHALA: Thank you.

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13 CHAIR NISHIKI: Yeah. Go ahead, Mike.

14 COUNCILMEMBER VICTORINO: John, so am I correct, this is
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20 lender, for example, or that it is actually at an
21 active foreclosure sale that is being conducted.

22 COUNCILMEMBER VICTORINO: So something that's in
23 foreclosure process may not have reached that point
24 yet? That's correct?

25 MR. ANDERSEN: That's correct.

1 is what, one time deal, or do we see anymore coming
2 up?

3 MR. ANDERSEN: You know, as of right now, there was
4 another \$2 billion allocated in the
5 Economic Stimulus Package that was just signed. I
6 have not seen details on that. It is for NSP, but
7 I believe it is going to be a competitive system
8 where states with very high foreclosure rates may
9 have an advantage over us in acquiring those funds.

10 So to my knowledge, there is no automatic
11 second funding, but there is a reallocation
12 provision within the initial funding. The State of
13 Hawaii received \$19.6 million. HHFDC is
14 taking an administrative fee off the top of that,
15 and they are distributing about 18.6 million.

16 We are the only County that is actually
17 applying all of the money to buy foreclosed
18 properties which is the intent of the funding.
19 Other counties haven't decided to spend it on
20 building apartment buildings on vacant land, and if
21 they can't use that funding within the time
22 specified, we will have the option to apply for
23 reallocation of that funding to Maui, and I would
24 like to let you know, that unfortunately, Maui is
25 not receiving its fair share.

1 We have the highest foreclosure rate of any
2 county in the State of Hawaii, but we are receiving
3 the least amount of money of any county in the
4 State. I am keeping my eye on the other counties,
5 and if those funding -- that funding is not used,
6 we will be first in line because we are using the
7 funding for exactly what it was intended to be used
8 for.

9 VICE-CHAIR PONTANILLA: Good to hear that. So it's
10 basically use it, or lose it?

11 MR. ANDERSEN: Correct.

12 VICE-CHAIR PONTANILLA: Thank you.

13 CHAIR NISHIKI: Any other questions? You have a
14 comment?

15 MS. GENTZ: I have an additional comment about that.
16 Just for clarity sake too, when Na Hale sells the
17 property again, they will be able to use that money
18 to buy additional homes, and it will be revolving,
19 and then at the legislation, unless they have
20 changed it, after five years, any remaining funds
21 would have to be returned to the U.S. Treasury, but
22 that money will recycle to as many homes as he can
23 buy in the 18 month period.

24 MR. ANDERSEN: That's correct. And if I can comment on
25 that? I'm glad that Carol brought that up.

1 We are also the only County that applied for
2 using it in that method. Phase One will be the
3 acquisition of 12 to 13 houses. We will then
4 refurbish them, resell them, and upon resale,
5 reinvest that money into Phase Two, Phase Three,
6 and Phase Four for up to, I believe, it is five
7 years from the initial funding.

8 We anticipate being able to use that
9 revolving fund to acquire approximately 35 homes in
10 the next four years by reinvesting every penny back
11 into the next phase of acquisition. We can get a
12 lot of bang out of that buck is the bottom line.

13 COUNCILMEMBER VICTORINO: Mr. Chair?

 CHAIR NISHIKI: Yeah. Mr. Victorino.

14 COUNCILMEMBER VICTORINO: I don't know if this be
15 a question for John or for Carol, but either one
16 might be able to answer it. This criteria that has
17 been described to us seems to be very different
18 when it goes to the County -- various counties and
19 how they apply it. So there was no rules from the
20 Fed's as far as what we could use the money for.
21 I'm kind of getting that sense that, yeah, you can
22 use it so long as you stay in that particular
23 category. Am I correct in saying that?

24 MR. ANDERSEN: There was a list of acceptable uses in
25 priority. The priority was top buying foreclosed
 properties and rehabilitating them, but the very

1 bottom category, the lowest priority was building
2 on vacant land, and the other counties have used
3 that provision almost exclusively for the remainder
4 of the funds.

5 COUNCILMEMBER VICTORINO: Okay. And the last question I
6 have, and maybe Carol and John. I'm not sure.

7 How was that priority set in determining who
8 gets what amounts?

9 MS. GENTZ: Let me take a crack at it and John can add --

10 COUNCILMEMBER VICTORINO: Okay. Yeah. Thank you.

11 MS. GENTZ: -- additional comments. Each county had the
12 option to submit a proposal, and there were -- as
13 John mentioned, there were a list of eligible
14 activities. So each County determined what -- how
15 to use their funding and how they would -- what
16 proposal they would submit.

17 COUNCILMEMBER VICTORINO: Before you go on, Carol,
18 you're missing my question.

19 How did the priority of this 18 point
20 something million -- we ended up with three. How
21 was that categorized, or how was that prioritized?
22 Who set that priority that we would get the lowest
23 amount, just because that makes me angry, but
24 that's another issue and another conversation, but who
25 said that? That's maybe - what I really wanted to

1 know more than the other part. Sorry.

2 MS. GENTZ: No. No. So based on what was submitted by
3 each of the Counties, HHDFC [sic] made those
4 determination of which projects would be funded and
5 how much would be funded by them.

6 I think that they were motivated. Again, they
7 saw that the money had to be spent within 18
8 months. So they, I -- this is just my comment, is
9 that they were motivated about how they could spend
10 the money the quickest, and I think that was a
11 motivating factor in their decision-making, but I
12 am not privy to the specifics of how those
13 decision was made.

14 COUNCILMEMBER VICTORINO: And how much did the County of
15 Maui submit? I mean, how many projects did we
16 actually submit? Was there like five million,
17 ten million? I'm asking because I'm curious to
18 know, what we submitted and what we actually got,
19 and I think the people need to know that too.

20 MS. GENTZ: Uh-huh.

21 COUNCILMEMBER VICTORINO: Sorry, Mr. Chair.

22 CHAIR NISHIKI: No. That's fine.

23 MS. GENTZ: As I mentioned, we went out with a request
24 for interest, and we received five proposals.

25 COUNCILMEMBER VICTORINO: Okay.

1 MS. GENTZ: Based on that, we chose the one project, Na
2 Hale O Maui, and initially, we requested in our
3 preliminary proposal to the State, we requested
4 7.25 million, and they -- on the second go around,
5 they suggested that we apply for three, and we
6 actually applied for 5.95 and was awarded the
7 three.

8 COUNCILMEMBER VICTORINO: And you said there was four
9 others that were also applied along with --

10 MS. GENTZ: We received four other proposals.

11 COUNCILMEMBER VICTORINO: Proposals.

12 MS. GENTZ: And we reviewed all of them. Jo-Ann Ridao
13 was involved in the review of the proposals as was
14 Ray Silva, and based on the proposals, we felt that
15 Na Hale O Maui was the strongest proposal.

16 COUNCILMEMBER VICTORINO: You mean Roy Silva, not Ray.

17 MS. GENTZ: Right. I'm sorry.

18 COUNCILMEMBER VICTORINO: Roy. Okay. Okay. No. I was
19 just curious because I want the public to know
20 that, you know, first of all, we have to do our due
21 diligence to get it in, and if we ask for seven, we
22 only got three, and whatever, that maybe we got the
23 short end of the stick, but I wanted to make sure
24 we did our job first before I start yelling fowl
25 with the State. So thank you. I appreciate,

1 Carol. Thank you, Chair.

2 CHAIR NISHIKI: Any other questions? Sol.

3 COUNCILMEMBER KAHO'OHALAHALA: Yeah. Just another

4 question about purchasing. Since you have a

5 limited amount of funds, and is -- is there some

6 kind of guide that determines a cap on what

7 purchases you can make in properties?

8 MR. ANDERSEN: I did have to submit a budget outlining

9 the proposed acquisition price, cost of

10 rehabilitation and proposed resale price of each of

11 the houses in Phase One. I have, you know,

12 flexibility within that, because it is a proposed

13 budget. The real world would dictate exactly what

14 the negotiated prices are and the rest of it, but I

15 had to provide an estimate of that to HHFDC.

16 COUNCILMEMBER KAHO'OHALAHALA: Okay. But the homes

17 themselves that are being foreclosed, I mean, they

18 range from, you know, maybe 200,000 to millions of

19 dollars. So in that range, do you -- is there a

20 cap in the process?

21 MR. ANDERSEN: The cap will be determined by the amount

22 of funding we receive, and there is no cap built

23 in, but we are focusing on, you know, Workforce

24 Housing that we can buy down the price to get it to

25 the affordable guideline so it truly is affordable

1 for the next purchaser.

2 We will not be acquiring seven and \$800,000
3 houses. We will be acquiring, you know, three,
4 four and \$500,000 houses and rehabilitating them
5 and re-selling them in the 200 to 300,000 range.

6 COUNCILMEMBER KAHO'OHALAHALA: Okay. Thank you.

7 CHAIR NISHIKI: Any other questions?

8 MS. GENTZ: Chair? Chairman, one clarification?

9 CHAIR NISHIKI: Go ahead, Carol.

10 MS. GENTZ: For clarity, Kauai County, although they are
11 spending about 1.3 to build three homes on
12 residential lots that they own, they also are
13 spending about 2.9 million to acquire and
14 rehabilitate and resell foreclosed homes. So just
15 for clarity.

16 CHAIR NISHIKI: Yes. Any other questions? Joe.

17 VICE-CHAIR PONTANILLA: Thank you. John, did you
18 guys ever think about purchasing condominiums?

19 MR. ANDERSEN: Yes. That is on our target list as well.
20 Areas like Kihei Villages. North Kihei is one of
21 the target areas. That is a great complex for
22 first time buyers. Our kids who, you know, we want
23 to keep on the island, we are targeting that as one
24 of them. I'm hoping to be able to have those
25 units, you know, for sale, rehabilitated for just

1 over \$100,000.

2 VICE-CHAIR PONTANILLA: How about Harbor Lights?

3 MR. ANDERSEN: Harbor Lights was built prior to 1978.

4 VICE-CHAIR PONTANILLA: Okay.

5 MR. ANDERSEN: And Harbor Lights definitely needs to
6 have -- you know, to be included in this, which is
7 why we have applied for funding from the County's
8 Affordable Housing Fund to attack the pre-1978
9 problem, and Harbor Lights is at the top of my
10 list.

11 VICE-CHAIR PONTANILLA: Good. I understand the units
12 are very affordable.

13 MR. ANDERSEN: Very affordable. Actually, we could be
14 acquiring -- rehabilitating them and reselling them
15 for around \$50,000 a unit. The mortgage payment
16 would be much less than rent for the families in
17 those units and would help stabilize that
18 community, and that's the bottom line. High
19 concentrations of foreclosures impact the entire
20 community in the neighborhood and its values and
21 its quality of life.

22 We need to mitigate the impact of foreclosures
23 by getting families in there who can truly afford
24 to own them.

25 VICE-CHAIR PONTANILLA: Thank you. Thank you,

1 Chairman. And good luck.

2 MR. ANDERSEN: Thank you.

3 CHAIR NISHIKI: Thank you. Mr. Andersen, Sol brought up
4 a concern about Kauai [sic]. We don't know about
5 Molokai, but the concern has to be from people now
6 viewing, finding out about this.

7 You said you had a list. Have you advertised
8 in the newspaper? I mean, unless maybe they watch
9 television today, how would they get on that list
10 and inquire from you now?

11 MR. ANDERSEN: We are conducting buyer orientation
12 seminars on a monthly basis right now. We do
13 advertise those seminars in the paper. Maui
14 News did carry a front page story on the award of
15 the \$3 million. We have not gone to, you
16 know, marketing "houses ready" because
17 we've not received the funding from HHFDC.

18 CHAIR NISHIKI: Okay.

19 MR. ANDERSEN: And what was supposed to have come in
20 January, now they are talking about April, and
21 until I know when the funding is going to come in,
22 and I can acquire and rehabilitate. It's premature
23 to, you know, throw up, come and get 'em, kind of
24 marketing, but we will do that in due course. We
25 will make sure that the entire County knows what we

1 are doing, and we encourage all people and anyone
2 who may be viewing this now on Akaku to take part
3 in the orientation seminars because they do have to
4 take an eight-hour HUD approved course in order to
5 buy. We want to get them pre-approved by a lender.
6 We want them ready to go. So we are handling all of
7 that now so that we have a pool of qualified buyers for
8 when the houses are rehabilitated and ready for
9 resale. I'm estimating, given the best guess of
10 working with HHFDC and receiving the funding, that
11 by the midsummer, we will have units available for
12 occupancy.

13 CHAIR NISHIKI: And -- and just as a -- not a concern,
14 but a question.

15 How, once someone submits an application, and
16 they get pre-approved, how will you handle who gets
17 it? Is it by lottery or --

18 MR. ANDERSEN: It will be by lottery when there will be
19 multiple qualified buyers for any one house, but
20 part of the orientation program that we are asking
21 them to identify the areas in the County that they
22 want to live in, so that if we have a, you know, a pool
23 of buyers ready for Lahaina, for example, I will
24 focus on acquiring property there, and then
25 matching those buyers to that.

1 So we have that kind of ability. So we want
2 to know where the demand is, and where they --
3 where they work, and where they could live close to
4 their work, and take all those factors into
5 account.

6 CHAIR NISHIKI: Thank you. I think there is -- not I
7 think. I know there is fairness if there is a
8 lottery, and people have to be qualified, and I
9 hope that you will also take Mr. Kaho'ohalahala's
10 attempt to get Lanai on the map with you also.

11 MR. ANDERSEN: I greatly appreciate that. That would be
12 a great help to -- to get that.

13 CHAIR NISHIKI: Any other questions from Committee
14 Members? If not, and there are no objections, the
15 Chair will file this item.

 VICE-CHAIR JOHNSON: No objections.

16 CHAIR NISHIKI: Thank you, Carol for giving us the
17 information that we need, and good luck, Mr. Andersen.

18 MR. ANDERSEN: Thank you, Chair.

19 CHAIR NISHIKI: This item is filed.

20 COUNCIL MEMBERS VOICED NO OBJECTIONS. (Excused: JJ
21 and BKM)

22 ACTION: FILING OF COMMUNICATION.

23 CHAIR NISHIKI: Any other questions? This meeting is
24 adjourned. . .(gavel). . .

25 ADJOURN: 11:29 a.m.

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C E R T I F I C A T E

STATE OF HAWAII)
) SS.
COUNTY OF MAUI)

I, Robert K. Balian, Certified Shorthand Reporter for the State of Hawaii, hereby certify that the proceedings were taken down by me in machine shorthand and was thereafter reduced to typewritten form under my supervision; that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings had in the foregoing matter.

I further certify that I am not an attorney for any of the parties hereto, nor in any way concerned with the cause.

DATED this 24th day of February, 2009, in Wailuku, Maui, Hawaii.



Robert K. Balian, CSR. NO. 463