

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

February 20, 2014

Council Chamber

CONVENE: 1:31 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Stacy Crivello, Chair
Councilmember Elle Cochran, Vice-Chair (in 2:00 p.m.)
Councilmember Gladys C. Baisa (in 1:34 p.m.)
Councilmember Donald G. Couch, Jr.
Councilmember Don S. Guzman
Councilmember Michael P. Victorino (out 2:23 p.m.)

NON-VOTING MEMBERS:

Councilmember G. Riki Hokama (in 1:36 p.m.; out 2:49 p.m.)
Councilmember Mike White (out 2:23 p.m.)

EXCUSED: Councilmember Robert Carroll

STAFF: Michele Yoshimura, Legislative Analyst
Erin Fleming, Legislative Attorney
Clarita Balala, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

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

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Jo-Ann Ridao, Director, Department of Housing and Human Concerns
Clyde "Buddy" Almeida, Assistant Housing Administrator, Department of Housing and Human Concerns
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

Gary Murai, Deputy Corporation Counsel, Department of the Corporation Counsel

Wayde Oshiro, Housing Administrator, Department of Housing and Human Concerns

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OTHERS: Bill Mitchell, Maui Redevelopment Agency
Jonathan Starr
Helen Nielsen
Teri Edmonds
Mercer "Chubby" Vicens, A&B Properties, Inc.
Charles Jencks, Pacific Rim Land, Inc.
Alice Lee
Anne Takabuki
Vince Bagoyo
(3) additional attendees

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

ITEM NO. 11: RESIDENTIAL WORKFORCE HOUSING POLICY (CC 13-221)

CHAIR CRIVELLO: . . .*(gavel)*. . . Good afternoon. The meeting of the Housing, Human Services, and Transportation Committee will now come to order. It is 1:31 p.m. on Thursday, February 20, 2014. But before we begin, may I please request that we all turn off or silence our cell phones or other noise-making devices? At this time, I'd like to introduce our Committee voting Members. Excused at the moment is our Committee Vice-Chair, Elle Cochran; also excused at the moment is Council Chair, Gladys C. Baisa; and also excused is Member Bob Carroll. With us today, at the moment, is Member Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you for being here. Member Don Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you. And Member Mike Victorino.

COUNCILMEMBER VICTORINO: Aloha and good afternoon, Chair.

CHAIR CRIVELLO: Aloha, Mr. Victorino. And, at this time, I'd like to introduce one of our non-voting Committee Members, Mr. Mike White.

COUNCILMEMBER WHITE: Aloha, Chair.

CHAIR CRIVELLO: Thank you. Also with us today is our Administration representatives. From the Department of Housing and Human Services, with us, is Director of Housing and Human Services, Jo-Ann Ridao.

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MS. RIDAO: Good afternoon.

CHAIR CRIVELLO: And our Deputy Corporation Counsel, Mr. Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

CHAIR CRIVELLO: And with us also today, with our Director, is Mr. Buddy Almeida from the Housing and Human Concerns Department.

MR. ALMEIDA: Good afternoon.

CHAIR CRIVELLO: And our supporting Staff--or I would say, those on the go and making this happen--is our Committee Secretary, Clarita Balala; and Michele Yoshimura, Legislative Analyst; and also, our Legislative Attorney, Erin Fleming. Members, we just have one item on the agenda today, HHT-11, Residential Workforce Housing Policy. So, if there are no objections, I'd like to start with testimony.

COUNCILMEMBER COUCH: No objections.

CHAIR CRIVELLO: I will check with our district offices, as they're assisting us this afternoon, before I call on members from the gallery. Molokai District Office, Ella Alcon?

...BEGIN PUBLIC TESTIMONY...

MS. ALCON: Good afternoon, Chair. This is Ella Alcon on Molokai, and I have no one here waiting to testify.

CHAIR CRIVELLO: Thank you, Ella. From the Lanai District Office, Denise Fernandez?

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez on Lanai, and there is no one waiting to testify.

CHAIR CRIVELLO: Thank you. And Dawn Lono from our Hana District Office?

MS. LONO: Good afternoon, Chair. This is Dawn Lono at the Hana Office, and there is no one waiting to testify.

CHAIR CRIVELLO: Thank you. At this time, before I call on our first testifier, I'd like to recognize our Chair, Gladys Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair, and I apologize for being late. I have some administrative things I'm dealing with.

CHAIR CRIVELLO: Thank you. Our first testifier is Bill Mitchell.

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MR. MITCHELL: Good afternoon, Madam Chair, Members of the Council. Thank you for the opportunity to share a few words on behalf of the MRA this afternoon. I'm the current Board Chair. And it was timely that the workforce housing discussion came up again this last...Chair, I think you first had some testimony back in August on it. In December, we had our Staff Planner, Erin Wade, submit a letter to you on December 19th recommending looking at the exemption of the MRA from a workforce housing requirement. And we gave a list of several items in there we thought that warranted discussion; we will follow that up today. We have copies of additional facts and figures that I'll let you review at your leisure. What I'd like, just kinda talk broadly, is the discussion within the MRA. And, of course, redevelopment in Wailuku has gone on for many years and we have a number of challenges: be the infrastructure, small lots, just the entitlement process and building permitting that all stand in the way of significant redevelopment in Wailuku town; but they can be overcome. One of the larger obstacles in our estimation is the workforce housing requirement. And we really see the MRA at sort of a crossroads that Wailuku town is sort of at a crossroads. We've got wonderful, small businesses that have come through the recession, are still there, a lot 'em. We have some new ones. But it's hard for them to thrive and grow passed what we have in existing, not only infrastructure, but we simply just don't have enough users after 5 o'clock in the afternoon. I think a lot of us probably, of course, we all drive into Wailuku town where it's an 8:00 to 5:00 town. And what we believe, the MRA believes, would really drive redevelopment in Wailuku is more residential development and higher-density residential development. And the only way we see that happening effectively is the removal of the workforce housing requirement. Because we've talked to any number of landowners who have plans or have made plans or looked at the numbers, and the workforce housing ordinance simply is a major obstacle to redevelopment of housing in the MRA district; and we think this is critical and essential for the...well, the growth of Wailuku town and to be a vibrant, small town. And Wailuku town, for all of its value historically, is underutilized, is one of the really only urban areas on the island and it could be so much more if we had residential development happening specifically in that Main Street corridor. And so we're looking at and we are in the process of developing some visionary products to show what that might look like.

MS. YOSHIMURA: Three minutes.

MR. MITCHELL: But we'd like to ask for your support in seriously considering that workforce housing ordinance requirement to see Wailuku town be able to become a more vibrant, downtown area.

CHAIR CRIVELLO: Thank you, Mr. Mitchell. Members, any clarification or comments for the testifier? Thank you, Mr. Mitchell.

MR. MITCHELL: Thank you. We'll give you those handouts.

CHAIR CRIVELLO: So, just as a reminder, each testifier will be allowed to testify up to three minutes per item pursuant to the Rules of the Council. And when testifying, please state your name and the name of any organization you are representing. Our next testifier is Mr. Jonathan Starr.

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MR. STARR: Good afternoon --

CHAIR CRIVELLO: Good afternoon.

MR. STARR: --Chair Crivello, Council Chair Baisa, Director Ridao, good Council members. Thank you very much for taking this up. I am, first of all, pretty much supportive of the reworking of this bill, and particularly in terms of creating a Wailuku, Maui, redevelopment area exemption for the small area in the heart of our town, which is approximately the size of, you know, the Baldwin... War Memorial Complex, a little bit larger than Kaahumanu Center. So it's not a very large area, but it's the heart of our business and government center. It's really the heart of our community. And, unfortunately, Wailuku, as wonderful as a place as it is--and I love it, I spend about half my time in an apartment right in downtown--is a place, it's a failed business center and not really a functional urban center. And looking at ways to make it thrive, we really need to bring people into town where they can walk to the jobs. There's 20,000 jobs within a three-mile radius of the center of Wailuku and there's very, very little housing. And it really doesn't make sense in this day and age that we don't give people that option, the opportunity to be able to walk to work and walk to the schools and the college and the hospital. I'd love to see us be able to build housing in Wailuku, primarily for the people who work for County, State, Federal Government, who work in hospital, who work for the university, where children can walk to schools and the churches; and it would really make for a more efficient and better lifestyle, it's also greener. So the problem is, is that to develop in Wailuku with the workforce housing, as currently written, does not work, it does not pencil out. No one will invest to build housing whether it's rental or fee simple condo-type housing right now and no bank will stand behind it. So we ask that you support that section of the revision that I believe is currently in the proposed ordinance. I was one of the people who supported the original ordinance some years ago. And I think the intent was good and it really was done to try to create workable housing options for people in the community --

MS. YOSHIMURA: Three minutes.

MR. STARR: --but I think that it's been somewhat dysfunctional in that it raises prices for most of the housing to create kind of the so-called affordable housing units that are not really set up for people in the workforce category, and Wailuku kind of has more than its share of at-risk housing subsidized housing already.

MS. YOSHIMURA: Four minutes.

MR. STARR: So I ask your kokua with this, I thank you for taking it up and wish you all the best of aloha.

CHAIR CRIVELLO: Thank you. Any comments or questions for the testifier? Chair Baisa?

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COUNCILMEMBER BAISA: Thank you very much, Chair. And thank you so much, Jonathan, for being here and for all the volunteer work that you do, I really appreciate it. I just wanted to kind of pick your brain a little bit. What I'm hearing is, you would like an exemption for that little area in Wailuku. If we were somehow to exempt you from certain pieces of it, would that be acceptable or you want a total exemption?

MR. STARR: I think what would work would be a total exemption for this small area, because it's a lot more expensive to build with the old infrastructure. The lot sizes are small, there's no way to build a big project where you have the type of scale and it just doesn't pencil out. It's cheaper to go and buy a sugar cane field and carve it up rather than to renew our urban core.

COUNCILMEMBER BAISA: You know, when we were working on this ordinance--and, you know, you worked on it, I did, too, for a long time--we were trying to find a way to get affordable housing. Now, if we were to exempt that area, is there any consideration that we try to make it a priority to make affordable housing?

MR. STARR: I think that's what the market is in Wailuku. We're not going to get second-home retirees, it's not beachfront, it's not, you know, it's not Kula estates, it's different. And the market that we found in our studies is for people who work for County, State, Federal Government, who work at the hospital, who work at the university, who teaches in the schools, who work whether it's insurance or law offices and in the courts. That's the market, and that market is really 40, 50, 60 thousand dollar, you know, would be small units for a, you know, a single employee or it would be a little bit larger for a couple. But that really is the market. That's, you know...

COUNCILMEMBER BAISA: Do you get any feeling about rental versus things that you would buy? I'm kinda feeling like there's a tremendous market for rental that I don't see.

MR. STARR: Yeah, and that's what we see, too. And it's similar to the market that is really working in Honolulu, in Kakaako, where people, you know, are lining up around the block for reasonable rental units that a single person who works or a couple that works can afford to live in and, you know, have a walkable lifestyle.

COUNCILMEMBER BAISA: The only thing that I'm little concerned about is, if we build these units and they would be available to everybody. I sure don't wanna see them turn into places where business people who do business in Wailuku from off island or wherever would come and stay, you know, kind of a intermittent vacation rental kind of thing.

MR. STARR: I think the market will not really create that, you know. I do think there's, you know, if Wailuku starts to thrive, there might be some need for a small hospitality, you know, like a business-type hotel for people who service government or service the hospital. But I think, primarily, you're really looking at compact, efficient lifestyle housing. And there should be options, but primarily rental.

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COUNCILMEMBER BAISA: Small.

MR. STARR: Yeah

COUNCILMEMBER BAISA: And small.

MR. STARR: Yeah, small; but, you know, maybe there should be some units that are a little bit larger for couples or for small families. And we do wanna support aging in place, because, you know, Wailuku is a place where it's a lot easier to have the services for that.

COUNCILMEMBER BAISA: Well, thank you for sharing your thoughts with us. You know, it's really important that people who know the area and know the needs tell us what it is, 'cause, you know, I don't live in Wailuku and I really don't know what, you know, what the needs of Wailuku are. But, of course, we have Councilmember Victorino who lives in this area and is very familiar, but it's good to hear from folks like you that are very involved in the community and are in Wailuku. So thank you.

MR. STARR: And thank you, Madam Chair; and thank you, Council members.

CHAIR CRIVELLO: Thank you. Any more comments or questions for Mr. Starr? Thank you. If not, I'd like to call on the next testifier, Helen Nielsen.

MS. NIELSEN: Good afternoon, everyone.

COUNCIL MEMBERS: Good afternoon.

MS. NIELSEN: My name is Helen Nielsen, and I am here also in support of the exemption for the MRA. And I don't wanna sound like a broken record after Jonathan's testimony; but I do wanna say that, you know, a lot of you may not know that, you know, with Jonathan's service, with the Planning Department and the Water Department and, you know, all these commissions, we've had the opportunity to travel and visit a lot of the national conferences around the country. And we've been really fortunate because, for me, you know, it's really made me a dreamer about Wailuku; I, you know, I can really understand what's possible. And we've worked with the Planning Department, meeting the various consultants that have come in and advised the County on how it can encourage smart and efficient growth in Wailuku. And we've been to Denver and Portland and, you know, yes, it's the Mainland and it's different, but there's so many common elements to actually bring this project forward. So this is a big one, and I really hope you'll support it. And if you have any questions, let me know; otherwise, thanks.

CHAIR CRIVELLO: Members, any comments or questions for the testifier? If not, thank you.

MS. NIELSEN: Thank you, Chair.

CHAIR CRIVELLO: Teri Edmonds followed by Chubby Vicens.

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MS. EDMONDS: Aloha Council members. Chair, thank you so much. I'm Teri Edmonds. I'm here representing myself and my business, If the Shoe Fits and Maui Shoe Repair. And I have my business in Wailuku and I'm also a resident in Wailuku. I've been here for 16 years, business here for 14; and I would consider myself the eyes on the street. Been here long enough, Wailuku Community Association for years, and I've participated with the Maui Redevelopment Agency as much as possible. I, here, am in support of the exemption, obviously, but I have different reasons and I'm gonna explain them to you. I hope that if I run over three minutes, somebody will address the question of security if I don't touch on it, it's important. But, for me, the letter that the MRA presented to you had a paragraph in there that talked about HUD, having done with our studies, seeing that it didn't help to put all of the low-income housing in one spot; and I kind of agree. I also believe in taking care of my community, a huge supporter of that. So when I come forward and say, I don't want it in my backyard, it's in my backyard; and my backyard is full, and it is the people like me that are the ones that have to call the police. Last month I had two of 'em come directly into my store. The homeless is not an issue on low-income housing, they just set wherever. So when you're looking and you're driving passed in our beautiful, little town and you go passed the MAPA building where little, darling girls in their pink tutus walk around all day long and you're seeing homeless camped out under that awning, well, you know who it took to get that to happen? It takes the neighbors around the street. The fights that happen there, Theresa from Business Etc. had to call the police on in. The challenge is not insurmountable. What I'm saying is that right now we're at capacity until we make further strides, which is happening. The MRA with their open-door policy has been great. Last, I think a year or so ago, we had Jo-Ann, was there, Ridao; and we had the Police Department; and we're working on this major plan as a neighborhood watch, an active neighborhood watch, not just a sign put up. But what we have to do is, we have to have a phone tree. The landlords aren't there, it's the tenants. So the tenants have to call the landlord, the landlord has to call the police; that's how the procedure works. If the landlord gives us permission, then we are granted a sheet of paper that says, we have the right to call for this piece of property. So I'm not only maintaining my property, but my neighbors, other...it's very frustrating. So the other part of this is, I walk, I walk everywhere. I walk to work, I run the highway up here, I see all the kids that leave school --

MS. YOSHIMURA: Three minutes.

MS. EDMONDS: --they're passing through town and security is a huge problem. I was almost accosted the other day in front of the park. I go to work super early. I'm there 5 o'clock, sometimes 4 o'clock; and I know it's a riskier time of the day, but I'm very careful. But I see other residents, retirees that have these beautiful, little homes and walk their town with their little Chihuahua, you know. They are not...yeah.

CHAIR CRIVELLO: Excuse me, Ms. Edmonds, can get ready to wrap it up --

MS. EDMONDS: Yeah.

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CHAIR CRIVELLO: --in regards to the agenda.

MS. EDMONDS: So I would like to have this exemption included, and I appreciate you having us here to discuss it and thank you.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER VICTORINO: Madam Chair?

CHAIR CRIVELLO: Yes, Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And thank you, Teri, for being here. And I think your biggest thrust or your biggest concern, along with others, was security and the amount of, not only homeless, but the whole package that goes with Wailuku town and understanding that we have the highest percentage of drug and other types of affordable and needy housing in our community, well within three blocks...oh, I should say three miles, not three blocks, three miles, right. So what you're saying is, a neighborhood watch with this exemption would then predicate affordable rentals that would bring in more, what I would call, people who are working within the area?

MS. EDMONDS: Absolutely. When I saw this, it was, promise, the last straw for me.

COUNCILMEMBER VICTORINO: Uh-huh.

MS. EDMONDS: It's been a long, long journey, you know. I mean, right now, you walk down Main Street and you've got drug court that hangs out on the bench tables, get into fights. Not all drug court, but I'm just saying. You have, you know, I know we have certain businesses that draw in, you know, you got pawn shops, you've got a bail bond. I mean what is this town gonna turn into? And I don't think we want that. We want it to be this County seat that is at the foot of the number one tourist destination on this island. We want it clean. Poor Everett Dowling, I walk passed his property all the time and there is loads of rubbish. His staff comes and cleans it out, and it's back again. It's where this person was hanging out or, you know, and I just...so I hope that, that help answer that.

COUNCILMEMBER VICTORINO: Well, I think so. And I think we get the picture and I want others to see that the homelessness has become pervasive here in Wailuku.

MS. EDMONDS: Yeah.

COUNCILMEMBER VICTORINO: Because as we clean out other areas, they seem to gravitate to this area.

MS. EDMONDS: It's nice and cool and...

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COUNCILMEMBER VICTORINO: Whatever, yeah, you know.

MS. EDMONDS: Right.

COUNCILMEMBER VICTORINO: And, you know, and I think we've had always an open-arm policy, maybe things have to change a little, you know. But thank...

MS. EDMONDS: Yeah. I will say, if I can, this morning, when I was discussing with some of my other business owners --

COUNCILMEMBER VICTORINO: Uh-huh?

MS. EDMONDS: --I know even Maui OnStage, I mean, I've never been afraid to walk from my business to Saeng Thai at night --

COUNCILMEMBER VICTORINO: Yeah.

MS. EDMONDS: --and I am now. I won't do it by myself. And they've had the recent experience as well. Police Department's been very supportive, but it takes a lot of activity on our part as merchants. So without asking for you to come up with a new position for the Police Department, we're trying work on a plan, it's just not gonna happen overnight and I think we can deal what we...

CHAIR CRIVELLO: Thank you, Ms. Edmonds. Any other questions, Member Victorino?

COUNCILMEMBER VICTORINO: Thank you, Ms. Edmonds.

MS. EDMONDS: Thank you so much, appreciate it.

CHAIR CRIVELLO: Thank you. Our next testifier is Chubby Vicens; followed by Charles Jencks.

MR. VICENS: Good afternoon, Chairperson --

CHAIR CRIVELLO: Good afternoon.

MR. VICENS: --Members of the Committee. Thank you for allowing me to be here today. My name is Mercer "Chubby" Vicens, and I am representing A&B Properties today. On HHT-11, the Residential Workhouse [*sic*] Housing Policy. We've passed out reading matter for you, so I'm gonna follow that so we can end in the appropriate amount of time. Mahalo for your initiative in reviewing the Maui County's Residential Workforce Housing Policy, Chapter 2.96, Maui County Code. We have all have an interest in ensuring that Maui has a healthy supply of housing that is affordable for our local families, and your efforts to make sure that we have an ordinance that addresses that interest is most appreciated. As a whole, I would like to commend the Committee for the thorough review that it has made of the existing ordinance and support the refinements to

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the ordinance which are reflected in the draft bill. I do, however, have two suggested, additional refinements which I believe would be helpful in alleviating some of the hurdles to providing this type of housing to our marketplace. One is, the timing of completion of workforce housing, 2.96.060. I would respectfully suggest that the Committee consider modifying the provisions of 2.96.060.C.1 and C.2, which reads, residential workforce housing units shall be made available for occupancy either before or concurrently with market-rate units at the same ratio required for the development or as determined by the Director; and certificates of occupancy shall not be issued or final inspections shall not be passed for the market-rate units unless certificates of occupancy are issued and/or final inspections are passed for residential workforce housing units concurrently or sooner, as determined by the Director. The proposed language would provide for flexibility in situations where circumstances arise when the workforce housing units are not yet available for occupancy or the occupants are not yet in position to occupy the units at the same pace as the market units. There are times when the logical sequence of phasing of a project will have some units become available before others; or where financing might take longer for the affordable buyer, it would make good sense for the Director to have some discretion in addressing situations such as these.

MS. YOSHIMURA: Three minutes.

MR. VICENS: The workforce resale price, I would respectfully suggest that the Committee modify provision 2.96.060.G and eliminate G, G.1, G.2 and G.3 and substitute, if the owner desires to sell the unit during the deed restriction period, the owner must sell these units to a buyer in the same income group as the original purchaser at the time of the original sale, as approved by the Department. This proposed language ensures that the intent of the continued affordability of the unit to the income group for which it was originally intended would be adhered to, while allowing the unit owner to avail himself or herself of changes to pricing that inevitably occur due to changes in median income levels and interest rates. Arbitrarily dictating sales price as noted in the current provision, above, creates a scenario where the purchaser of an affordable unit may have very little motivation to acquire the unit in the first place and, secondly, may face difficulty in getting financing for that unit. Mahalo for your patience. Thank you very much for hearing what I've had to say and God bless and continue your good work.

CHAIR CRIVELLO: Thank you. Any comments or questions for the testifier? If none, thank you.

COUNCILMEMBER COUCH: Oh wait, Madam Chair. Sorry.

CHAIR CRIVELLO: Oh, I'm sorry. Mr. Couch?

COUNCILMEMBER COUCH: Sorry. Thank you, Mr. Vicens, for being here. On your suggested modifications on C.1 and C.2, I guess, timing of completion, part of the Council, when this came out the first time, part of their concern was that, you know, a lot of projects got by with not having to provide affordable housing then dissolved and that's why we're in the deficit we are now.

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MR. VICENS: Uh-huh.

COUNCILMEMBER COUCH: And I know you have, "as determined by the Director", but you never know. I mean the Director we have currently is fine, but you never know who you're gonna get. Would you be amenable to saying, "as determined by the Director and by Council resolution"?

MR. VICENS: That would be fine with us, as long as it's not an onerous one that places a defined number. Because you gotta remember, Council member, that when the contractors start building, there may not be the same ones building the affordable units as the market-priced units; and, therefore, the speed to which they accomplish their goals may be different. And all we're saying is that what we'd like to do is to make sure to ensure that the affordable units and the market units get built concurrently. Yeah, I've been here a long time, Mr. Couch, and I've seen there are units where they haven't completed. The project's years old and they haven't completed their requirement. But I assure you that the company I speak for monitors its own self. And if you feel that it's necessary to do that, we have no objection --

COUNCILMEMBER COUCH: Okay.

MR. VICENS: --and we will comment on it at that appropriate time.

COUNCILMEMBER COUCH: Well, the other question I had is, you know, you added those two things and my changes. But if you look at Page 3 of the proposed bill, it does say that the Director may, subject to Council approval via resolution, authorize a reduction, adjustment, or waiver of any provision of this chapter; and that's kinda where I came up with the Council resolutions. So wouldn't this cover what your concern is?

MR. VICENS: I realize...yes, yes it would.

COUNCILMEMBER COUCH: Okay.

MR. VICENS: Yes, it would.

COUNCILMEMBER COUCH: Okay, cool.

MR. VICENS: And, like I said, it's a recommendation to make the bill stronger and better, and that's our only goal.

COUNCILMEMBER COUCH: Okay. Thank you.

MR. VICENS: Thank you very much.

CHAIR CRIVELLO: Thank you. Any more questions? Thank you.

MR. VICENS: Thank you, aloha.

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CHAIR CRIVELLO: Before I call on our final testifier, I'd like to introduce our Vice-Chair, Elle Cochran.

VICE-CHAIR COCHRAN: Thank you, Chair.

CHAIR CRIVELLO: And thank you, Mr. Hokama, as a non-voting Member, to be here, participation. Our next testifier, Mr. Charles Jencks.

MR. JENCKS: Good afternoon, Madam Chair and Madam Chair --

CHAIR CRIVELLO: Good afternoon.

MR. JENCKS: --Members of the Council. I have a matrix I'm gonna hand out. The matrix that Michele is handing out is a revised version of the one I handed out at the workshop we had in Chambers a while back on this issue. What I did with this matrix is that I kept the reference to the current County Code sections in 2.96 in place, added a column that included the current bill that's in front of you today that's been revised and the other counties in the State of Hawaii so that you can see across the board, when it comes to percentages, how they all compare. I just have a few comments. And, that, I'm providing that to you for your review and comment; and if you have any questions, be happy to answer them. I just have a few comments. I think the bill is great, it's definitely going in the right direction. And I look forward to, hopefully, a near-term resolution on this recommendation. Couple of comments, however. What I don't see in this bill or in the existing bill that we're dealing with on a daily basis is any kind of incentive for developers to build affordable housing. And if you go to the matrix and you look at the Big Island, for example, on the far right at the bottom, they provide density incentives for doing certain things. I don't see any reason why this County couldn't include some kind of an incentive system to, for example, include all of the affordable product within the project as opposed to building it outside the project. There are ways you can incentivize development of affordable housing without...would not...harming the intent of the bill; and so I think you ought to take a look at that. Number two, it seems to me that if the goal of the Council is to get affordable housing built, the idea of saying that it has to be built in this particular community plan region may not work to your benefit. I would submit to you that the best people that understand where housing is needed is not the Council, it's the Department of Housing and Human Concerns and the Planning Department. So why not, instead of requiring offsite housing or housing per this bill be built in the same community plan region, why not give the ability to decide where to the Administration? Where's the housing needed today? Where's the rental housing needed today? Not, perhaps, in an area where rental housing isn't needed. That would, I think, address the issue of what, when and where, more effectively than having the Council decide, it has to be in this community plan district. The issue of the annual report is a fine idea; but, frankly, given my experience of the annual reports, I don't think they're read. I think, perhaps, if your goal is to require an annual report for the purposes of enforcing the actions, give it to Housing and Human Concerns and the Planning Department, because it's gonna be a Condition of Zoning, it's a Code condition, let them look at the annual report and report back to

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you what's going on if nothing is going on. They're gonna know about permits being pulled, permits being applied for, not the Council.

MS. YOSHIMURA: Three minutes.

MR. JENCKS: That's a more direct way to get a response as to whether or not the applicant is in compliance. And, last but not least, Council Chair Baisa asked me, gee, what are the other counties...how are they doing with this affordable housing issue? And I reached out to every county, I got two responses: one from the Big Island and one from City and County of Honolulu. The Big Island said, well, you know, we got this ordinance and, yeah, we're having affordable housing supply built but we're not sure if it's being done by the private sector or because of this bill. City and County of Honolulu said, hey, we're not sure either. I called Home Builders and they were telling me or they are telling me, we're building the affordable stock in response to the market, not being driven to do it by the City and County of Honolulu, but because it satisfies a market demand. Now, I'll give you two examples why I think that's true: Koa Ridge, which was approved by the State Land Use Commission when I was a sitting member, and the Hoopili project which was done by DR Horton. Both of those projects are now caught up in legal challenges; they're going nowhere fast.

MS. YOSHIMURA: Four minutes.

MR. JENCKS: The builders that are providing affordable housing are doing it in response to the market and not being driven to do it by some unilateral agreement or a large, proposed project. So leaving it up to the private sector...this ordinance, as proposed, is okay, it's fine; but I think looking to the private sector to determine where in concert with the Administration is a much better way to address the problem than developing a highly structured ordinance which, frankly, the one that we've got on the books hasn't worked yet. So that's just my two cents.

CHAIR CRIVELLO: Thank you. Any questions or comments? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair; and thank you, Mr. Jencks, for your testimony.

MR. JENCKS: You're welcome.

COUNCILMEMBER COUCH: You mentioned, developer incentives, and you kinda named a couple. Just off the top of your head, do you have any in writing or are you suggesting we take a look at Hawaii County and Kauai County's...

MR. JENCKS: Well, I think the Big Island does a pretty good job in terms of density bonuses and that kind of approach. But I would also say to you, and I recall, in the current bill, there was discussion years ago about well, we won't charge you the fee for our grading ordinance. Really, \$150 for a grading ordinance fee is an incentive? No, I'm talking about, you know, we'll give you grading permit in 30 days, guaranteed, or we'll give you your building permits in 30 days,

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guaranteed, or you'll get 'em for free. You know, I'm talking incentives that really incentivize someone to say, I'm gonna take this risk, I'm gonna get this sooner and it's worth it for me.

COUNCILMEMBER COUCH: And I understand that. But, you know, I'm not sure if...one of us here on this body might be a developer or having to do with development, but --

MR. JENCKS: We all do.

COUNCILMEMBER COUCH: --we don't really know what would be a good incentive to a developer. So I would suggest that if we could get a list --

MR. JENCKS: Okay.

COUNCILMEMBER COUCH: --of potential...I mean, yeah, you give us your wish list and we'll cut it down to maybe two or three.

MR. JENCKS: The big issue is time.

COUNCILMEMBER COUCH: Okay.

MR. JENCKS: You know, I'd be willing to pay...a subdivision map that takes a one-acre piece of land and divides it into ten pieces costs me, let's say, \$4,000 to design and the processing fee is a couple hundred bucks, okay. Well, the value added when that preliminary map comes to me is enormous going from one acre to ten lots, that's an enormous increase in value. But the time it takes to get me to the final map is incredibly burdensome; that's where the money and time is lost. I'd be willing to pay \$10,000 for that map if I could get the final 30 days after I submit the plans; that's time saved and money saved.

COUNCILMEMBER COUCH: Okay.

MR. JENCKS: And that time and money relates right back to the homebuyer --

COUNCILMEMBER COUCH: So...

MR. JENCKS: --whether it's multi-family or single-family.

COUNCILMEMBER COUCH: Okay. So if we could get a list from you --

MR. JENCKS: That's fine.

COUNCILMEMBER COUCH: --give us a chance to take a look and say, alright, and discuss it. Because I think, you're right, there should be some sort of incentives as well. So we, you know, a little give and take on both.

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MR. JENCKS: Be happy to do that.

COUNCILMEMBER COUCH: Thank you.

CHAIR CRIVELLO: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Mr. Jencks, one of the other questions that has to do with timing is the overall time involved in taking any project through the current process.

MR. JENCKS: Uh-huh?

COUNCILMEMBER WHITE: Do you have a sense or do you know of somebody that could give you a sense of how long it takes on Maui versus the other three counties?

MR. JENCKS: Well, what I can tell you is, in my discussions with landowners on the other islands, we're now one of the worst in terms of the time it takes to get a permit to effectuate a building plan. And part of that is, we have some significant issues in the relationship between zoning and community plans that needs to be straightened out. We have significant infrastructure problems on this island with water. Right now, the water availability bill was finally...after, I think, four years we have an exemption for affordable housing. I mean that seems to me to be a common sense thing to do, but it took four or five years to get that done. It goes back to the issue that Mr. Couch was asking about. I mean can provide you the reasons why, but it's just the amount of time it takes to get through this process. And, as I talked about here at the forum we had on affordable housing, infrastructure, infrastructure, infrastructure, the lack thereof, doesn't make it easy for anybody to build anything here.

COUNCILMEMBER WHITE: Yeah, I recall in an airport's meeting a number of years ago that I asked why Maui was getting only 6 percent of the airport improvements budget when we had 22 percent of the traffic. And the response from the Airports Division was it's because our staff doesn't want to put money where we can't spend it and it takes three times longer to do a project on Maui than the other counties. So --

MR. JENCKS: Uh-huh.

COUNCILMEMBER WHITE: --I see this workforce housing challenge not just being an ordinance that's putting additional burdens on, but in addition to creating some incentives, we need to create an easier process.

MR. JENCKS: Agree.

COUNCILMEMBER WHITE: And I don't know what kind of incentives we would have to provide in order to offset the longer time it takes to get a project done here. But I think we all need to be concerned if we have investors that can do projects on any island they wish, if we have a much more time-consuming process and more burdensome requirement as far as the various workforce

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housing elements and no incentives, then people with the interest in building are gonna build somewhere else --

MR. JENCKS: That's correct.

COUNCILMEMBER WHITE: --and we're not gonna solve our problem.

MR. JENCKS: That's correct.

COUNCILMEMBER WHITE: To what degree do you feel the bill, in its current state, is moving us far enough?

MR. JENCKS: I think you're on the right track. I think the matrix proves you're kind of in the main with everybody else, but I think the jury's still out on, really, does this...I think I sent it to the Chair, a study that was done by UHERO that analyzed the effectiveness of inclusionary housing ordinances. It basically said, they're not productive. Requiring people to do something doesn't work. Providing the climate, the atmosphere to encourage good behavior works a lot better than making somebody do something over, over and over, in so many words.

COUNCILMEMBER WHITE: Yeah, in some respects, I think, the best way of creating affordable housing is to have more housing.

MR. JENCKS: Yeah.

COUNCILMEMBER WHITE: Because, you know, my son was able to buy a condo in Kihei for probably a third of what it would cost somebody to build one, and it's because there was availability and the prices were quite affordable.

MR. JENCKS: Correct.

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

CHAIR CRIVELLO: Thank you. Any more comments? Chair Baisa?

COUNCILMEMBER BAISA: Thank you, Chair; and thank you, Mr. Jencks, for being here. You bring up an interesting thought for me. We're saying that this ordinance, it's really debatable whether or not it's effective, whether it's really needed or, you know, we should just let things happen and let the market demand work. What was the situation when we passed this thing? Help us refresh our memories, it's been a long time. Why did we feel that we had to have this thing?

MR. JENCKS: You had highly constrained supply, excuse me, highly constrained supply and huge demand with an economic, nationwide engine that was rolling along and average, I think, median sales prices on Maui were in excess of \$700,000. And so there was a...no, look, I'm not questioning whether or not it was a good idea to develop this, but a lot of jurisdictions have

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inclusionary housing ordinances which work fine at reasonable percentages with incentives, it works pretty good. But I think it's clear at this point, given what was happening in 2007, that what was passed was a huge swing --

COUNCILMEMBER BAISA: Maybe too much.

MR. JENCKS: --in the wrong direction; and history proves that it didn't do anything. So it was an overreaction and legitimate concern. Constrained supply, high demand - it's the wrong environment for housing, and nothing was getting built fast enough to satisfy that demand. And so you got yourselves in a situation where, politically, it was an election year and lot of people wanted...I remember one Council member wanted an 80 percent affordable housing requirement.

COUNCILMEMBER BAISA: I remember.

MR. JENCKS: So it was just swinging really wildly and we...this obviously didn't work.

COUNCILMEMBER BAISA: So if we amend this and we put in some good incentives and we lower percentages and we do all this, do you believe that there are developers out there that want to do this kind of housing?

MR. JENCKS: Yes. I do.

COUNCILMEMBER BAISA: Okay. Well, you're in that business, you should know.

MR. JENCKS: Well, I wanna do it.

COUNCILMEMBER BAISA: Thank you.

MR. JENCKS: You're welcome.

CHAIR CRIVELLO: Thank you. Any more comments or questions? Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. Thank you, Madam Chair; and thank you, Mr. Jencks, for being here. And you've been around long enough to know that we did this for many years. And, you know, I can give you a couple major examples: Kilauea Mauka, Spreckelsville, Waihee were all affordable homes built.

MR. JENCKS: Uh-huh.

COUNCILMEMBER VICTORINO: I think the reason some of these rules were put in--and I wasn't on the Council, but I remember sitting and listening to what their rationale was--was the fact that we built all these affordable housing and, after ten years, they turned around and started to sell 'em at 600,000, 500,000 and all that. So I think that was one of the predications to put these

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restrictions in, some of these at least. And now we see, years later, that it's backfired. But Mr. Hokama was sitting here in this chair and he can attest to that because of the fact that many times, what we were promised wasn't kept and what we got was turned around and sold quite rapidly and turned around and sold quite rapidly. Markets changed, times have changed, so I'm willing to look for change, okay, Charlie. You know, we've been around long enough to go that, and I know we can build affordable housing. The thing that irks me is that we have a place people wanna come and when they come, they push out the everyday, working people. How do we protect the everyday, working people that work two and three jobs and do buy their own house or do rent their own house, they're not asking for no help, how do we protect them or how do we help them? That's my question, Charlie.

MR. JENCKS: You increase supply.

COUNCILMEMBER VICTORINO: You just build like crazy like Oahu? Do you want it to be like Honolulu?

MR. JENCKS: No, I said, increase supply.

COUNCILMEMBER VICTORINO: Okay. So, no, I've been playing the Devil's advocate.

MR. JENCKS: No, I understand.

COUNCILMEMBER VICTORINO: Yeah, you know, I...

MR. JENCKS: I understand, but you can't...look, when you see something like that happening, if you're a banker --

COUNCILMEMBER VICTORINO: Uh-huh?

MR. JENCKS: --okay, and you see a high demand for your money, what is your first reaction? You increase the rate, right?

COUNCILMEMBER VICTORINO: Uh-huh.

MR. JENCKS: You do something in response to the action that's taking place. If you're sitting here and you see high demand, units being taken off the market by whomever's buying them--and by the way, you know, this is a free country, you can come here from anywhere and buy a house --

COUNCILMEMBER VICTORINO: Exactly.

MR. JENCKS: --your reaction has to be, okay, how do I solve this problem? How do I make it easier to get more inventory built on a measured basis, on some basis, but get more inventory into the marketplace at a specific price point, at a specific design, in a specific location to assuage that, to change that dynamic --

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COUNCILMEMBER VICTORINO: Yeah.

MR. JENCKS: --that was not happening.

COUNCILMEMBER VICTORINO: And then the other part of this component's density. You know, the Island Plan seems to put everything where it's already is and get more dense there and don't touch country and don't touch this, right? Okay.

MR. JENCKS: No, I...yeah, good point, very good point.

COUNCILMEMBER VICTORINO: So, you know, I put the cards on the table, you know. Let's play the game, you know, if you wanna put the cards, put 'em all on the table and let's get it right.

CHAIR CRIVELLO: Okay.

COUNCILMEMBER VICTORINO: So anyhow...

CHAIR CRIVELLO: Thank you, Mr. Victorino.

COUNCILMEMBER VICTORINO: Well, Madam Chair, I putting the facts on the table, and I do not appreciate to be cut off in that manner, but thank you very much.

CHAIR CRIVELLO: I'm just trying to control our deliberations. Thank you, sir. Thank you.

MR. JENCKS: Thank you.

CHAIR CRIVELLO: Any more questions? Thank you. I will now check with the district office to see if there are anyone to testify. Hana, is there anyone there to testify further?

MS. LONO: There's no one waiting in Hana to testify, Chair.

CHAIR CRIVELLO: Thank you. Molokai?

MS. ALCON: There's no one here on Molokai waiting to testify.

CHAIR CRIVELLO: Thank you. And Lanai?

MS. FERNANDEZ: There's no one on Lanai waiting to testify.

CHAIR CRIVELLO: Thank you. Being that there are no testifiers from the district offices, I will say, thank you, ladies. At this time, is there anyone in the gallery who would like to testify? If so, please identify yourself to the appropriate staff and proceed to the podium or...if not, at this time, I'd like to...if there are no objections, I will now close public testimony.

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COUNCIL MEMBERS: No objections.

CHAIR CRIVELLO: Thank you.

...END OF PUBLIC TESTIMONY...

CHAIR CRIVELLO: We have one agenda item, Members, Residential Workforce Housing Policy, Agenda No. HHT-11. The Committee is in receipt of the following: 1. County Communication 13-221, from the Chair of the Committee, relating to a review of the Residential Workforce Housing Policy, Chapter 2.96, Maui County Code ("Policy"); a correspondence dated December 12, 2013, from the Director of Housing and Human Concerns, transmitting a proposed bill to amend the Policy; and, in addition, correspondence dated February 13, 2014, from the Department of the Corporation Counsel, transmitting a revised proposed bill entitled, A Bill for an Ordinance Amending Chapter 2.96, Maui County Code, Relating to Residential Workforce Housing Policy. The purpose of the revised proposed bill is to facilitate the development of affordable housing units or lots by reducing the requirements under the Policy. Members, if you will turn to your handout where we have the ordinance of the 2.96 and it's color coded. If you will look, the deletion portion is highlighted pink and the proposed portion to each list is highlighted yellow. So, before I ask the Department and Corporation Counsel to explain why the deletion and what it is, the proposal is all about and what's the difference and we will be going through each deletion and proposal, number one, to see the impact on the removal and what's the difference with the changes. And, you know, this was presented to our Committee, I think, from last year, and hopefully we'll be able to get it resolved. I'm not sure if we're gonna be able to touch all of this before we end our meeting, but hopefully we can get through as much as we can and take into considerations other recommendations to change or add or amend the existing. I have also realized that we have quite a list of affordable units that are owed us from other entitlements or developments, and I think those are the kinds of things that maybe our Planning or our Department may be as we move forward on this that we should ask for some sort of performance for all affordable homes that are old and see how we can identify that to move forward in conjunction with this particular workforce development. So, at this time, I'd like to ask our Director to go over the changes and proposals that we have, or deletions, as we move forward and any other comments you may want to say before we start. Maybe you'd like to give us a little background.

MS. RIDAO: Thank you, Chair. I'd also like to thank all of the testifiers for providing us with their views on what they think the law and how the law can be improved. I wanna also thank the Members of the Committee for taking the time with us. Today, we would like to go through the color-coded changes with you. And I have with me, of course, Corporation Counsel, Jeff Ueoka, and my staff from the Housing Division, Buddy Almeida. These two people were the two that actually did the nuts and bolts and sat down and made all the changes, so I want them to go through it with you with kind of the background as to why. So I think Jeff should take the lead.

CHAIR CRIVELLO: Thank you. Mr. Ueoka?

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MR. UEOKA: Thank you, Chair. I guess, starting on Page 1. We took a lot of what your comments were...or the Committee's comments were at the last meeting and incorporated into this latest draft of 2.96. The first section, we took out the various amounts of units for different things and made everything ten. So ten or more lots, lodging units, time share units, and dwelling units, excluding farm labor dwellings or a second farm dwelling, et cetera, would be subject to 2.96. And any conversion of one or more hotel units to dwelling units or time share units would remain applicable and any hotel redevelopment project would still be subject to 2.96, also. So that was the first major change. Do you want me to stop here or...

CHAIR CRIVELLO: Yes, we're going to continue the questionings or what have you as we move along. So we're on Page 1. And can you explain why the deletion and what is the difference with the proposal as well as the deletion?

MR. UEOKA: I guess, simplicity and to create less of an onus. By having the trigger be ten units, you avoid having this requirement for smaller developments, I should say, that was primarily the reasoning behind the change.

CHAIR CRIVELLO: Members, any comments or question in regards to this first change?
Mr. Hokama?

COUNCILMEMBER HOKAMA: May I ask a question? Thank you, Chair. On the first yellow paragraph, Counselor--if I can direct your attention to that, on Page 1--since you also mentioned, farm labor dwelling units and you also mentioned Chapter 205 which is, I believe, the agricultural component, the right to farm, okay, I just would like to know if it's clear that it's for the second farm dwelling is for farm personnel doing agricultural activities and not necessarily become a B&B or another transitional-use unit. 'Cause that's not the intent of accessory dwellings in agricultural districts.

CHAIR CRIVELLO: Yes.

MR. UEOKA: Thank you, Chair. It's the farm labor dwellings or the second farm dwellings are excluded from the ten count; that's essentially what it's saying. I'm not sure exactly what Chapter 205 provides for, but it is the agricultural section. So I don't think it limits the use of what that second farm dwelling is for.

MS. RIDAO: Not in this chapter.

MR. UEOKA: Yeah, not in 2.96, at least.

COUNCILMEMBER HOKAMA: So can you tell me what it means in this proposed chapter?

MR. UEOKA: It means a second farm dwelling just isn't counted towards the ten to trigger the 2.96 application.

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COUNCILMEMBER HOKAMA: What if it is being used as a non-agricultural use?

MR. UEOKA: Yeah, I think...I don't believe we got into use in this. It's just...

COUNCILMEMBER HOKAMA: Well again, yeah, we deal with a lot of good lawyers like yourself --

MR. UEOKA: Yeah.

COUNCILMEMBER HOKAMA: --who's gonna use this loophole to do a non-permitted use in another zoning category.

MR. UEOKA: Yeah, it would essentially allow if you...I guess you couldn't build ten second farm dwellings 'cause they wouldn't be second farm dwellings at that point, but it just wouldn't trigger 2.96 to be applicable. You'd still have to be compliant with zoning and use and all the other...you'd have to have all the proper entitlements, but you just may not trigger Chapter 2.96, the Residential Workforce Housing Policy, it may not be applicable. But the other stuff, as far as zoning and all that kind of stuff --

COUNCILMEMBER HOKAMA: Uh-huh.

MR. UEOKA: --would still be applicable.

COUNCILMEMBER HOKAMA: Okay. Thank you, Counselor. Thank you, Chairman.

CHAIR CRIVELLO: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. First of all, Mr. Ueoka, I understand why you're trying to put farm labor dwellings and whatnot, but when we have an agricultural subdivision, but...yes, sir?

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Sorry, Mr. Couch. I actually didn't add that language in. It was existing in the old language, I just carried it over.

COUNCILMEMBER COUCH: Okay.

MR. UEOKA: I don't know what the original intent was, but --

COUNCILMEMBER COUCH: Okay.

MR. UEOKA: --because I didn't know, I didn't wanna touch it, either.

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COUNCILMEMBER COUCH: Well, gee, I don't know who would know this, probably Planning Director or Public Works. But usually with a subdivision that's gonna have ten or more lots, if it's an Ag subdivision, first of all, they don't really have to do a subdivision thing because we have the sliding scale, so I'm not sure if this fits. But, you're right, the language is already existing so it might be worth it just to leave it there. But I don't know that there's any big subdivisions that would fall under this if it was an Ag lot subdivision, but that's one. The other is, where it talks about ten or more lots, lodging units, time share units, and dwelling units, so if you get a, let's say, an R-2 subdivision, you got zoning and you wanna do an R-2 subdivision and it's five lots, would that fall under this? Because R-2 will allow two dwellings on a lot, you know, a house and ohana, so there's two dwelling units, so does this kick in then?

MR. UEOKA: Possibly, 'cause it would be any development including the subdivision of land and/or the construction of single-family dwelling units, et cetera, et cetera --

COUNCILMEMBER COUCH: Uh-huh.

MR. UEOKA: --if it result in the creation of the following. So if it will result in the creation of ten or more lots, lodging units, time share...so it would all depend on what the --

COUNCILMEMBER COUCH: Okay.

MR. UEOKA: --final intention is.

COUNCILMEMBER COUCH: So you take into consideration, house and ohana, and then that would mean five lots then, a five-lot subdivision if it's the proper size and the proper zoning. Could...

MR. UEOKA: We would look at, yeah, your five lots, but you might be ten dwelling units.

COUNCILMEMBER COUCH: Right, so that's what I'm saying.

MR. UEOKA: So it might be applicable.

COUNCILMEMBER COUCH: So it would kick in, right.

MR. UEOKA: So possibly. I guess we'd have to look...it will be reviewed on a case-by-case basis, of course, depending on what's submitted.

COUNCILMEMBER COUCH: And is that what we want to capture? And, guess, this is a question to the Committee, is that what we want to capture? The ten...if you're gonna have ten dwelling units then it's time for...Madam Chair, it's time for workforce housing, 25 percent which is 2½ houses. Oh, yeah, that's the next question, but that's later when we get to the percentage.

CHAIR CRIVELLO: Right.

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COUNCILMEMBER COUCH: So, Madam Chair, I'm not quite sure if those two numbers are something that we wanna do, but I'm not...I mean that's just something that we wanna think about, you know. If we're looking at a ten-lot subdivision, if that's the number we're looking for, then maybe we should just call it a ten-lot subdivision, but you could get...I think you can get a three-lot subdivision that if it has three houses...four-lot subdivision, it can have three houses on each, then that would trigger. Is that what we want? And I'm fine if that's what we want, but I just wanna make sure. We got those weird, little, family-lot subdivision kinda things going on there that we're gonna trigger that. So I'm not sure.

CHAIR CRIVELLO: So are you saying that...is it the words, "lots" that's doing it or should we say, "units"?

COUNCILMEMBER COUCH: Exactly. Well, dwelling units.

CHAIR CRIVELLO: Dwelling units.

COUNCILMEMBER COUCH: 'Cause it's certainly a subdivision that creates two lots and you're gonna have two hotel units on there, you know, you definitely wanna do that. So it's just kinda the fine print that we have to deal with.

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Just for clarification. I know what you mean, Mr. Couch, but you did use the word, "family"; and on the next page --

COUNCILMEMBER COUCH: Right.

MR. UEOKA: --under the exemptions, family --

COUNCILMEMBER COUCH: Understood.

MR. UEOKA: --subdivisions are exempt.

COUNCILMEMBER COUCH: It's just food for thought, Madam Chair. I'm fine with the way it is now, but just gotta remember what may or may not trigger it and if this Committee's okay with that.

CHAIR CRIVELLO: Okay. We're gonna try and get through all of this, and then...no, we're not gonna reach all of it today, but I ask that you make your notes and submit written proposals or changes so that Department as well as Corporation Counsel can take a look at it. Okay. So just for your information, we have brackets to put the numbers in order, I guess. And then we...any more questions or comments regarding Page 1? On to Page 2, and it's Item 6.

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MR. UEOKA: We removed the project pursuant to 201H-H, Hawaii Revised Statutes. It seemed like an unnecessary exemption to be granted, 'cause if a 201H project wants to be exempt from 2.96, they put it into the exemption list and ask the Council, so we felt that one was unnecessary. We also removed the affordable housing project with more than the residential workforce housing units, in-lieu fees, or in-lieu land required by Section 2.96.040 of this chapter. We felt that was a little odd because it was exempt, but at the same time there's another section that says, you get credits if you build more than you have to; so we just took out the exemption for more than. And that was the reason for those deletions. Thank you, Chair.

CHAIR CRIVELLO: I'm gonna ask, Mr. Ueoka, as we come to the changes, if you can read out the deletion, I know it's quite a bit, and then add for the changes for those that may not have access to what we're working out of.

MR. UEOKA: Oh, okay. On Item 6, we deleted the exemption for 201H-H projects and affordable housing projects with more than the residential workforce housing units, in-lieu fees, or the in-lieu land required by Section 2.96.040 of this chapter. So these are developments that would be exempt from 2.96 and we removed those exemptions.

CHAIR CRIVELLO: Okay. And then, Item C, you have Adjustment. Just "by developer" that you added?

MR. UEOKA: Yeah. And Item 7...I'm sorry, Chair. Moving back, Item 7, we added an exemption for "a development within the boundaries of the Wailuku redevelopment area as defined by the Maui redevelopment agency pursuant to chapter 53, Hawaii Revised Statutes."

CHAIR CRIVELLO: Can you explain that, please?

MR. UEOKA: I believe that came up at the last Committee meeting, and it was...there were testifiers today, and we felt it would be prudent to add it in for the Committee's discussion.

CHAIR CRIVELLO: Okay. Mr. Hokama?

COUNCILMEMBER HOKAMA: Just couple of comments and one question, Chair. You know, in the official MRA's transmittal to the Committee, Madam Chair--and I think this might be the more appropriate one--and I look at the first paragraph, they refer to the County's resolution that made the adjustment in the MRA areas, you know. I think we expanded into lower Happy Valley, Piihana area in 2000. So and it's something the Council worked on, so I think the Council is familiar if we've used that language instead of the HRS in the ordinance. I don't know if Mr. Ueoka has a reason why he prefers to state the ordinance...I mean the Statute, Chapter 53, in No. 7. But I'm thinking, to avoid confusion, if we would just reference one.

CHAIR CRIVELLO: Do you have a copy of this Mr. Ueoka?

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MR. UEOKA: Yes, Chair. The only reason why I put it in, "as defined by the Maui redevelopment agency", the agency itself, and the agency is created pursuant to Chapter 53. And I only put it...

COUNCILMEMBER HOKAMA: I disagree.

MR. UEOKA: Oh.

COUNCILMEMBER HOKAMA: Chapter 53 allows the County to create the agency. The MRA's a creature of the County Council's legislation.

MR. UEOKA: Oh. Yes, Mr. Hokama, is correct. I just put in there that's the State enabling legislation. But I kinda wanted to leave the definition to the MRA itself only because, if it ever does change --

COUNCILMEMBER HOKAMA: Uh-huh?

MR. UEOKA: --we'd have to remember to come back and change it in 2.96, also, which I could see being overlooked. But I'm fine changing it.

COUNCILMEMBER HOKAMA: Yeah, and no, I just wanted to understand the rationale, 'cause I just want us to avoid confusion. In the letter, they reference this; but in the bill, they reference this other legislation. So and for No. 7, Chair, I think it might be a very good idea. I would recommend, though, the Committee might wanna consider a clock; and, let's say, you know, give 'em a 10-, 20-year period to perform and see if it works, the exemption. If it doesn't work, then we can, you know, the Council can rethink about it and what to do with the ordinance itself. But, you know, my thing is, if this is something they want, then I got no problem supporting it, but I want a clock and let the property owners...you have a time to respond and this is what you asked for. You can receive it, we wanna see it, the activity and product.

CHAIR CRIVELLO: Okay. We'll make note of that. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. And I understand Mr. Hokama's comments, and I tend to agree with him. I would suggest, you know--I know we're jumping ahead--but we're talking about removing the review requirements and maybe we should leave in the review requirement about the Council shall review this chapter every two years. And then that could satisfy the concerns that Mr. Hokama has that says, "okay, Wailuku", you know, after the first or second or third redevelopment, "Wailuku Redevelopment Area, what have you done? We've got your exemption in here, what can you do?" And if they haven't done anything after a certain number of years...that way, we don't have a specific number of years in here, we can review it...the Council can review it every two years and do that. So I mean I agree with the concept of what Mr. Hokama wants. I think the better place might be back on Page 11 when we get there.

CHAIR CRIVELLO: Okay.

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COUNCILMEMBER COUCH: Potentially.

CHAIR CRIVELLO: We'll make all these notations as we move along. I'm going to...yes, Ms. Cochran?

VICE-CHAIR COCHRAN: Sorry, real quick. We're you gonna call for a break or...

CHAIR CRIVELLO: Yes.

VICE-CHAIR COCHRAN: Okay. Well, I just gotta quick question on 6, going back to 6 just so I'm clear, the highlighted, pink section were correct. So the non-highlighted, white area stays in --

CHAIR CRIVELLO: Yes.

VICE-CHAIR COCHRAN: --is that correct? So then that, No. 6, reads, basically, this No. 6, shall not apply to a development by a government entity or a community land trust as approved by the Director?

MR. UEOKA: Correct.

VICE-CHAIR COCHRAN: That's what that No. 6 will read? So that means a government entity like ourselves, if we built something, we would not need to comply with the workforce housing ordinance or a community land trust, such as Na Hale O Maui? Are they considered a community land trust?

MR. UEOKA: I believe they are a community land trust.

VICE-CHAIR COCHRAN: Right. And which is already affordable, anyways.

MR. UEOKA: Yes.

VICE-CHAIR COCHRAN: And are there any...can I just get other examples, though? 'Cause those are the only kinda top things that came to my mind that we would be exempting, offhand.

MR. UEOKA: I guess it wouldn't just be limited to County, it could be a State or a Federal --

VICE-CHAIR COCHRAN: Federal.

MR. UEOKA: --housing project. And 2.96...well, yes, it's all for residential workforce housing with certain income guidelines, but there's kind of a breakdown of where the...and to which incomes you sell to. So an exemption could also let you sell to everybody that's below 80 percent versus having to split it up, like...I can't remember off the top of my head what the breakdown is, but I think it's 30, 30, 20, 20. You could do 100 percent to the lowest income level --

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VICE-CHAIR COCHRAN: Uh-huh.

MR. UEOKA: --which would be, you know...

COUNCILMEMBER COUCH: They have to exempt you.

MR. UEOKA: Yeah, technically, is what you guys would probably want, but it's not in compliance with 2.96.

VICE-CHAIR COCHRAN: Oh.

MR. UEOKA: So we would be exempt, though, or the project could be exempt.

VICE-CHAIR COCHRAN: Okay. Got it. Okay. Thank you. Just needed clarification.

CHAIR CRIVELLO: Mr. Couch?

COUNCILMEMBER COUCH: A follow-up on what he said. Is that in here...or if, for instance, if somebody said, okay, I'm gonna build this affordable rental thing for 80 percent or lower, it is not in compliance with 2.96. Is the exemption in here, if it was a private entity that wanted to do that or do we need to put that exemption in?

MR. UEOKA: That would probably be one where we'd come to the Council and ask for modification.

COUNCILMEMBER COUCH: If somebody comes to the Council for, they've got this development that say, they wanna be exempt from 201H, we don't have any method to do that, do we? Other than if they...I'm sorry 201H...2.96. If they come in and say, we're gonna build 100 percent of our stuff at 80 percent, that is not in compliance with this ordinance because, like you said, there's that breakdown of percentages. So how do we make sure that they are okay to do that? They can't come in here and say, can you exempt us from an ordinance? We don't allow that --

MR. UEOKA: Uh-huh.

COUNCILMEMBER COUCH: --unless we write a new ordinance to say that this thing is exempt, right?

MR. UEOKA: Well, Chair?

CHAIR CRIVELLO: Yes.

MR. UEOKA: Thank you. For the specific scenario you are raising where the only thing they wanna do is just build 100 percent below 80 percent --

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COUNCILMEMBER COUCH: Uh-huh?

MR. UEOKA: --you would just modify, which is the Council's right under this chapter, currently.

COUNCILMEMBER COUCH: We would modify...

MR. UEOKA: That section that says, you have to build 30 percent, 30 percent, 20 percent, 20 percent.

COUNCILMEMBER COUCH: But that means we have to go in and change this law --

MR. UEOKA: No.

COUNCILMEMBER COUCH: --for that one specific. . .

MR. UEOKA: You have the right to modify any portion of the chapter.

COUNCILMEMBER COUCH: Okay. Alright. Oh, because of the...what we had in the back. Yeah, okay. Thank you.

CHAIR CRIVELLO: Thank you. I'm going to call a recess now, if you have no objections, and come back at 3:00. . . .(gavel). . .

RECESS: 2:49 p.m.

RECONVENE: 3:03 p.m.

CHAIR CRIVELLO: . . .(gavel). . . Committee will now reconvene. We are on bare quorum so hope we took care of all our needs and we can remain, continue. And I'd like to go back to sort of clarify and maybe go back to the first page. I think one of the processes that we need to do is see if we can have at least consensus for each of the deletions as well as the changes, and that way we can move forward so...

COUNCILMEMBER COUCH: Consensus.

CHAIR CRIVELLO: Yeah. If there are no objections?

COUNCIL MEMBERS: No objections.

CHAIR CRIVELLO: Okay. So we turn back to Page 1. And since there was no addition or modification to the deletion or as well as the changes, I'd like to hear if we have consensus.

COUNCIL MEMBERS: Consensus.

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CHAIR CRIVELLO: Thank you. And then we're on Page 2. The deletion is not completed. Item 6, it leaves, "a development by a government entity or a community land trust, as approved by the director." So do I have consensus of the highlighted deletion as well as the leaving it as is? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. Just for Mr. Ueoka, "a development by a government entity or a community land trust as approved by the director", is it the community land trust that's approved by the Director or either of those things?

MR. UEOKA: Either.

COUNCILMEMBER COUCH: Okay. Oh, good. And, Madam Chair, I have just a little bit of an issue with "government entity". I'd rather say, "County". And if the State or the Feds wanna come in and do something, then we can do it on an individual basis, in my opinion. I don't know, it's up to the Members. If we get consensus, I'll leave it; but I'd rather just make it County and then we can talk to the State.

CHAIR CRIVELLO: So you want the changes or you want consensus?

COUNCILMEMBER COUCH: I would like to add that change if the other Members are amenable. If not, I'm fine either way.

CHAIR CRIVELLO: Members?

COUNCILMEMBER GUZMAN: No objections.

COUNCILMEMBER BAISA: Well, I don't really have an objection, but what I'm thinking about is, if we limit this to County and we have a state that wants to...the State wants to come in and do some housing thing, what is that gonna take us to?

COUNCILMEMBER COUCH: What they would have to do--if I read it right, and Mr. Ueoka can correct me if I'm wrong--it would come before us for a modification just as we talked about the 100 percent deal because of--further on down I think the next page, actually--adjustment by...

COUNCILMEMBER BAISA: And what would be the benefit of having them come before us? You know, what we heard and what is heartbreaking to me is this story about time. And, if we leave it alone, they just can go. Whereas, if we put the limitation, then we have to...come before us and God knows how long that takes.

COUNCILMEMBER COUCH: Understood, Madam Chair. But the question is, do we want to say, we trust the State to come on in and just build low end...I'm mean affordable housing? Or if they decided, well, they're gonna build, you know, a nice subdivision. I don't know if they would ever do that, but...and they would be exempt from workforce housing.

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CHAIR CRIVELLO: So what would the State or the Federal Government want to build normally? Wouldn't it be what our objective is, affordable homes?

COUNCILMEMBER COUCH: I would think it would be.

CHAIR CRIVELLO: Okay. So and but you don't want to have it just say, "by a government entity", you want this specific?

COUNCILMEMBER BAISA: Chair? Chair, could we ask Ms. Ridao to comment? You know, she has more experience than most of us in this area.

CHAIR CRIVELLO: Thank you. Ms. Ridao?

MS. RIDAO: As you're discussing this, I'm thinking, usually, the State will come in and discuss it with us. And I would think in...well, if it were me in my position and I was uncomfortable with what the State is proposing, I would bring it to the Council. But in order to...I can see what Gladys is also saying --

COUNCILMEMBER COUCH: Uh-huh.

MS. RIDAO: -- is to help things to proceed along and get it done quickly, you know, that you give the Director that discretion. The other part, too, is that oftentimes, you know, the State and Federal...well, I haven't seen a Federal project here, housing project. Oftentimes, the State can access funds that we may not be able to access, and we wanna be sure that it's used for affordable housing, so...

COUNCILMEMBER COUCH: Okay. So then, Mr. Ueoka, if somebody, for whatever reason, wanted to come in from the State and say, I've got this 100-unit subdivision and it's all market-priced homes, they would still have to come to her and she would have to okay it with this language here?

MR. UEOKA: Correct.

COUNCILMEMBER COUCH: Okay. I'm fine with that then.

MR. UEOKA: If I may, also, Chair?

CHAIR CRIVELLO: Yes?

MR. UEOKA: Just you guys still...this is just 2.96, just a reminder. There's still all the other --

COUNCILMEMBER COUCH: Yeah.

MR. UEOKA: --entitlements that are required.

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COUNCILMEMBER COUCH: Okay. Thank you. Thank you, Madam Chair.

CHAIR CRIVELLO: Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you. And, yeah, I'm trying to get the feel of where Mr. Couch is coming from. And, "development by a government entity", could that development be a prison or a jail or...

COUNCILMEMBER COUCH: Says, dwelling unit.

VICE-CHAIR COCHRAN: --just...just wondering.

MR. UEOKA: I would say it possibly could, but I'm not sure if it would trigger or...this is only 2.96, again, so I'm not sure if a correctional institution would have to build affordable housing units according to 2.96.

VICE-CHAIR COCHRAN: Okay. I mean don't mean it to be a silly question, but I'm just saying it's dwelling, it's a development by a Federal or, you know, I mean a government entity, could be, in Puunene.

COUNCILMEMBER COUCH: Yeah, but she gets discretion.

VICE-CHAIR COCHRAN: Right, I mean I guess, Ms. Ridao, you get discretion and then, you know, we get the vestment [*sic*] process and things, but it just crossed my mind to ask, so...

CHAIR CRIVELLO: Okay. Good. Any more comments or questions regarding Item 6 as far as the deletion and what is left in? So, again, "a development by a government entity or a community land trust, as approved by the director", and all else is deleted. Do I have consensus to accept that?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Thank you. Item 7, we had a little discussion about addition or modification to "a development within the boundaries of the Wailuku redevelopment area as defined by the Maui redevelopment agency pursuant to chapter 53, Hawaii Revised Statutes." Is this acceptable or do we have changes or modifications? And, if we do, so we can kind of word it out, so we can have Staff put it together. Mr. Couch?

COUNCILMEMBER COUCH: And thank you, Madam Chair. I would just like to ask Corp. Counsel again that the Wailuku Redevelopment Area as defined by the Maui Redevelopment Agency pursuant to chapter 53, HRS, it kind of implies that the Maui Redevelopment Agency defines the Wailuku Redevelopment Area. I'm under the impression that Council actually makes that definition. But I wanted to just make sure that maybe if we get, you know, we--not that we've

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ever had any rogue boards and commissions here before--but we get a Maui Redevelopment Agency that says, well no, I wanna make all of Wailuku and Kahului the Maui Redevelopment Agency...I mean Wailuku Redevelopment Area, can they do that?

MR. UEOKA: I believe there is a process they're required to go through in defining the redevelopment area.

COUNCILMEMBER COUCH: Okay. I just wanna make sure there's some checks and balances there. If that's the case, then I'm fine with the way it is. Thank you.

CHAIR CRIVELLO: In reference to the suggestion you had and Mr. Hokama in regards to the clock for performance, or did we want to add anything in reference to that, so Staff can make their notations?

COUNCILMEMBER COUCH: You know, Madam Chair, I will bring that up on Page, I believe it was, 11 where it talks about review. I think that would be the best place to do it and to say, have Council review it every two years or three years if we want. And then at that time, you know, if people are making progress and we're great to go; if they're stalling after, you know, 10-15 years, we just say, forget it, you're no longer involved. So I would prefer to put it there.

CHAIR CRIVELLO: Okay. Any other comments or questions in regards to Item 7 or are we in consensus to accept it as so highlighted and written?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Okay. So it reads, "a development within the boundaries of the Wailuku redevelopment area as defined by the Maui redevelopment agency pursuant to chapter 53, Hawaii Revised Statutes." Okay. Consensus?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Then we have right under 7 is C, and we removed the period and we just say, "adjustment" and add, "by developer", period. Consensus?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: And if you turn to Page 3, under No. 5, Item D, "adjustment by director. The director may, subject to council approval via resolution, authorize a reduction, adjustment, or waiver of any provision of this chapter." This is an addition. I'm open for discussion or clarification or...Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. And I think this is one of the best additions to this proposal, only because it gives us a chance to say, okay wait, we're being too strict at this point for this reason and it's costing...or whatever. So it gives us the chance to say, okay,

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without changing the law, we can go in and make some waivers. So I think this is a great addition. Thank you.

CHAIR CRIVELLO: Chair Baisa?

COUNCILMEMBER BAISA: I also wanna express my support. The reason I like it is, you know, yes, I've read the testimony about, you know, giving maybe too much freedom to the Director, but the Director has to bring it to us for an approval through resolution. So I think there's enough check and balances, that it's gonna be decided by the Council in the end anyway. So I think it's a good thing; we ought to do it.

CHAIR CRIVELLO: Thank you. Any other comments, need clarification? No need, yeah, Mr. Ueoka? If not, do I have consensus to accept?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Consensus, okay. Now, we turn to Page 4. So we will start with the...on the top of Page 4 which is a continuation for Section 2 and residential workforce housing requirements, 2.96.040. And I will ask Mr. Ueoka to expound little further on the addition to this item.

MR. UEOKA: Thank you, Chair. I know you asked me to read everything earlier, but this one's pretty long, so essentially what we did here was--this is where the 25 percent of the total number of lots, lodging units, time share units and dwelling units--this is the requirement, it's 25 percent now. What we did delete was, before, there was, on-site where less than 600,000, you provided 25 percent; more than 600,000, you provided 50 percent. And when it was off-site, and it was, less than 600,000, you provided 50 percent; and when it was more than 600,000, you still provided 50 percent. And then there's language for lodging, dwelling or time share units in a hotel would be 40 percent. So because that was kinda complicated, the Department hopes and desires to make it 25 percent for anything and everything. And, as it was brought up in testimony, there was a slight incentive for on-site units, which is now removed, everybody's 25 percent and you gotta build it in the...well, that's the next section, but community plan area. Thank you, Chair.

CHAIR CRIVELLO: Thank you. So the addition is, "developer to provide, for sale or rental, to residents within the income-qualified groups established by this ordinance, a number of dwelling units equivalent to at least twenty-five percent of the total number of lots, lodging units, time share units, and dwelling units, excluding farm labor dwellings or a second farm dwelling, as defined in section 19.04.040 of this code, created." And all below that bracketed with Item 1 to Page 5 before the wordings...before Item B is completely deleted. So I'd like to open up for comments and concerns or consensus.

MR. UEOKA: Chair?

CHAIR CRIVELLO: Yes?

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MR. UEOKA: Sorry. Quick one. I spotted one of my mistakes.

CHAIR CRIVELLO: Okay.

MR. UEOKA: I believe it needs to be, twenty-five percent of the total number of lots, lodging units, time share units "or" dwelling units. I think if we leave it "and", it would kind of be double counting and that would be bad.

CHAIR CRIVELLO: Okay. Do we get that, Members? So it's "or dwelling units" and not "and dwelling units". So open for discussion or comments. So, actually, we're removing the 50 percent and adding 25 percent. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. You know, one of the other things I liked about the old ordinance was that, you know, they had a...for the higher-end homes, they had to make it a little bit higher percentage; but 600,000 was way too low. I was just wondering what the Members would feel about, say, if we put like a \$2 million...if anything's over \$2 million, then they gotta go with 35 percent or 30 percent, as opposed to 25 percent. Just I mean if you're building that high end of homes, then you're bringing in workforce, too, you know, the gardeners and the housekeepers and whatnot. So I'm just wondering if a big piece of land is taken up by a subdivision of homes that are gonna be \$2 million or more, that we may wanna up that percentage a little bit. I don't know, I...

CHAIR CRIVELLO: I'm gonna ask Mr. Ueoka and Jo-Ann and Mr. Almeida to make comments on that, and then we'll open up for the Committee.

MS. RIDAO: Oh, okay. My comments regarding that would be that most of the developers that have come in to discuss the Workforce Housing Policy with us are people or developers that are building to the market. So, usually, it's, you know, the market rate and they're willing to provide the affordables, but they need the market rate in order to provide the affordables. We've never had anyone come in talking about a \$2 million project...or per-house project, so...

COUNCILMEMBER COUCH: Well, and I'm speaking for probably my district and Ms. Cochran's district, we've got...I mean, Makena, there's gonna be some subdivisions going on in there that the houses are gonna be in the millions of dollars. There already were some subdivisions where the houses were worth, you know, \$10 million. So I don't know. I just thought to throw out.

CHAIR CRIVELLO: Mr. Ueoka or Department, further discussions or comments?

MR. UEOKA: Oh, Chair, that's policy.

CHAIR CRIVELLO: Right.

MR. UEOKA: That's Committee's decision.

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CHAIR CRIVELLO: Okay. So, Members, where do you want to add that, Mr. Couch, that the Members can understand what you're trying...

COUNCILMEMBER COUCH: Well, I just would like to see if that's something that they're even interested in; and if they aren't, then I'm, you know, we'll see.

CHAIR CRIVELLO: Chair Baisa?

COUNCILMEMBER BAISA: Since we have couple of developers here, I would like to ask at least one of them, what is the market that they see? Do they build or do they think they're gonna be building a lot of \$2 million homes?

CHAIR CRIVELLO: Do I have a volunteer from the gallery?

COUNCILMEMBER BAISA: Come on. Mr. Jencks is raising his hand.

CHAIR CRIVELLO: Yes, okay.

COUNCILMEMBER BAISA: Without objection, Madam Chair.

CHAIR CRIVELLO: Thank you.

VICE-CHAIR COCHRAN: No objections.

MR. JENCKS: Hi.

COUNCILMEMBER BAISA: Hi.

CHAIR CRIVELLO: Okay. Are you gonna build ten lots of \$2 million homes?

MR. JENCKS: This is what happens in the market, okay.

COUNCILMEMBER BAISA: Yeah, explain.

MR. JENCKS: It runs in cycles and there's, basically, three cycles to the housing market. The first cycle is the doldrums, nothing's happening, you've got foreclosures, short sales, it's nothing's happening, you're just getting rid of all the inventory you have on the marketplace; and that's where we've been.

COUNCILMEMBER BAISA: I was just gonna say, we know that.

MR. JENCKS: Okay. That's where we've been, and it's been an ugly process and we don't have a lot of existing inventory for people. So what's happening now is the prices are going up. City and

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County of Honolulu reported this morning that the median household sales price was \$625,000, okay.

COUNCILMEMBER BAISA: Wow.

MR. JENCKS: Now, the second phase is the plotting phase, not plodding but plotting, where you purchase land and you're laying it out, you're subdividing, you're getting permits, okay. The third phase is, you're selling that product. We're now, we are now in the plotting phase, okay. If we have the ability and are lucky enough to have land fully entitled where we're not being held up by some nefarious reason, okay, endangered moth or something, God knows it could be anything. We're in the plotting phase now. And then the next phase, the third phase, will be sales, okay. It takes a long time and you're highly subject to the market for each one of those phases. So that's where we are today. Now, what I'm gonna sell is gonna be driven completely by the market. And if you were asking me that question ten years ago, I could say, hey, this is what we're gonna build; with certainty, I can tell you, this is what people are gonna want. Today, you have no idea what people are gonna want, because you're looking at delivery four to five years down the road.

COUNCILMEMBER BAISA: So how do we set this percentage when we have this crystal-ball situation?

MR. JENCKS: You don't. You leave it at 25 percent straight, let the market provide the products based upon a straight percentage and don't play the game where Joe wants a big house and Billy wants a little house. If your intent is to deliver affordable product on this island, be honest about it, be straight about it and don't play a game with the big guys versus the little guys.

COUNCILMEMBER BAISA: And, in your opinion--Madam Chair?--you think that 25 percent is okay?

MR. JENCKS: It's doable.

COUNCILMEMBER BAISA: I know. Because, you know, we've gone from 80 to God knows where, so 25 is doable.

MR. JENCKS: And you may be here a year from now --

COUNCILMEMBER BAISA: Yeah.

MR. JENCKS: --saying, yeah, that's too high a number.

COUNCILMEMBER BAISA: I'm afraid of that. Things do change, but, you know, we gotta --

MR. JENCKS: Yeah.

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COUNCILMEMBER BAISA: --make a decision on this thing, so 25 sounds good?

MR. JENCKS: Yes.

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

CHAIR CRIVELLO: And, if I may add, I think part of the discussion where it'd come from the Department was just no set dollar value on this, that so...

COUNCILMEMBER BAISA: Leave it alone.

CHAIR CRIVELLO: Yeah, okay. So, Mr. Couch?

COUNCILMEMBER COUCH: Very impassioned and I understand now. I just, yeah, I understand where he's coming from. Anyway, those are my thoughts, if --

CHAIR CRIVELLO: Okay.

COUNCILMEMBER COUCH: --if the Members are so inclined not to take it, then I can go with that.

CHAIR CRIVELLO: Okay. Members, so I'm asking if we have consensus to what's set before you as far as the Page 4, on the top that's highlighted yellow, "developer to provide, for sale or rental, to residents within the income-qualified groups established by this ordinance, a number of dwelling units equivalent to at least twenty-five percent of the total number of lots, lodging units, time share units, or dwelling units, excluding farm labor dwellings or a second farm dwelling, as defined in section 19.04.040 of this code, created." Do I have consensus?

COUNCILMEMBER BAISA: Okay with me.

CHAIR CRIVELLO: Okay, so I don't have consensus.

COUNCILMEMBER BAISA: No.

COUNCILMEMBER COUCH: Just a short recess?

CHAIR CRIVELLO: Short recess. ...*(gavel)*...

RECESS: 3:26 p.m.

RECONVENE: 3:27 p.m.

CHAIR CRIVELLO: ...*(gavel)*... We'll reconvene out of recess. It appears as though we don't have consensus. So, at this point, we're going to bring it back for discussion at a later date 'cause we're not going to finish. I'm hoping to adjourn at 4:00 p.m. today.

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COUNCILMEMBER BAISA: Okay.

VICE-CHAIR COCHRAN: Consensus on that. . . .*(Laughter)*. . .

COUNCILMEMBER BAISA: Consensus then.

COUNCILMEMBER COUCH: You have consensus on that.

CHAIR CRIVELLO: Consensus on that. Okay. Thank you. So I go back to the deletion highlighted in pink, Item 1 of the 2.96.040, residential workforce housing requirements, are we in consensus for the deletion from 1 to all of 3 to at the top of Page 5?

COUNCILMEMBER COUCH: I can consensus with that, Madam Chair, as long as we figure out the yellow part.

CHAIR CRIVELLO: Yes.

COUNCILMEMBER COUCH: But we, ultimately, we're gonna have to delete that and then --

CHAIR CRIVELLO: Right.

COUNCILMEMBER COUCH: --fix the yellow part.

CHAIR CRIVELLO: Okay. Thank you. We're still on Page 5, Item 2, there's a full-on deletion all the way to Page 6 before Item C. And it has...it's quite a bit to read. But "offer for rent", No. 2, starting from there, Item B remains, under Item B, 1 remains. And then we come to Item B.2, offer for rent, multi-family dwelling units within the community plan area, period. And then we go on with, "a developer", and then it's added on with the deletion. Mr. Couch?

COUNCILMEMBER COUCH: What?

CHAIR CRIVELLO: I'm sorry. Do you have any comments?

COUNCILMEMBER COUCH: Can we hear from Mr. Ueoka what we're doing here? That's a lot to read.

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Thank you.

COUNCILMEMBER COUCH: Out loud.

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MR. UEOKA: Thank you, Chair. These are, essentially, are ways you can satisfy the requirement. So 1 is, offer for sale; 2 is offer for rent. We deleted all that partnering and with a nonprofit organization or community land trust; we felt that was difficult to oversee. 3 was also deleted; it was in lieu. 4 was also another in lieu. I guess I should go through 3. It was, qualified housing provider, working with a qualified housing provider. 4 was an in lieu which allowed you to pay a fee by providing improved land, or providing unimproved land. Any fee must be approved by Council resolution. Then it went on to a, which further explained it in b, which explained the value of the improved land. In light of all of that, we went with, this requirement may be satisfied by providing cash, improved land, or unimproved land in-lieu of dwelling units subject to approval of the Director and the Council by resolution. And, also, again, there's that other section which allows for modifications to this chapter. So that's what C is about, the next section. So I think that kinda explains it enough, I hope.

COUNCILMEMBER COUCH: Yeah.

MR. UEOKA: Thank you.

COUNCILMEMBER COUCH: Thank you.

CHAIR CRIVELLO: Yes, Mr. Couch?

COUNCILMEMBER COUCH: Definitely. My only concern with this one is, the places like Na Hale O Maui and whatnot, is there any, you know, in reading the red versus yellow and whatnot, you don't get to really see what the final product looks like when...that's the same with Ramseyered format, too.

MR. UEOKA: Yeah.

COUNCILMEMBER COUCH: Do we have provisions in here to work with somebody like Na Hale O Maui? I mean that's a great example if the developer wanted to build these homes and has a requirement for 30 or 40 affordable houses and they're given a bunch of houses that we wanna put 'em in either rent in perpetuity or for sale and be affordable in perpetuity, we'd rather have 'em go through something like Na Hale O Maui. Or even the cash, if they wanna do cash, you know, to give it to Na Hale O Maui so they can purchase distressed homes or whatever and fix 'em up. I don't know. If we take this out of here, are we limiting ourselves from working with those, unless we, like you say, through modification or resolution?

MR. UEOKA: If I may, Chair?

CHAIR CRIVELLO: Yes.

MR. UEOKA: Thank you. It is a little more limiting in the sense that you still need modification --

COUNCILMEMBER COUCH: Uh-huh.

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MR. UEOKA: --via Council resolution and approval of the Director. I will say, when looking over these, they are well written; it's just when actually trying to apply 'em, we ran into some difficulties in working out the agreements and whatnot. So we believe it would be easier if it was done through a separate agreement outside of just following what the Code says and we get the agreement approved by Council or Director.

COUNCILMEMBER COUCH: And I'm fine with that so long as the developer--you know, right now, the current developer's pretty much we all know, but there are those that come in that are new--so long as they know that they have that option, potentially have that option. Because a new developer, I don't know that they...do they come to you, Ms. Ridao, and say, what I've gotta do for affordable housing or do they just present their plans and Planning finally says, you gotta do...or Public Works says, you gotta do affordable housing, so here you go? How does that work?

MS. RIDAO: Usually, the developer will come to us to work out a plan, and I always refer them to nonprofits like Na Hale --

COUNCILMEMBER COUCH: Okay.

MS. RIDAO: --Habitat for Humanity, those nonprofits that do affordable housing that can benefit. They would benefit, the low-income and median-income families would benefit and the developer would benefit.

COUNCILMEMBER COUCH: Okay.

MS. RIDAO: So I always make those referrals.

COUNCILMEMBER COUCH: And while that's good, Madam Chair, we hope that you would be here forever. I don't know that you would. Do you have that in any kind of rules or procedures in your Department so that we can ensure that that happens, ten years...

CHAIR CRIVELLO: Mr. Ueoka?

COUNCILMEMBER COUCH: Mr. Ueoka wants to speak.

MR. UEOKA: Would it satisfy if we were...add that in to "the requirement may be satisfied by providing cash, improved land, or unimproved land in-lieu of dwelling units subject to the approval", if we were to add in also, partnership with a nonprofit or a community land trust, would that satisfy you?

COUNCILMEMBER COUCH: Oh yeah, I think that would be really good; that would help. Just so they know that that's an available option.

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CHAIR CRIVELLO: I'd like to add, too that I don't think I can go along with the consensus of the full deletion of what we have before us, because I think what's missing with the addition or the change it's where there's no formula in-lieu of contribution. So there's no calculation provision in our suggested change. And, you know, what's equitable to everyone if we have like a in-lieu of as sort of like a set formula to calculate the value. So I cannot vote in full consensus of the deletion at this time.

COUNCILMEMBER GUZMAN: Chair?

CHAIR CRIVELLO: Yes?

COUNCILMEMBER GUZMAN: I, too, cannot vote on the consensus as well. I have issues in terms of completely deleting the nonprofits and possibility of finding a calculation or an incentive to somehow incorporate trusts that would eventually keep these properties or unit dwellings in low cost in perpetuity. So, for now, I really don't wanna act on this section until I study it further.

CHAIR CRIVELLO: Okay. Thank you. So we'll come back to, then, at a later date. So that would include all of Page 6 up until Section 3 on Page 7. And then we move on to 2.96.050, residential workforce housing credits. There's an addition under A, Item 1, dwelling unit constructed and sold at affordable rates--"and sold at affordable rates," are added--in excess of the residential workforce housing required by Section 2.96.040. Do I have consensus for that...or Mr. Ueoka?

MR. UEOKA: Thank you, Chair. We just wanted to make it clear that you had to also sell them at affordable rates. We don't wanna give credits away for those houses built and constructed, but sold at market rates, due to the timeout features. I guess I should explain that. Currently, you need to try and sell it at certain levels for a certain amount of time, and after that time expires, if you haven't sold it, it goes to the next category and on, and on, and on until it hits market rate. So we just wanted to make sure that it's limited to those at affordable rates...sold at affordable rates.

CHAIR CRIVELLO: Do I have consensus for that addition?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Consensus, okay. And then we move on to the deletion of this chapter. And No. 2, under A, Item 2, and then we have complete deletion for the "one residential workforce housing credit shall be given for every ten market rate units that contain a deed restriction requiring an owner to occupy the unit for a minimum of three years, and share with the County fifty percent of any profits realized from a sale of that unit within the three-year owner-occupancy period." And I guess to make a decision how we're going of that, we read on to the addition which reads, credits may be issued for a one hundred percent affordable project developed pursuant to Section 201H-38, Hawaii Revised Statutes, provided that one residential work force housing credit shall be given, upon request by the developer, for every single-family dwelling unit, two-family dwelling unit, or multi-family dwelling unit constructed and sold

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at...total number of units constructed and sold at affordable rates in the project. And it goes further to say, "credits shall not be issued for projects developed pursuant to section 201H-38, Hawaii Revised Statutes, that are not one hundred percent affordable." Mr. Ueoka?

MR. UEOKA: Thank you, Chair. The first deletion, yeah, the deed restrictions, it wasn't something that the Department felt they were interested in carrying on. So, of course, that's up to the Council. The second one was, as we discussed at your earlier Committee meeting, allowing for credits for 201H projects, but only for that above 50 percent, you know, those units above 50 percent of the total, and not being eligible unless you're 100 percent affordable 201H project like...so that's what the intention of this addition was.

CHAIR CRIVELLO: And then if we go further, what's after A, the addition, there's deletion for B, C, D and E: the credit must be used in the same community plan area in which the unit was constructed; the credit must be applied toward the same type of unit constructed; the credit must be used for the same income group in which the credit was earned, when the credit is earned by constructing more residential workforce housing units than required; the credit must be used for the "gap income" group when the credit is earned by creating a deed restriction. So do I have...oh, Mr. Couch?

COUNCILMEMBER COUCH: Just asking the Department what the rationale was for the...I like the first deletion that you have there, I like it; not the deletion, but I like the language, the as is. It's saying that if they build a market unit and they put a deed restriction that you gotta stay in that thing for three years, then they get a credit. That prevents speculation in my opinion, but I don't know if the other Members think so. The Director, I'd like to find out what her concern was about that.

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Yeah, I know I'm not the Department, sorry, Mr. Couch. We did discuss this and they're given a credit for ten market-rate units that contain a deed restriction.

COUNCILMEMBER COUCH: Uh-huh.

MR. UEOKA: It was never, I don't think to the Department's knowledge, it was ever used and tracking is cumbersome. And if you follow up with the B, C, D...well, E's deleted 'cause we deleted it, too. But B was the deletion, the same community plan area for which it was constructed, that was just deleted to make...

COUNCILMEMBER COUCH: But we haven't got that far, yet, I was just talking about the --

MR. UEOKA: Oh yeah.

COUNCILMEMBER COUCH: --the other --

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MR. UEOKA: Okay.

COUNCILMEMBER COUCH: --because I have concerns about those deletions as well.

MR. UEOKA: Yeah, but that's why it was never applied and it seems cumbersome to track.

COUNCILMEMBER COUCH: Director, your...

MS. RIDAO: Well, the first thing that came to mind was the ability for us to track those units. I mean we would either need some kind of program or a staff designated for that only. And we have never ever utilized it even in prior agreements where the developer had...or the seller had to come back to us; that has never happened. So...

COUNCILMEMBER COUCH: And I understand that concern. 'Cause a lot of the concerns are, you know, for building homes for speculators. So, I don't know, maybe we would need to...if you had a program and if you had some staff or something to deal with that, is that something that you think might be effective?

MS. RIDAO: ... *(Short pause)* ... Yeah, I think that...I mean, like I mentioned, the tracking it and trying to figure in my mind if that's worth it, you know, ten affordable units equals one credit. I mean if we're gonna give them credits, just give them credits for doing affordable units. I think that's what we can accomplish.

COUNCILMEMBER COUCH: Okay. Alright. Thank you, Chair.

CHAIR CRIVELLO: Any other comments or questions? So are we in consensus...Mr. Couch?

COUNCILMEMBER COUCH: The question is, are you asking about all of this or just the first deletion?

CHAIR CRIVELLO: The first deletion.

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Okay. And then the addition?

COUNCILMEMBER COUCH: Consensus.

CHAIR CRIVELLO: Do I here full-on consensus for the addition? Okay.

COUNCILMEMBER GUZMAN: So basically, Chair, the addition would give no credit whatsoever if they went 51 percent or 60 percent on the affordability --

COUNCILMEMBER COUCH: 201H.

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COUNCILMEMBER GUZMAN: --on a 201H --

CHAIR CRIVELLO: Right.

COUNCILMEMBER GUZMAN: --38?

MS. RIDAO: Yeah, do 100 percent.

COUNCILMEMBER GUZMAN: Wow.

MS. RIDAO: And under the 201H, remember, affordability is up to 120 percent --

COUNCILMEMBER GUZMAN: Right.

MS. RIDAO: --of median income. So that's kinda like where we felt like, you know, if the developer wants credits, then he gotta do all the units under 120 percent of median.

CHAIR CRIVELLO: Okay? Consensus? No. Mr. Couch?

COUNCILMEMBER COUCH: I have consensus, but I don't know if all the Members. I'm just thinking that this is a good idea, 'cause we don't like 201H, you know, we've always said that every time a 201H comes through 'cause we don't get a lot of say. So if they wanna do a 201H, they gotta make it 100 percent affordable if they want credits. And they only get 50 percent of credits because they're required to do 50 percent, so...49 percent, 50 percent minus 1 or whatever. So I think this is a good compromise in saying, we just don't want to do 201H, and just say, if you're gonna do 201H, you're gonna get credit, but you're gonna get it for only 100 percent affordable, in my opinion. I've heard most of the Members here say that they just don't like the 201H process; this might be a good compromise.

CHAIR CRIVELLO: Okay. Chair Baisa?

COUNCILMEMBER BAISA: I just wanna soften that, we don't like 201H. We like affordable housing and that's --

CHAIR CRIVELLO: Yes.

COUNCILMEMBER BAISA: --what it results in --

CHAIR CRIVELLO: Right.

COUNCILMEMBER BAISA: --what we don't like is the 45-day process that we're required to do. So just wanna set the record straight.

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CHAIR CRIVELLO: Yes. Thank you, Chair Baisa. Mr. Guzman, any more comments or...

COUNCILMEMBER GUZMAN: No, Chair. I just don't feel comfortable at this very moment in going along with the consensus.

CHAIR CRIVELLO: Okay. So we'll address this later, okay. Page 7, Item B, the deletion, are we in consensus with the...

COUNCILMEMBER COUCH: No.

CHAIR CRIVELLO: Okay. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. And this is for either Mr. Ueoka or Ms. Ridao. "The credit must be used in the same community plan area which the unit was constructed", why are we moving that out? I mean I can see not necessarily right in the same subdivision or anything, but, you know, if we're doing something here and they wanna move it to Lahaina or vice versa, just out of curiosity, why are we moving that out?

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Chair, thank you. Yes, I know it does seem odd. It is because it's to make our credits more attractive. There are, currently, credits out there that are usable in any community plan area, so we would like people to hopefully consider building more residential workforce housing units, getting credits and having those credits be equally as attractive as other available credits and using them wherever they want on the same...I think it's in the County.

COUNCILMEMBER COUCH: And I understand that, but we also, in our Maui Island Plan, in the General Plan are looking for walkable, bikeable communities. So if we're building units in one place that are gonna have some workforce housing, especially the hotel portion or the time share portion or the--I thought there was one other portion there--you know, we're gonna have a hotel here, but we're gonna give the credits somewhere else, then we're having a situation where they have to use a car or mass transportation to go, and we're trying to get them in the same vicinity or near vicinity of the work. So I do have a little bit of concern with that, Madam Chair.

MS. RIDAO: Mr. Couch, we're not married to that, so if you wanna leave it in there, we're okay with it. We just wanted it to be more competitive and open to the developer. Because if they have the option to go buy a credit that is flexible, why would they wanna come and negotiate with the County, who's not flexible?

COUNCILMEMBER COUCH: Understood. And that's where I'm a little conflicted, too, because we're trying to make walkable, bikeable communities, so...I don't know. Maybe we can bring that up and kinda discuss it --

CHAIR CRIVELLO: We will.

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COUNCILMEMBER COUCH: --since you wanna get through. So that's a no consensus.

CHAIR CRIVELLO: Thank you. And we're on Page 8. Okay. So 2.96.060, the residential workforce housing. And in brackets, remove "restrictions-ownership units"--it's just housekeeping--restrictions, dash, ownership units. So Item A, ownership units shall be subject to this chapter for, deletion of "twenty-five" and add "ten", years from the initial sale of the unit. Okay. So it reads as, ownership units shall be subject to this chapter for ten years from the initial sale of the unit. Discussion, comments, consensus...oh, Chair Baisa?

COUNCILMEMBER BAISA: Can we ask Ms. Ridao to comment?

MS. RIDAO: Couple of reasons. One is, we don't want to...well, first of all, we want to make sure that the banks are not going to have a problem with the 25 years. The other reason we made it ten years was that oftentimes people advance in their abilities to maybe upgrade to a better home or, you know, in a bigger house and stuff like that, so we don't wanna restrict them for 25 years, and let them be able to upgrade and sell their home at the end of ten years.

COUNCILMEMBER BAISA: Thank you.

CHAIR CRIVELLO: Thank you. Any more questions or comments? Do I have consensus for the change from 25 years to 10 years?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Consensus. Okay. So we go down further to Item D. Again, with the restrictions. Item D.2, "the unit must remain affordable", what will be deleted is "twenty-five" years; what will be added will be, the unit must remain affordable for "ten" years from the initial sale, with the owner notifying the department upon a decision to sell. We're good?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: And we move on to D, Item 3, which are additions. "Upon the owner's decision to sell, the County shall have the first option to purchase the unit from the owner. This shall not apply to sales by reason of foreclosure;" Item D.4, "Upon sale of the unit, the deed restrictions shall remain in full force and effect for the remainder of the ten year period that commenced at the time of the initial sale; and". I'm gonna ask Mr. Ueoka to explain that.

MR. UEOKA: This essentially gives the County the first option to buy. So if someone wants to sell it for whatever reason, they'll first offer it to us. I believe this is what's in the Waikapu Gardens I Affordable Housing Agreement. And I will ask that, with this change, you guys also help the Department of Housing and Human Concerns with that process. 'Cause, typically, there's a window for the purchase and it's difficult because, you know, oftentimes they need a Budget Amendment, they need Council approval to acquire property; so if you guys could keep that in

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mind, we'd appreciate it. And the second one is just to ensure that if it is resold, the deed restrictions stay in place, so we keep restricted residential workforce housing unit in play. Thank you.

CHAIR CRIVELLO: Any more...Mr. Couch?

COUNCILMEMBER COUCH: Thank you. And this is also kinda the same thing that we were talking about with the credits for the...putting deed restrictions on market units. I mean you have to track...you're gonna have to track these. It would be the same way to track the others, I would think. But that's neither here nor there, 'cause we have to talk about that anyway. We had some written testimony that would ask that we possibly put a timeframe for the County to respond. For instance, if Mr. Ueoka wants to sell his house before ten years is up, for hardship reasons or whatever, and the County just, at the point, can't respond for, you know, six months, he would be left hanging at this point, the way it reads now or is there other...am I missing something?

MR. UEOKA: Chair?

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Chair, typically, we would address that in the affordable housing agreement. And we would put reasonable timelines in the agreement.

COUNCILMEMBER COUCH: Okay.

MR. UEOKA: You could put it in the Code, but it seems like...

COUNCILMEMBER COUCH: No, if you do it in the agreement, that's fine. Then I'm fine with that.

CHAIR CRIVELLO: You're okay with that?

COUNCILMEMBER COUCH: Yeah.

CHAIR CRIVELLO: Okay. Do we have consensus?

COUNCIL MEMBERS: Yeah.

CHAIR CRIVELLO: Yeah? Okay. Consensus. I think we have enough time to finish Page 9 for whatever we decide. We're on Item E on Page 9. So what's added is, sales, "Price - Single-Family Dwelling Units." And what's deleted is practically all of E which reads, set by the department, at the time the developer is ready to market the unit, using the following guidelines: down payment of five percent shall be assumed; the prevailing interest rate shall be used; price of a one-bedroom unit shall be based upon seventy percent of the median income of the wait list area, adjusted to the respective target income group; the price of a two-bedroom unit shall be based upon eighty-five percent of the median income of the wait list area, adjusted to the

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respective target income group; the price of a three-bedroom unit shall be based upon one hundred percent of the median income of the wait list area, adjusted to the respective target income group; the price of a four-bedroom unit shall be based upon one hundred fifteen percent of the median income of the wait list area, adjusted to the respective target income group; and applicants in each income group shall be assumed to pay no more than thirty percent of the gross annual income of the highest percentage in the applicant's group - deleted. And added - "established by the department based on current HUD price guidelines." So I'm gonna ask Mr. Ueoka to talk about the deletion and the addition.

MR. UEOKA: Thank you, Chair. Essentially, the Department felt it's much easier to just follow the HUD-based guidelines instead of this other process which everyone had a difficult time calculating. Thank you.

CHAIR CRIVELLO: Thank you. Any questions or comments? Do I have consensus?

COUNCILMEMBER BAISA: Yeah.

CHAIR CRIVELLO: Consensus, consensus, consensus. Thank you. And then we go to the bottom of Page 9. And, again, we talk about the price - two-family or multi-family dwelling units. And we add - "established by the department based on current HUD price guidelines." And this is Item F.

COUNCILMEMBER BAISA: Consensus.

CHAIR CRIVELLO: Do I have a consensus?

COUNCIL MEMBERS: Consensus.

CHAIR CRIVELLO: Okay. We have all this in consensus. Members, I appreciate your participation. And, Department, Mr. Ueoka, thank you so much for your, you know, your due diligence, your hard work, and all what you've put into this; and we're not done. So I want to thank Staff, Michele and Clarita, for their dedication and unselfish time that they give to assist the Committee. So I will, if there are no objections, I am going to defer this matter.

COUNCIL MEMBERS: No objections.

CHAIR CRIVELLO: All in consensus?

COUNCILMEMBER COUCH: Consensus. ...*(laughter)*...

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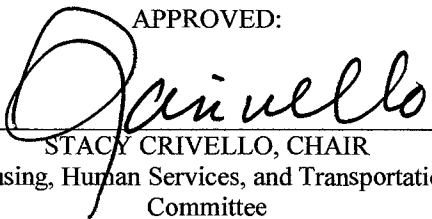
COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: RC and MPV)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR CRIVELLO: Adjourned. Thank you. . . .(*gavel*). . .

ADJOURN: 4:01 p.m.

APPROVED:



STACY CRIVELLO, CHAIR
Housing, Human Services, and Transportation
Committee

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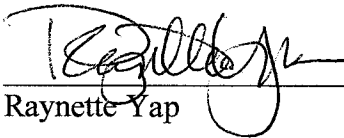
Transcribed by: Raynette Yap

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE MINUTES
Council of the County of Maui

February 20, 2014

I, Raynette Yap, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 5th day of March, 2014, in Kihei, Hawaii



Raynette Yap