

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

September 18, 2014

Council Chamber

CONVENE: 1:33 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Stacy Crivello, Chair
Councilmember Elle Cochran, Vice-Chair (arr. 1:46 p.m.)
Councilmember Gladys C. Baisa
Councilmember Robert Carroll
Councilmember Donald G. Couch, Jr.
Councilmember Don S. Guzman
Councilmember Michael P. Victorino

STAFF: Michele Yoshimura, Legislative Analyst
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 Ridaio, 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

OTHERS: Stan Franco, FACE Maui
Drew Astolfi, FACE Maui
Brooke Wilson, Government Relations Manager, Pacific Resource Partnership
Michael Trotto
Erin Wade, Maui Redevelopment Agency
Pamela Tumpap, President, Maui Chamber of Commerce
Jonathan Starr
John M. Andersen, Executive Director, Na Hale O Maui
Sherri K. Dodson, Habitat for Humanity Maui
Alice Lee, President, GO Maui
Robin Lindsey, Catholic Charities Hawaii

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Doug Spencer, Spencer Development
Yolanda Jetnil, FACE Maui and Catholic Charities Hawaii
Thelma Akita-Kealoha, FACE Maui and Catholic Charities Hawaii
David DeLeon, Government Affairs Director, Realtors Association of
Maui, Inc.
Tyler Dos Santos-Tam, Executive Director, Hawaii Construction
Alliance
Lucienne de Naie
Irene Bowie, Executive Director, Maui Tomorrow
Charlie Jencks, Pacific Rim Land, Inc.
(10) 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 about 1:33 p.m., on Thursday, September 18. Before we begin, may I please request that all of us turn off or silence our cell phones or any of our, your noise-making devices. Thank you. Thank you Committee Members for being here. At this time I'd like to introduce our Committee members, Council Chair Baisa, Gladys Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you for being here. Member, Bob Carroll.

COUNCILMEMBER CARROLL: Good afternoon, Chair.

CHAIR CRIVELLO: Member Bob... Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR CRIVELLO: And Member Mike Victorino.

COUNCILMEMBER VICTORINO: Aloha and good afternoon, Chair.

CHAIR CRIVELLO: Thank you. And also joining us is Member Don Guzman. Thank you. And excused, she'll be joining us later is our Vice-Chair, Elle Cochran. At this time I'd like to introduce our Administration representatives. Director of Housing and Human Concerns, Jo-Ann Ridao.

MS. RIDAO: Good afternoon, Chair.

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CHAIR CRIVELLO: Thank you for being here, and Deputy Corporation Counsel Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you, and our supportive Staff, Clarita Balala, Committee Secretary, and Michele Yoshimura, Legislative Analyst. Thank you, people. Members, we have one item on the agenda today, HHT-11, Residential Workforce Housing Policy. We'll start with public testimony and before I call on you I'd like to recognize from our Hana District Office, Ms. Dawn Lono.

MS. LONO: Good afternoon, Chair. This is Dawn Lono at the Hana Office.

CHAIR CRIVELLO: Thank you. And from our Lanai District Office, Denise Fernandez.

MS. FERNANDEZ: Good afternoon, Chair. This is Denise Fernandez on Lanai.

CHAIR CRIVELLO: Aloha, Denise. And from Molokai District Office, Ella Alcon.

MS. ALCON: Good afternoon, Chair. This is Ella Alcon on Molokai.

CHAIR CRIVELLO: Aloha, Ella. Thank you. And then for individuals who will be testifying in the Chamber, please sign up at the desk located in the eighth floor lobby just outside the Chamber door as much as many of you have signed up. Testimony will be limited to the item listed on the agenda today. Pursuant to the Rules of the Council, each testifier will be allowed to testify for up to three minutes per item with one minute to conclude if requested. When testifying, please state your name and the name of any organization you are representing. At this time I'd like to call our first testifier, Mr. Stan Franco. Following Mr. Franco will be Drew Astolfi.

...BEGIN PUBLIC TESTIMONY...

MR. FRANCO: Good morning Stacy and members of the County Council.

CHAIR CRIVELLO: Aloha.

MR. FRANCO: My name is Stan Franco and I'm a member of FACE Maui. Thinking about this proposed amendments, if I flash back to the year 2006 and I remember sitting with Danny Mateo as he talked about his proposed Residential Workforce Housing Policy to about 20 of us at the Christian Ministry Church in Wailuku. After that conversation the 20 of us decided that we would go out to each community to find out what people thought about the proposed ordinance. All that we heard was that people needed an opportunity to buy a home which they could afford so we supported Danny's proposal. Eight years later Maui's people are still in the same position because land developers have not built housing primarily because of the recession and the

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tightening of construction funds. We are still working our way out of the recession. Because of the above I believe that one, we have not given Danny's Residential Workforce Housing Policy adequate time to work. Second, the Department of Housing and Human Concerns' proposal to change the housing policy by reducing the number of affordable units from 50 percent to 25 percent without changing the number of units applicable to each income group is not appropriate. Presently 40 percent of the affordable units are set aside for households earning over \$100,000 per year. And three, we are losing our children to the U.S. mainland because the wages paid by our businesses have not kept up with the cost of living, caused primarily because of the housing our land developers are currently building. Therefore I ask you not to change the present law without more deliberation on the possible causes of why land developers do not want to build homes or rental units affordable to our workers, carpenters, police officers, nurses, teachers, hotel workers, and others. So I humbly ask you to consider this. It comes from my heart. I have a stake in this. I've been working on affordable housing issues since 1988 and I'm really concerned that we need to keep the law in place and talk more about what we can do to help developers build the housing that our families and our workers need. Thank you.

CHAIR CRIVELLO: Thank you, Mr. Franco, just a moment. Members, is there a need for any part of Mr. Franco's testimony to be rephrased?

MR. FRANCO: Thank you.

CHAIR CRIVELLO: Thank you. Drew Astolfi, and following Drew is Brooke Wilson.

MR. ASTOLFI: Thanks for letting me testify, members of the Council and madam Chair. My name is Drew Astolfi, I'm with Faith Action for Community Equity. I'm actually substituting for the Oahu organizer who's on, the Maui organizer who is on Oahu. I'm the Oahu organizer and she asked me to come particularly because I've been working with Mayor Caldwell on Oahu for some time and I'm faced with some similar issues that the Council here is struggling with. The proposal there going in front of the City Council relatively soon is to reduce the target income from 140 percent to 120 percent since 140 percent is really pretty close to market in some cases on Oahu, even above market. I think that's true for Maui as well. So I would hope that you wouldn't pass this today and look a little harder at some of the other things that you might extract as you think about changing the ordinance. I think there's been a lot of talk, faced and met with the Carpenters union a couple of times. We take what they say real seriously. They're our friends. We've worked with them on a bunch of other stuff like the rail. But I think that there, it would be too, I think that it would be a mistake for you guys to give up the large percentage you have and not get anything from it. So if you're going from 50 to 25 percent, you should get something from it. Whether that's a, you know an increase in the percentage that gets targeted so you're looking at a lower income group, you know sort of taking the market people out of the subsidized portion of the ordinance. I think that makes sense. Mayor Caldwell thought that made sense over on Oahu. I think that the State is thinking about doing that. I know that David Ige is thinking about it, because the State's also at 140 percent but thinking about or talking about 120 percent. And I think I guess I would say there was a couple of other issues that came up. Charlie Jencks had some good ideas about speeding the process. We at FACE liked those

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ideas or a lot of them, and maybe there could be a little more time for deliberation and include sort of a larger package. I think there's a grand compromise here, I don't think the sides are so far off that you couldn't make it work but I do think we haven't quite got there. So I ask you for a little more time. Thank you.

CHAIR CRIVELLO: Thank you. Members, any questions or clarification with the testifier?

COUNCILMEMBER VICTORINO: Chair.

CHAIR CRIVELLO: Mr. Victorino.

COUNCILMEMBER VICTORINO: Yeah thank you, and Drew, thank you for being here. I know you've been very active. My question to you is with they're not looking at what the developer's percentage is, they're looking more at income levels --

MR. ASTOLFI: Yeah.

COUNCILMEMBER VICTORINO: --and the percentage of that income level, right?

MR. ASTOLFI: Yeah, so the developers are making like 15 to 18 percent on their, in terms of profit which is pretty high, around the country that would be a high number. I don't know what it is on Maui. I just, sorry I don't know. On, but when Caldwell, his proposal is to not, is not touching that part of it, it's looking at the income level. So it's saying 120 percent of median income would be the cap to target it and there were, he's thinking about ways to encourage, you know somewhat lower ones so 100 percent, 80 percent. Because if you look at the salaries and I should, I'll send the salary guide to you, Mike I'm sorry I didn't have that with me. But the Department of Labor did one about three months ago, and quite of the few of the professions that we count on start considerably lower than the 140 percent and a lot of them never reach 140 percent even with a dual income. So 120 percent seemed like a fair change.

COUNCILMEMBER VICTORINO: Yeah, thank you and Drew, if you would send it to the Committee Staff in care of our Chair, I mean, you know, you don't have to send it to me, you can send it to them so we would get it all.

MR. ASTOLFI: Definitely. I'm sorry I didn't have it actually.

COUNCILMEMBER VICTORINO: Yeah and that's okay. So just so I can, my final, just for clarification, you're telling me that their bill doesn't address like ours, 50 percent market, 50 percent affordable, they don't do that?

MR. ASTOLFI: Yeah, what they do is they say.

COUNCILMEMBER VICTORINO: What do they have?

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MR. ASTOLFI: They say 30 percent of any new development and they, but their target has gone down from 140 to 120. The other thing that they're doing that's different than what you guys are doing, and I'm not sure if this is applicable so I don't want to, I'm just, I don't know where it is but Caldwell's talking about a longer-term restriction on affordability. So 30 years or 60 years for the affordable units and those appear to be connected to different bond products or loan products that'd be used for the housing construction.

COUNCILMEMBER VICTORINO: But we'd like to know about the loan products because we had that problem when we were 25 years, and a number of financial institutions came back and refused to loan money. But anyhow, Madam Chair we'll hear more about it later. Thank you very much.

CHAIR CRIVELLO: Thank you.

MR. ASTOLFI: Thanks a lot.

CHAIR CRIVELLO: Any more questions? Thank you. Thank you, sir. Brooke Wilson, and following Brooke is Michael Trotto.

MS. WILSON: Aloha, Chair and members of the Council. Brooke Wilson, Pacific Resource Partnership. We represent the Hawaii Regional Council of Carpenters and the largest union, which is the largest union in the State as well as more than 240 of the contractors who employ them. Mahalo for letting me testify today. As Drew mentioned, we have been talking a lot with FACE to try to get a good understanding of both sides of the issue before we've taken a position, and we understand and appreciate the good intentions of the existing ordinance passed in 2006. Good intentions to build affordable homes for Maui's people, something we very much support because our members are working people who fall into these categories as well. But we can't ignore the hard evidence that in the past eight years only three homes have been sold and built under this ordinance and that's a fact. What was well intentioned to provide more homes for working families has done actually the opposite and instead it has caused home construction for homes in the affordable range to come to a halt. And if we are to meet the goals of the Maui Island Plan of 2030, we need to increase our current housing stock and that's the bottom line. We currently have 54,000 units on Maui and according to the plan we need 83,000 units of homes, many of them, most of them in the affordable range to meet the growth, the natural growth of our families. Our families are growing every day and that's a great thing. We just need to find a place so that they can live and stay on the island. So we feel that these amendments are on the right track and apply reasonable, attainable requirements and incentives that will encourage housing construction priced for working families. And while we do support most of the amendments to the existing ordinance, I would like to add and this is something that came up through our discussions with Kim at FACE. We do have some questions and we do have some concerns about the exemption for the Wailuku area. We want to encourage homes for our working families built in close proximity to schools, jobs, and retail areas so that's one concern we do have. And in closing, I'd just like to say that our Maui members and contractors

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are standing in the wings ready to build homes for their friends, families, and neighbors on Maui. Mahalo.

CHAIR CRIVELLO: Thank you. Members, is there a need for Ms. Wilson's testimony to be rephrased or clarified? No. Thank you, thank you for being here.

MS. WILSON: Thank you. Thank you, Chair.

CHAIR CRIVELLO: Michael Trotto? Following Michael is Erin Wade.

MR. TROTTO: Good afternoon, Chair Crivello, members of the Committee. I'm Michael Trotto. I'm a member of the Realtors Association of Maui and a Board Member of Na Hale O Maui but I'm speaking today as an individual. I'm really happy and glad to be here today to speak in favor of this proposal to redirect the policy, and I think, and I thank Chair Crivello and the Committee for bringing the measure forward so that this may become a viable tool for the development of truly affordable homes. The proposal before the Committee today should not abolish or remove the policy, rather it should redirect the Workforce Housing Policy so that it better reflects current economic elements that would incorporate the correct numbers that would enable the policy to become successful. The ordinance, when established, was a good thing; however, the parameters needed to be modified to allow the policy to actually work as intended. In a nutshell, the 50 percent affordability requirement has proven to be much too aggressive and I believe is the main cause of why housing development has been stymied. Therefore, a less ambitious and more attainable 25 percent affordability would go a long way to produce the much needed workforce housing units. Also, by increasing the threshold to the applicability of the policy to ten-units projects will allow the smaller developers to create housing where and how the bigger developers won't, such is infill housing projects. These smaller projects lack the economy of scale to sustain an affordability requirement. Another number that needs to be modified is the current 25 year buy back requirement. I believe this requirement too has been detrimental to the successful operation of the existing policy. Lenders are vital and are key players in any housing development. Most lenders won't fund mortgages with that long of a buy back deed restriction. Experience also shows that 25 year buy backs make these homes much less competitive when the market slows down. Ten year buy backs need to be required as part of this ordinance. The existing policy also lacks incentives. I believe the total lack of incentives combined with the existing 50 percent affordability requirement and the 25 year buy back restrictions have caused the demise of the existing policy.

MS. YOSHIMURA: Three minutes.

MR. TROTTO: In conclusion, I strongly urge this Committee to look favorably to implementing these changes to the Workforce Housing Policy, and I thank you for allowing me to speak to the Committee today.

CHAIR CRIVELLO: Thank you. Members, any clarification? Thank you.

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MR. TROTTO: Thank you.

CHAIR CRIVELLO: Before I call, before we start on the next testifier I'd like to recognize Vice-Chair Elle Cochran.

VICE-CHAIR COCHRAN: Thank you, Chair.

CHAIR CRIVELLO: Thank you for being here. Erin Wade followed by Pamela Tumpap.

MS. WADE: Thank you. Good afternoon, Chair Crivello and Members. My name is Erin Wade, I'm here on behalf on Bill Mitchell, the chair of the Maui Redevelopment Agency, he was not able to be here today. However, he did provide written testimony for you and I can answer any questions you may have about that. Just to provide a little bit of background for folks who aren't familiar with the Wailuku Redevelopment area, currently over 61 percent of the housing stock in the Wailuku Redevelopment Area is State, County, or Federally subsidized housing. So only 39 percent of the housing is market rate housing today. Whereas the Maui County-wide housing stock, only 3 percent of the County, of the housing stock is State, County, or Federally subsidized. So at this moment in time, the Redevelopment Agency feels that the Wailuku Redevelopment Area is carrying an unfair burden of the amount of low and very low income housing. The other important thing to realize about the Redevelopment Area is the average lot size is only 9,800 square feet in size which means it's very difficult to build any, as the previous testifier said, any economy of scale into a project. You just can't build a project very large. The largest projects we have now are the Wailuku Townhomes at 39 units and the Maui Realty Suites at 36 units. We only have eight to ten lots within the Wailuku Redevelopment Area that are of the same or similar size. That kind of gives you a sense for how much opportunity there is for additional housing construction in the Redevelopment Area. We understand it's a complicated issue and we would [*sic*] certainly be opposed to working with the Council to develop incentives for maybe density bonuses or height bonuses to allow additional affordable housing in the Redevelopment Area. But at this juncture, in order to encourage revitalization and redevelopment in Wailuku, we would still request that you keep in Exemption Number 7 to allow the Redevelopment Area to not be required the Workforce Housing ordinance. And I'm happy to answer any questions if there are any.

CHAIR CRIVELLO: Thank you. Members, any questions or clarification for the testifier? I have a question. So with your redevelopment plans in the Wailuku area, is your consideration leaning toward more commercial uses rather than providing the affordable type of I guess available units?

MS. WADE: The majority of the area does require ground floor commercial or office use. So that would be Main, Market, Vineyard, Church Street. Those areas do require a ground floor commercial use. Upper stories are able to be residential units. What we would hope is to, the goal ultimately would be to get another about 200 units which basically almost doubles the size of the residential housing capacity in the district. We would really like for those to be majority market rate units in order to have residents in the area with some disposable income to be able to

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enjoy the restaurants and theater and all the things that are goals of the redevelopment of Wailuku Town.

CHAIR CRIVELLO: Thank you.

MS. WADE: Thank you.

CHAIR CRIVELLO: Following Pamela Tumpap is Jonathan Starr.

MS. TUMPAP: Aloha, Chair Crivello and members of the Committee. I'm Pamela Tumpap, President of the Maui Chamber of Commerce. I'm very pleased to be here with you again today to look at the Residential Workforce Housing Bill. I've submitted testimony again in support of the revisions to this bill and we appreciate the amendments being proposed. But today I wanted to talk to you about something a little bit different on this. When we began this many years ago we shared a common goal and the common goal back then was affordable housing, and a task force was created and that task force came together with people of diverse groups in industry and outside of industry, and they came together and they came up with recommendations. But the bill was moving forward with a far higher affordable requirement than even those recommendations. We then got two leading economists, Paul Brewbaker and Leroy Laney and went to great lengths because back then they were associated with banks and institutions and those institutions didn't necessarily take positions on things like this so they had to do their opinions on their own, and those two leading economists said the bill was a bad bill. It was too high, it was going to thwart what we were trying to obtain which was affordable housing. And I might add that those two economists still continue to point to this regulation as something that has hampered and not helped affordable housing including Jack Suyderhoud's presentation this morning with First Hawaiian Bank's economic update. The bill, despite those concerns passed with the higher levels and like some bills we always say well, if the bill doesn't work as intended we'll revisit it, we'll review it later on and we were supposed to do that. But time passed, and had it not been for the Chair of this Committee, I'm not sure when we would've gotten to it. So we thank you, Chair, for your leadership in that. But now we're back here revisiting it and it's clear that the bill did not meet the intended goals. We got three units. Now some will say, you know we should not give up so much and not get anything for it. But those same people who are saying that are also saying we're in the same place. We didn't make any movement and I'm here to say that, you know, we can also keep this high level of affordability and not get there either. If we want to keep it, we can keep it. But we didn't make it the goal, and we didn't get anything done. From the Chamber's perspective, affordable housing continues to be a big and really important issue. We don't see where it falls in the County priorities yet. Back then we said it was a number one community priority, and if it is a top community priority, and priorities are things that we focus our time and attention on, should we not move forward with changes that get us to affordable housing? Therefore, we urge that we not wait any further, we've waited far too long and move forward with amendments to the bill that would help us achieve our intended goal and common purpose of affordable housing. Mahalo.

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CHAIR CRIVELLO: Thank you. Members, any questions or clarification for the testifier? There being none, thank you very much.

MS. TUMPAP: Thank you. Aloha.

CHAIR CRIVELLO: Jonathan Starr? After Mr. Starr I'll check in with our District Offices.

MR. STARR: Good afternoon, Council members, Chair Crivello, Chair Baisa, all of the rest. Thank you for being here and hearing this item today. I'm speaking as a property owner in Wailuku. I own about an acre and a half in the center of Wailuku. It's been my dream for the last decade or more to build housing in Wailuku aimed at people who work for County, State government, for the hospital, for the college, for the teachers at the schools and especially to try to find a way to build rental housing in the center of town so people could live there and walk to work and walk to church and walk to school and have a more efficient lifestyle, and it's been difficult. And the thing that stopped it for the last number of years is the Affordable Housing Ordinance which has made it not possible. It's expensive to build in an urban area, to build infill, you have to build up. It means steel construction. It means stacked parking which is very, very expensive, and every plan and pro forma we've put forth has not worked when the affordable housing and parking are taken into account. We are hoping that when we move forward, the Redevelopment Area of Wailuku will be taken out of it so we can build that. Because as far as lifestyle goes, if you can walk to work and walk to school it saves a couple about \$1,000 a month. It makes a much more affordable lifestyle. But if it doesn't happen, we're back to all and total commuter type of work and housing situations where we have over 25,000 jobs in Wailuku and we have only a few hundred housing stocks. So I ask you for help with that because it's not going to pencil out as it is. You know we're looking to try to build rental housing in the 16, 18, 19 hundred dollar a month range which is I understand a viable number but as long as the bill is in place, it's not going to work, and we need to find either some other way to input funds into it or change it. And honestly the only project that I have now that actually would work with the bill in place and without some other kind of input of funding is a project for a low to medium security, low or no income type of project that would bring --

MS. YOSHIMURA: Three minutes.

MR. STARR: --teenagers and seniors who have issues from all over the State into Wailuku and to be housed there behind security systems. And I'm not sure that with the problems and with the fact that you already have 60 percent of our housing in town for at-risk people whether we really want to add that into the town. So I ask you to please help us figure out how to make Wailuku someplace we can be proud of and that means having people who work here, live here, and put body heat on the street to make the shops work. Thank you. Aloha.

CHAIR CRIVELLO: Thank you. Any clarifications or rephrasing of the testifier's testimony? If not, thank you, Mr. Starr. At this time I'd like to check with our District Office. Ms. Lono from Hana, any testifiers?

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

CHAIR CRIVELLO: Thank you. Lana District, Ms. Fernandez, any testifiers?

MS. FERNANDEZ: There is no one to testify on Lanai.

CHAIR CRIVELLO: Thank you. Ms. Alcon, any testifiers on Molokai?

MS. ALCON: There's no testifiers here on Molokai.

CHAIR CRIVELLO: Thank you. I would suggest that if anyone shows up to testify can you e-mail our Staff. At this time, thank you, ladies, at this time I'd like to call on John M. Andersen, followed by Sherri K. Dodson.

MR. ANDERSEN: Good afternoon, Chair Crivello and Committee members. My name is John Andersen, I'm the Executive Director of Na Hale O Maui, our community land trust for affordable housing. I submitted written testimony yesterday which is actually Appendix Number 2 out of the *Housing Oahu Islandwide Housing Strategy* draft report that was issued last Friday. I'd be happy to provide a link for the copy for the entire report if you don't have that already, but I wanted to highlight their Appendix because it's a matrix of existing, functioning, inclusionary housing policies from around the country. It includes areas like San Diego, San Francisco, Sacramento, Davis, several counties, Denver, Colorado, many areas that are facing high cost urbanization and need affordable housing. It's a very detailed matrix, 18 different locations showing you their percentages, the income qualification that they serve, the length of time, the incentives really is a very good matrix, the most complete I have seen. Of those 18 locations, the highest percentage that's used is 25 percent and that is only 2 out of the 18 have a 25 percent requirement. Most of them have 10, 15, and 20 percent requirements, but I think we should be at the high end because of our circumstances here but I do not think we should be above the high end of what has proven to work in other areas. I strongly support the draft that is before you now and the work from our Housing Department to make this Code a functional Code so that we can address the intent of the Code which was to produce affordable housing and that not taken place with the Code as it is. And yes, the recession did impact, but we have continued to see residential construction in the two big project districts right out in front of us here; Kehalani and Maui Lani have continued to build every year since this ordinance was enacted in spite of the recession. They were able get loans for construction and there is residential construction going on in those project districts. Why only in those project districts? Because they're not subject to the requirements of the Residential Workforce Housing Policy. So the only residential construction we've seen in the last seven years have been in areas that are exempt from this policy. It is the policy that is having a major impact on stopping residential construction. The construction that we've seen take place in these years has been commercially oriented except for those residential pockets in the project districts.

MS. YOSHIMURA: Three minutes.

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MR. ANDERSEN: We need to produce more affordable housing and the way to do it is to have a balanced, functional ordinance that will allow the developers to pencil out. Because if it doesn't pencil out, it doesn't get built. That's the bottom line. We have to make it balance so it pencils out so they do get built and we can get a percentage of something. So I'll close with a very simple statement. 50 percent of nothing, is nothing and we have to get past that. Thank you very much.

CHAIR CRIVELLO: Thank you. Members, any clarification or any part of the testimony you'd like to have rephrased? Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. And aloha, thank you, Mr. Andersen for being here as Na Hale O Maui and standing up for affordable perpetuity. What are your thoughts in regards to the timeframe in this ordinance?

MR. ANDERSEN: Well, thank you for the question and I had been asked at a previous session about that and I did say that ten years was more doable and acceptable to the consumer and the rest of it. But I asked if to say if you looked at this matrix and you look at the recommendations of Honolulu's report, they are, as many areas are, looking for even longer terms. They're proposing 30 to 60 years in here and I was on the phone for an hour and a half with the authority that's doing Kaka'ako yesterday. They want to do that using a community land trust model because we can deliver affordability for 30, 60, to 99 years whereas deed restrictions it's very legally questionable whether you can do it that way. So look at this matrix. You will see a trend to longer and longer terms. But they're using different methods to accomplish it. The deed restriction, 25 years that we do have in the current ordinance has been problematic but we have to look at other ways of accomplishing that goal.

VICE-CHAIR COCHRAN: Thank you. So just a clarification, so you're saying that you're in favor of more towards perpetuity and longer life term.

MR. ANDERSEN: I am a proponent that all affordable housing developed on this island should be affordable in perpetuity generation after generation, and until we get to that point we will have to keep building and building and building as the affordables go to market and that's exactly what's been happening for all these years. We want different results, we have to use different methods to get there.

VICE-CHAIR COCHRAN: Thank you very much, Mr. Andersen. I appreciate your comments.

MR. ANDERSEN: Thank you.

VICE-CHAIR COCHRAN: Thank you.

CHAIR CRIVELLO: Thank you. Thank you.

COUNCILMEMBER COUCH: Madam Chair.

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CHAIR CRIVELLO: Yes, Mr. Couch.

COUNCILMEMBER COUCH: Thank you. Thank you, Mr. Andersen for being here. I think we talked about last time when you were here the concept of giving some sort of incentives to the developers to make the housing in perpetuity and you'd mentioned that --

MR. ANDERSEN: Correct.

COUNCILMEMBER COUCH: --at least your group could facilitate that. Is yours the only group that can do that? Do you know if there's others?

MR. ANDERSEN: No, no. We do ownership in perpetuity but there are other nonprofits, Hale Mahaolu does rentals in perpetuity so it's not just us and there are other non-profits that could step up and could deliver affordability in perpetuity so there are many ways and many nonprofits that could accomplish that.

COUNCILMEMBER COUCH: Okay, thank you.

CHAIR CRIVELLO: Thank you. Chair Baisa?

COUNCILMEMBER BAISA: Thank you very much, Chair and thank you, Mr. Andersen for being here this afternoon. Just for the sake of a contrast, we heard this wonderful number of having three affordable homes built under this ordinance. In the time that Na Hale O Maui has existed, and I don't know how many years that is.

MR. ANDERSEN: It's the same, period. We started.

COUNCILMEMBER BAISA: Time runs away from me. How many homes have you put people in?

MR. ANDERSEN: We've done 30 in the same period of time.

COUNCILMEMBER BAISA: I think that's important to know.

MR. ANDERSEN: You know, we're a small nonprofit.

COUNCILMEMBER BAISA: And you're getting it done.

MR. ANDERSEN: We're getting it done, yes.

COUNCILMEMBER BAISA: Thank you very much.

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

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MR. ANDERSEN: Thank you.

CHAIR CRIVELLO: Sherri Dodson, followed by Alice Lee.

MS. DODSON: Good afternoon. Sherri Dodson, Executive Director of Habitat for Humanity Maui. As you guys are aware we are a nonprofit affordable housing developer. The reason why we can produce affordable housing for 80 percent and below, several reasons, one is that we eliminate labor cost and that's a high cost here for most developers. We also are the mortgage company so we issue a 0 percent interest mortgage so that people don't have to go out and get a conventional loan. Those smaller other reasons why we can do what we do, sweat equity, donations and huge support from this body as well as Department of Housing and Human Concerns. But as a developer I know what it costs if we had to go out in the real world. Real developers don't have the advantages that we do and it's hard for us as a nonprofit. It's really hard for us. We talked about numbers of how many houses, our biggest criticism is why aren't you doing more, you should be doing more. Everybody needs a house at 0 percent interest, everybody needs an affordable housing at \$125,000. But it's hard for us. Land is high here, everything's expensive so for a profit developer it's almost impossible. In the last eight years we've been approached many times by developers. They want to pull us in. They want us to do their affordable housing and those projects don't go forward. They don't go forward because we sit down at a table, we talk about numbers. They put it down in writing. This is what it's going to cost even with Habitat doing the affordable portion, and in the end they have to walk away because it's just not feasible for them. And these are projects that could have provided housing for 25 to 140 percent median income so everybody can live in the same community. But they just can't do it. It's expensive and when you put more restrictions and demand more of developers we can see it just doesn't work. Three units in the last eight years is a result of too many restrictions on developers. I know the developers want to build affordable housing because they keep approaching us. They just can't make the numbers work and as I said it's difficult for us. So I'd like to see this bill pass and get some amendments to the Workforce ordinance. I think it will benefit not only for-profit developers, it'll benefit us too. Thank you.

CHAIR CRIVELLO: Thank you. Members, any questions or comments for the testifier? Thank you. Our next testifier, Alice Lee followed by Robin Lindsey.

MS. LEE: Good afternoon, Chair and members of the Committee. My name is Alice Lee representing GO Maui testifying on Item 11. We appreciate the progress made thus far on the Residential Workforce Housing Policy and encourage you to continue to move in that direction. I'd like to make two quick points today but the first one, it has to do with the intention of this ordinance. The intent of this ordinance was not to solve all of the housing problems in Maui County. That was never the intention, it was to address the Workforce Housing needs of the county. So those people who are working, who are retired recently, those are the people we were targeting with this ordinance. We have other strategies in the department that address other needs in the County. For instance, people bring up perpetuity. Perpetuity belongs in another program. We have the Section 8 program that could be augmented with County funds because those are the people, we have over 3,000 people on that wait list. They need help, and they need help now.

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Those are the areas where you talk about perpetuity. Here we're talking about workforce housing, that's different and I'll show you. Well a few days ago there was an article in *The Maui News* and it talked about statistics on sales, recent sales and the average sale of a house in Central Maui was \$489,000; \$489,000, okay. Now looking at this chart. These are the income categories that this ordinance addresses. Okay below moderate would be 80 to 100 percent of median income. Okay the suggested sales price on that house for that particular income group is \$371,600. The next income group 120 percent of median income, the sale price there \$445,000. Now as you go down to above moderate and gap you'll see those numbers exceed the market prices and I've said before, this is my second point. Why would you put an affordable ten year requirement on market homes? Why would you do that? That's not an incentive for anybody making 140 percent of median income or 160 percent of median income. There's no incentive whatsoever to buy in to a project where you're going to have deed restrictions on your home at that level. The developer is not going to find people to buy homes in the 140 and 160 percent of median income categories and that's the fact. So as we proceed with this ordinance we need to look for feasible, workable solutions. We need to figure out now what is it, what's going to work here?

MS. YOSHIMURA: Three minutes.

MS. LEE: What is our intent and how do we get from here to there, and here to there means maybe ten years for the 80 percent of median income group, maybe 100 percent of median income group but not the 140 and not the 160. If anything, they should be reduced to an affordable term of three to five years. So that's my testimony, Madam Chair. And I'm hoping that all of you, and I know that all of you will be able to come up with the solutions we need to move this policy forward. Thank you.

CHAIR CRIVELLO: Thank you. Members, any questions or wishing to have any part of the testimony rephrased? We're all good. Thank you.

MS. LEE: Thank you.

CHAIR CRIVELLO: Robin Lindsey followed by Doug Spencer.

MS. LINDSEY: Aloha. Thank you for allowing me to come up, hi. I first of all would like to present a petition with 351 signatures. Before I do I just want to read this, sorry, real quick. I have quite a few comments with the signatures as well. What the petition basically, sorry these broke I just have to hold them up, basically the petition people that signed, the people that signed this petition under this ordinance, it says Maui, excuse me, Maui's working families need a place to live and this ordinance is one of the only policies that is on our side. Please do not reduce the length of affordability required for workforce homes and apartments or let Wailuku get redeveloped without any provisions for housing for working families, and please do not reduce the number of workforce homes that developers have to build alongside their luxury developments. What I've heard and what we have heard even as recently as today and also what I've read in the paper, the Wailuku redevelopment issue, there's almost a fear of that there's

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going to be more low-income housing built. But this workforce housing just to be very clear that I understand is for an individual to be able to afford a home who makes approximately \$45,000 per year. So that is hardly low income. That is medium income and up, it fluctuates by some thousands and then \$72,000 for a family of four. So the fear of you know that there's too much low income housing in Wailuku and that this will bring you know more low income that's, I just want to make sure that that, or make clear that that is a misconception throughout I think the terminology. So thank you very much. I'm really just brief today. But I would like to present our petition collected by FACE members, community members, and on behalf of Na Pua...I'm sorry I mean the, she's the housing chair for FACE. So thank you very much.

CHAIR CRIVELLO: Thank you. Members, any questions or clarification from the testifier? If not, thank you for being here.

MS. LINDSEY: Thank you very much.

CHAIR CRIVELLO: Doug Spencer, followed by Yolanda Jetnil.

MR. SPENCER: Thank you, Chair. Thank you, Council members. My name is Doug Spencer. I'm appearing on behalf of our family company Spencer Development and I'm also actually appearing here on behalf of the hardworking people of Maui County who as you look around really aren't here today. They don't have a voice here today. In many respects, I'm willing to be their voice today. I wish I could show you all today the hundreds and hundreds of letters, phone calls, e-mails that we get on a daily basis from people on Maui County begging, begging, begging for affordable housing. It is a huge problem. And I want to thank you, the Council members. You guys have been great in passing projects. You really have, you've gone to the bat for the people. You've passed projects through. Every project that you've passed through for our family we've built. There's projects that you've passed through that have not been built. I just know a few, I know Buddy knows a bunch of them over and Jo-Ann, they know a bunch of them. You know I've been here. These projects were passed but they weren't built. And so we have to look at this bill you have. I mean that's great if you guys want to reduce it 25 percent, it's a step in the right direction, it's not going to do anything. I'm being honest with you. It won't do anything to create affordable housing for people to buy. The stuff you know that John Andersen does and other people do as Alice said it's a whole different category. You know those programs get government subsidies. It's a different category. We don't get government subsidies and so we depend upon the hardworking people of Maui to go out and get mortgages to pay for these homes and they need these homes. And I don't know if you guys have seen the report, I'm sure you have, U.S. Department of Housing Urban Development back in 2004 which is an update of the 1991 report. I'm sure you guys have seen this report about removing barriers to affordable housing. If you haven't, I'll send a copy here. You need to read through it. Every study, every single study has shown if you put restrictions on developers to build affordable housing it will not be built. That's exactly what happened here and so you have to give incentives to developers. I mean I looked through some of the studies that they've shown in New York and New Jersey, excessive regulation drew up the cost of the home in New Jersey by 35 percent, another study showed that newly built homes in New York would decline as much as

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25 percent if the city reduced regulatory barriers and these studies go on and on and on. What works is give incentives to developers. If I went out and told all my employees today I'm going to reduce your wages by 50 percent in order to make you more productive they'd all walk out the door. Now if I said you know what, I'm going to increase your wages by 50 percent they would be working as hard as they could to keep their job because there's going to be 20 people outside the door who want that job. I'm going to make a suggestion. You know we need to take a big look at this big problem. Imagine if we had a system where instead of nobody building affordable housing, the developers were lined up at the door begging the County to build affordable housing. Wouldn't that be wonderful?

MS. YOSHIMURA: Three minutes.

MR. SPENCER: Wouldn't that be? And you know while, when we do that, why doesn't the County create a system where developers want to come to you and say listen, and they're actually bidding on projects to build for affordable housing and it can be done. But we can't do this 25, 50 percent, this is punitive. It's just not going to work and then we get involved with the whole thing, the bureaucratic process which is a whole other issue that we have to deal with which is, we don't have time to go into that. We've got to fix the problem. Why does it take six months to get a building permit for a house? You know when we first came to Hawaii, and I apologize if I'm going to go just a few minutes over, maybe 30 seconds over, but we came in 1964 to Oahu to build houses. I went with my dad. I was seven years old, do that math, how old I am. And we went down, you took a little cardboard number and you sat and you waited, the plan checker came out, took your plans, he went back, he came back. Within an hour or two you had a building permit for your house. We've got computers, we've got all fancy stuff. Now it takes six months to get a building permit. That's a shame. I'm just, I'm sorry I'm venting here but we're here to help out and if you guys want to know what it's like to be boots on the ground to fix the problem we'll be glad to sit down with anybody to fix the problem. So this bill is a step in the right direction but it's not going to fix anything. Thank you.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER VICTORINO: Madam Chair.

CHAIR CRIVELLO: Members. Yes, Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you and Doug, thank you for your testimony. I don't see any passion in your testimony so I beg your pardon. Can we have that report? Would you be able to leave that with Staff and they can make copies of it Madam Chair if that is permissible.

CHAIR CRIVELLO: Yes, thank you.

COUNCILMEMBER VICTORINO: I think, and Doug, the only other question I have because I know you and your family have built a number of affordable housing right here Waikapu Gardens and

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now you've got Waikapu Gardens II which is 56 more units, thank you very much, you said changing this ordinance is not going to help, why? What doesn't it do?

MR. SPENCER: It penalizes a developer saying you have to do something instead of saying to a developer if you do do it we're going to give you something. So you're wanting to take away something as opposed to give something. Does that work with your kids, you know?

COUNCILMEMBER VICTORINO: Sometimes, depends.

MR. SPENCER: Sometimes it does.

COUNCILMEMBER VICTORINO: It does, it depends. Let's not go there on that one.

MR. SPENCER: Sometimes it does. But if you told your kid hey, you know you went and mowed the yard and you didn't have to, hey I'm going to give you five bucks because you were good, you did that. You see incentives work. Penalties don't work. They don't work except...

COUNCILMEMBER VICTORINO: And you're saying and you're advocating incentives more than anything else.

MR. SPENCER: They work.

COUNCILMEMBER VICTORINO: Okay.

MR. SPENCER: If you want affordable housing. If you don't, keep doing what you're doing and we can talk about it every year and come up here. But if you really want affordable housing, and let me tell you, these people come to our office crying in tears. I cry with them. I'm being honest, I do, I'm a man but it's okay to cry. It's just sad. It's sad. You know and I'm getting old and I'm, we're getting tired of fighting battles. We're just getting tired. I'm getting worn out. You know I really am. But I thank the Council because you guys have been great but you're just one part of the issue.

COUNCILMEMBER VICTORINO: Thank you. Thank you, Doug, and thank you, Madam Chair.

CHAIR CRIVELLO: Thank you. Yolanda Jetnil followed by Thelma Kealoha.

MS. JETNIL: Hi good afternoon. Thank you for allowing me to speak today. I'm here today on behalf of the testimony of Stan and I do agree with what he is saying. For me I am worried about the changes you are considering. I have a large family myself and adults and minor children. I do not want any of my children or grandchildren to have to leave Maui or Hawaii. You know I remember, I'm not sure if you folks remember the movie Wizard of Oz but it does say there's no place like home.

CHAIR CRIVELLO: Excuse me. Our Council people are asking for you to introduce yourself.

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MS. JETNIL: Oh, my name is Yolanda Jetnil. I'm sorry. Thank you, Victorino. My name is Yolanda Jetnil so I am part of, with Thelma and at Catholic Charities Hawaii and I just wanted to come and share my concerns, and then again I don't want any of my family to have to move Maui because we lived here because it would not be able to make it out and moving out to the mainland. So I would rather them to be able to afford housing here and be able to live here because there is no place like home, and I wanted to thank you again for allowing me to speak.

CHAIR CRIVELLO: Thank you. Any questions or clarification for the testifier? None. Thank you. Thelma Kealoha followed by David DeLeon.

MS. AKITA-KEALOHA: Good afternoon, Madam Chair --

CHAIR CRIVELLO: Good afternoon.

MS. AKITA-KEALOHA: --and County Council members. My name is Thelma Akita-Kealoha and unfortunately I'm not going to be as witty as Yolanda has been this afternoon but what a breath of fresh air. I do represent FACE Maui, Faith Action for Community Equity and Catholic Charities Hawaii, and I also submitted a written testimony this morning but I just wanted to share some things. One of which I agree with Stan Franco and Drew Astolfi and what they were recommending as far as the changes in the Workforce ordinance. I have concerns as well. I also heard Mr. Spencer talk about that he wasn't sure that this wasn't going to fix anything, and one of the big concerns for me is, you know how we always talk about the Band-Aid effect. Yeah they can fix it right now, we're going to put a Band-Aid on it but it's not going to change anything. It's only going to make it worse in the long run. So that's what I'm worried about. You know I, one of the big things for me in this ordinance is that length of time. When I think about how we're going to shorten that 30 years to 10 years it really concerns me and then when I hear that it's only going to create a problem in ten years. I mean if we already need 83,000 affordable homes, what's going to happen in ten years? You know we're going to need more and then we're going to have less because these homes are going to market rates. The other thing is you know we work with a lot of families who don't have a lot of money. Some of them do work and do qualify under the Workforce ordinance, and when they look at buying a home they're buying a home to raise their family. They're buying a home so they can give something to their children. They're buying it so they can live there and you know give something back, and those are the kinds of families that we're working with. And we want to help them get into affordable housing. So I really thank you for allowing me to speak today, and I know you folks have a hard job, and I really appreciate the fact that you allow us to come in and give our own opinions. Thank you.

CHAIR CRIVELLO: Thank you. Members, any questions or comments? None. Thank you. David DeLeon followed by Tyler Dos Santos-Tam.

MR. DELEON: Good afternoon and aloha. I'm David DeLeon representing the 1,400 licensed realtors who make up the Realtors Association of Maui. RAM shares with our friends from FACE and

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Doug Spencer and everybody else in this room, the concern and compassion for providing truly affordable housing for our working families. We believe it's incredibly important that we start correcting this serious housing shortage faced by Maui residents. That's why RAM has consistently pushed for the correction of the County Workforce Housing ordinance since it was adopted in 2006. As housing specialists we knew the ordinance would not work. We were backed up on that point by a number of bank economists. They seem, the economists seem to be making the same points today, in fact Dr. Jack Suyderhoud at the University of Hawaii was at the First Hawaiian Bank economic indicators this morning and made the same point again today that it's been going on since 2006. The reason Maui is not building enough affordable housing is because of this existing ordinance and because our lack of investment in domestic water. Good intentions and overly ambitious legislation cannot overcome raw economic fact. Our Workforce Housing ordinance as currently written continues to be a serious impediment to the housing development. The last seven years has clearly demonstrated that. You insist on 50 percent requirement but as Paul Brewbaker put it, 50 percent of zero is zero. It is time to move away from the rhetoric and start looking at the facts. According to the Maui Island Plan we need 30,000 new homes in the next 15 years just to keep up with the predicted population growth. Last year 400 new homes were built. At that rate, it's going to take 75 years to meet that 30,000 requirement. Maui is clearly not keeping pace in part because we have not recognized this situation for the crisis that it has become. This ordinance is a good start in the right direction. It incentivizes developers to once again try to make Maui projects, housing projects pencil out. But ultimately when you talk to the economists I hear the same thing. Maui County is not a housing developer. It is a housing regulator and if you want more housing as Doug Spencer just said, back off on the regulations, create the necessary water resource, and recognize that we have been always and always will be short on affordable housing. The problem is not going to get fixed next year or next decade. It's a problem that Maui County must --

MS. YOSHIMURA: Three minutes.

MR. DELEON: --must maintain continuous pressure on if it's going to provide our residents the reasonably priced housing and make that a top priority. You know I was thinking about Doug when he was talking and what worked for his family should work for any other developer. We noticed that we keep on seeing 201H 100 percent housing projects coming through. Why? They got incentives. They don't have to go through the whole land use process. They go from, they get Ag land and they build houses. They get water resource. The County gives them the water. They're guaranteed, that makes it work. How fast did Spencer get on the land when he got his permit? I mean he was on it like the next day. So yeah, if we can get out of the way then we can make it work. Mahalo.

CHAIR CRIVELLO: Thank you. Members, any questions or clarification? If not, thank you, Mr. DeLeon.

MR. DELEON: Thank you.

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CHAIR CRIVELLO: Tyler Dos Santos-Tam and Lucienne de Naie to follow. Lucienne is signed up as our last testifier so if there's anyone in the gallery or the District Office please sign up or we'll be able to call on you. Thank you.

MR. DOS SANTOS-TAM: Good afternoon --

CHAIR CRIVELLO: Good afternoon.

MR. DOS SANTOS-TAM: --Committee Chair Crivello and Members. I'm Tyler Dos Santos-Tam. I'm the Executive Director of the Hawaii Construction Alliance which represents the State's 15,000 unionized carpenters, laborers, cement masons, bricklayers, and operating engineers. I want to thank all of you for taking up this very difficult issue. As we've heard in previous testimonies this is an issue which has vexed and perplexed numerous governments across the country at the County and City level. And we, our organization support this proposed revision to the policy, and I want to echo some of the comments that were previously made that the current policy simply is not working and so we need to find something that does. The current policy is not producing homes. It's actively stifling the production of new homes and this restrictive policy that is currently in place also harms our members who are squarely in the middle class and it hurts them in two ways. You know stifling production of new homes means that they're not on job sites, that they're being held up by the same issues that developers are facing in making these projects pencil out and if the projects don't pencil out they're not able to get out on job sites and make a living for their families. Additionally with few homes being produced, you know they are competing with everyone else trying to get their hands on these new houses and they face the realities, it's a very tough market that's out there. So I want to keep my remarks short. I just want to encourage you to support this proposal. I think that there's been a lot of thoughtful discussion here and I encourage you to move this proposal forward. Thank you.

CHAIR CRIVELLO: Thank you. Members, any questions or comments? If not, thank you. Lucienne de Naie and followed by Irene Bowie.

MS. de NAIE: Aloha. Greetings, Chair Crivello and the members of the Committee. My name is Lucienne de Naie. I'd like to offer some historical perspective here. We've heard over and over again that the bill doesn't work, it's stopped all affordable housing, and so forth and so on. We do have a number of 201H projects that were not subject to this at all. Other than the Spencer's who are an example of everything that should go right, I don't believe any one of those has been built; Puukolii, Kaiwahine, so can we ask a few more questions about why that doesn't happen? They get all the fast track, they don't have to do community plan amendments, they don't have to do certain zoning requirements, they have water. But what is it? Is it more than what we're looking at here? We hear that you know this is going to solve all the problems to reduce things to 25 percent, I don't know if any of you remember, we didn't used to have any percentages required or if the land use commission got involved it was 20 percent. We had an affordable housing crisis, somehow the market did not magically take care of this in the past. So I think we need a combination, I think Mr. Spencer is right. We need a lot more incentives. I mean I think you folks really need to look at this and get the information you need. Because number one,

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you've looked at so many projects that you have approved based on the fact that a certain amount of affordable housing was going to be a benefit of them because they have a lot of impacts and you said oh yeah that Kapalua Mauka, yeah, it has some impacts. But you know what? They're going to provide some affordable housing. Well, what's it going to be? Is it going to be what they said or is it going to be half of what they said. Who's accountable and in the end you know you look at projects in the 1980s and 1990s, they basically bought their way out, a lot of them of their affordable housing requirements. If we reduce this to 25 percent it's a lot easier to buy your way out. Is that going to be an unintended consequence? I haven't heard one person discuss that today. I would just suggest that you know we step back and get some numbers on this. Do the amendments need to include specific housing goals and benchmarks, and does there need to be checking points to see if we're not meeting these that we take other actions? Do we need to include disincentives to buy your way out of affordable housing, and should there be a subsidy of incentives to projects who deliver affordable housing in a timely manner? And should developments that just linger on for years and have no viable excuse and don't deliver the affordable housing and other housing they said, should they have their permits, their entitlements sunset? There's just a lot of different considerations here that are part of the mix. It's not so black and white. Do we need to look at a wider range of housing types, do we need to look at the micro housing and some of the things that are being looked at in Honolulu? What's really going to solve the problem? It is hard to build very, very affordable housing with the system we have. We all agree.

MS. YOSHIMURA: Three minutes.

MS. de NAIE: So we need to come to the table I think and look at will passing these amendments offer any real progress or will it merely allow, you know, a few large landowners to realize greater profits and in the end are three out of four, are we telling Maui's residents that three out of four houses that are built here will not be houses that they can afford on their salary? Is that our ideal formula? Maybe we should go to 30 percent like Honolulu does and maybe we should get rid of the 140 and 160 and spread it just between 70 percent and 120. I don't even see these discussions on the table but I hope they will be 'cause I hope you don't just rush in to this. Thank you.

CHAIR CRIVELLO: Thank you. Any clarification or questions for the testifier? If not, so far Irene Bowie is our last testifier that has signed up.

MS. BOWIE: Good afternoon, Chair and Committee members. I'm Irene Bowie, Executive Director of Maui Tomorrow Foundation, and sitting here and listening to this I don't envy you, the task of trying to figure out what to do. It depends on who you're talking to, it's all confusing, everything makes some sense and so I think with that being the case going forward slowly and with caution is wise, and probably a lot of people would groan with this suggestion, but you know we had a Workforce Housing Task Force before and it seems like this is the opportunity to go back to this before we do anything one way or the other. This could include nonprofit and for-profit developers, lenders, mortgage servicers, rental property owners and managers, low-income advocates, architects and planners, all of that to get the kind of intensive and fact

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gathering analysis and an open exchange of views that's necessary for this. I feel like I could learn a lot. I'm sure that others could learn a lot, and I think that there's a middle ground in here that our community really, really needs to find because we are in a crisis. But I would also say that when you really look at this, this is going on across the country and these kinds of Workforce Housing policies are being looked at throughout the country so to kind of go to the extreme of we should just get, you know, do away with the regulation is pretty scary. I think that's not the answer either. So you know I am interested in what Honolulu's doing. Maybe that is something that we could model on, but more than anything I would really, really ask you to consider a task force and just wrapping up I would also say that Maui Tomorrow spoke before in favor of the exemption for the Wailuku Redevelopment Area. I think that that is something that makes sense. Maui Tomorrow has had an office in this area for a number of years, we see kind of the imbalance that's going on, so it's sort of different than the rest of the island where we need a mix of economic profiles in this area to just enhance quality of life and not have economic pockets that are problematic. So we want to encourage mixed economic use throughout the island, and I think that's one of the problems I have with one of the suggested amendments saying that your affordable housing could go in to a different community than where you're building. I think the more we bring everyone together the healthier this, this is how it used to be and we need to go back to that rather than having pockets of high income, pockets of low income.

MS. YOSHIMURA: Three minutes.

MS. BOWIE: And so you know we would stay in support of that for Wailuku Redevelopment Agency and that's it. Thank you very much.

CHAIR CRIVELLO: Thank you. Members, any questions or clarification for our testifier? If not, thank you. Is there anyone in the gallery? Yes, sir. Identify yourself and then you may proceed to sign up after.

MR. JENCKS: Madam Chair, my name is Charlie Jencks, representing Pacific Rim Land, here today just to provide a few comments. I listened to all the previous testifiers and learned some good things. I heard a gentleman from FACE talk about a 15 percent margin on projects and I can tell you, I guess I would ask the question, who here in the room on a regular basis does perform this for construction projects? Anybody? Nobody. I do, and I can tell you working with the bank and saying here's my pro forma on a 15 percent margin, it's going to go in the circular file, it's not going to happen. It's got to be 20 to 25 percent. There are three major categories on a pro forma. The first one is land. What is the land going to cost? Is it entitled? The next biggest category is ETU entitlement. How long is it going to take and what do you have to do to get the land permitted so you can build something on it? The third category is cost of carry. Between all these lines is construction cost for sticks and bricks and sewer pipe and grading and export material and all those good kind of things, but these are the three major categories that really break the budget. The longer it takes, the more it costs. If you want to build affordable product and you can't sell it because it can't qualify, guess what? You're paying the bank more money, it costs more money. So you have to assume an extended absorption period for the product

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which at the end of the day, unless you have a really profitable project breaks the project which gets me back to the bank saying sorry, maybe next time. I delivered to the Chair, the prioritized incentives and I hope you all have that. I think you ought to take a look at it. I'm here to answer any questions. I think you all, you know there's some talk today about what Oahu is doing. Well, Oahu's strategy on their affordable housing bill is, true, they're talking about taking it down to 120 percent. But their trigger is unilateral agreements only. They don't look to subdivisions of four units or ten units or more. It's just unilateral agreements. So their 30 percent because they get a bigger bang out of, you know, changes in zoning and those kinds of agreements. Okay, you have to broaden the context within which you leverage a yield. Going to ten units or more makes a lot of sense and they're thinking about that in the context of their revision. They're also focusing on rental units. They want to maximize transit-oriented development. Last time I checked, we don't have a fixed rail project on Maui but they do, and they're looking at ways they can get land around transit points to build more rental product so that's really where they're going and they're on the right track. I think what you'll see is a reduction in percentage because they'll broaden the base for the trigger and that's how you get more yield. So I'll just end with that. I have supplied the inventory, the incentives, I'm sorry, Madam Chair. So if you have any questions on that I'd be happy to answer them. But it all gets back to doing a pro forma, what it costs, structure by structure, issue by issue, the longer it takes the less money you make and a 15 percent margin isn't going to get it. Thank you.

CHAIR CRIVELLO: Thank you. Any questions or comments for the testifier? If not, thank you, Mr. Jencks. Is there anyone else in the gallery that wishes to testify? If so, please address yourself through the appropriate Staff. At this time I'd like to ask in our District Offices are there any additional testifiers from Hana?

MS. LONO: The Hana Office has no one waiting to testify, Chair.

CHAIR CRIVELLO: Are there any additional testifiers from Lanai?

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

CHAIR CRIVELLO: Are there any additional testifiers from Molokai?

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

CHAIR CRIVELLO: Thank you, ladies. Members, as there are no further individuals in the Council Chamber or District Offices wishing to testify, without objection, I will now close public testimony.

COUNCIL MEMBERS: No objections.

CHAIR CRIVELLO: Thank you.

...END OF PUBLIC TESTIMONY...

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CHAIR CRIVELLO: Members, you had disseminated to you the ordinance with some corrections. It's more housekeeping so at this time I'm going to call a ten-minutes recess to take care of your personal matters, as well as try and reviewing some of the amendments we have on the Charter. Thank you. Recess. . . .(gavel). . .

RECESS: 2:50 p.m.

RECONVENE: 3:02 p.m.

CHAIR CRIVELLO: . . .(gavel). . . At this time, the Housing, Human Services, and Transportation Committee will reconvene. It is my understanding that you need more time to review the minor amendments that we have that has to do with more with housekeeping so I am going to have a short recess again. . . .(gavel). . .

RECESS: 3:02 p.m.

RECONVENE: 3:12 p.m.

CHAIR CRIVELLO: . . .(gavel). . . I'd like to at this time reconvene the Housing, Human Services, and Transportation Committee. Members, I would ask that you refer to what's written in there that says "clean version". You all have it? Okay, Members, we've heard quite a bit of testimony this afternoon. Very valid and important testimonies and now it's in our hands to make some sort of determination as to how we would like to handle this policy. First of all, I'd like for us to hear from the Department of Housing and Human Services, with our Director Jo-Ann Ridao, as well as her Assistant Housing Administrator Buddy Almeida.

MS. RIDAO: Thank you, Chair. My only comment is that the Department in bringing this forward really is at a place where we are not seeing developers coming in to work with us in doing development, and so we felt that it was something that we need to bring forward. I know it's a difficult, difficult situation to be in. But in order to create affordable housing we are going to have to look at the Workforce Housing Policy because it has not created affordable housing. The only affordable units that you are seeing coming on-line are either being done by nonprofit developers like Habitat for Humanities and those that have gone through the 201H process and even those you know we only see Spencer moving forward. We are, I'm glad to report with the Kulamalu project in the permitting process which is really encouraging but those are just small projects. We're not seeing anything come forward by developers and so we need to really look at this and work on it. So I appreciate the time you're taking. I appreciate the public's interest in coming and testifying before us and letting us hear their opinions and so I'm anxious to move forward.

CHAIR CRIVELLO: Thank you. Members, before we open up we have on the agenda, the Committee is in receipt of, to review, relating to a review of the Residential Workforce Housing Policy,

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Chapter 2.96, Maui County Code Policy and correspondence dated June 10, 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 the Residential Workforce Housing Policy and Amending Chapter 3.35, Maui County Code, Relating to the Affordable Housing Fund. The purpose of the revised proposed bill is to facilitate the development of affordable housing units or lots by reducing the requirements under the Residential Housing Policy, or Workforce Housing Policy; and to incorporate housekeeping amendments to Section 3.35.050, Maui County Code, for consistency with Chapter 2.96. If you will look at your policy from Section 1, 2, 3, and Sections 9 and 10, they are the housekeeping revisions that we've made changes, because we've made changes in the body of the bill through the work of Staff and Corporation Counsel we've done our housekeeping. Members, that being said I'd like to open the floor now for your comments and thoughts on the proposed bill. Member Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. I think this was a day when we had more enlightening testimony than usual. First of all it's obvious that the number of units whether it's 50 percent or 25 percent is not a magic bullet. It needs to be with other things. It needs, we need to have incentives. The 201Hs are done and we have them coming inside because the developers can do it. It's possible for them to do this obviously or they wouldn't be coming. We've heard a lot of ways that it's possible for us to do. There's nothing we could put together today in this. I like this bill over here, it has a lot of good things into it. A lot of the clarification is going to be, stay the way it is. But I think I know everybody wants to take action but I really think it would be inappropriate now. I think we need to sit down and I think the Chair needs to look at some of the testimony over there and see with the Staff if any of that can be incorporated in there along with the Committee members reviewing what we've heard today and seeing how it might fit in here to make this more effective. I don't want to pass something out today that yeah, it'll work a little bit, or maybe not. I'd like to pass something out over here that gets housing done and we can get it to our people and I don't think just passing this out today is going to do it. I think this is really good. This is a good thing to work on. A lot of inside over here doesn't need any changes, but we do need to look at ways to make it effective and to make it to where developers will want to do this. So I would hope that we could defer this today. I think we need to do that. I think we need to take a close look at it because our bottom line is we want our people, the people that really need it to have the housing they need. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Thank you, Mr. Carroll. I'm going...Mr. Victorino?

COUNCILMEMBER VICTORINO: No, no I was going, you've got something to say I'll listen to it before I say anything.

CHAIR CRIVELLO: No, I was just going to go down the row.

COUNCILMEMBER VICTORINO: Oh, okay go down the row. No, no, no. I can wait.

CHAIR CRIVELLO: Chair Baisa?

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COUNCILMEMBER BAISA: Thank you very much, Chair. Obviously this is a matter that needs attention and I want to thank you for taking it on because it's overdue. The review is overdue and of course it's passionate because it involves a very basic need, and I don't think there's one of us sitting in here that doesn't know or maybe ourselves need affordable housing, because if it's not ourselves, it's our kids, or our aunty, or uncle, or grandma, or somebody that needs affordable housing. And of course when we talk about affordable housing, that in itself is always an interesting thing because again like we saw with the chart that Ms. Lee showed us, affordable is amazing in the range. And we all know that we know a lot of people who cannot even afford a home based on those figures that we saw. So we have a big challenge before us. One of the things that, you know my mind is playing over and over and you know we keep hearing people testify and we hear those same things over and over and then we hear something new that kind of grabs your attention, and one of the things that I heard today that was disconcerting to me was from Doug Spencer who I know is one of the families that do affordable housing. I mean there's no question that these people produce affordable housing. And I was kind of disconcerted by his statement that us fixing this ordinance wasn't going to make any difference. It's kind of sobering when you think about it. You know we have this ordinance. We're saying we need to do this because if we do we're going to have a positive result and we're going to have more affordable housing than we've had, and then a person who knows so much about it makes that kind of a statement. It intrigues me. I'm wondering, and Chair, I know that as the Chair of the Committee 'cause you know I've chaired committees and I know that normally the Chair is privy to a lot more information and discussion than maybe shared with the rest of us, because people come and see you and they talk to you and you talk to experts and you talk to the Department in trying to you know chair your committee. At any point, have we kind of done a, just a even an informal survey? If we were to change this thing tomorrow, or today from 50 to 25 percent, do we know if there's a list of people that that are dying to do this kind of thing that haven't come forward? I'm just curious.

CHAIR CRIVELLO: Can I clarify your question? So you're asking if we've done any kind of survey as far as if people will build with the 50 or the 25 percent or the existing policy or the policy with the amendment?

COUNCILMEMBER BAISA: That's what I'm trying to find out because you know to hear somebody say there'll be no effect. It kind of bothers me because if there is no effect, then you know we're spending all this time for nothing. But if there is going to be an effect, and it's going to be a big effect, well, we better get going. I mean, I don't know, maybe Ms. Ridao has some kind of take on this because she deals with more people coming to see her than I do. I mean is there a line of people that are coming to us and saying, if you were to lower this percentage I would want to build affordable housing and I'd get going right away? Also, there's that list of people that we have given entitlements to and is this 50, 25 thing part of the reason why it's stalled?

CHAIR CRIVELLO: Ms. Ridao, would you like to answer that, please? Her first question as to if developers are lining up, I think you explained earlier that no one stopped, coming in to see you.

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COUNCILMEMBER BAISA: With, under the current law.

MS. RIDAO: That is correct.

COUNCILMEMBER BAISA: Yeah.

MS. RIDAO: We don't have a lot of developers coming in. We have I would say an average amount of developers maybe once a month come and talk to us about the law and what they are going to be required to comply with and once they know that and understand it. Because they come in with questions after they've gone through the law and you know, they leave us and I'm sure they go do their numbers and then we don't see them again. So it's, yeah it's been, the projects that we are seeing are going to be those that are the 201H projects.

COUNCILMEMBER BAISA: Well, okay, let me follow up one more and thank you for the attempt. I know this is a difficult question. But of the ones that we have approved, some of them are gangbusters and going, and then we have others that we've approved that are sitting. The fact that they're sitting, do you think that has anything to do with this 25 percent thing or 50 percent thing? Because these are purely affordables, it doesn't apply to them but I'm just wondering. I know it doesn't apply to them. I'm worried about this stuff that we have pending. You know we keep getting criticized about we approve all these 201Hs and then they don't get built and they're saying well if you're affordable housing advocates well why don't you do something. So I think it's something we need to talk about.

MS. RIDAO: Yeah, the ones that come to mind for me for instance, the West Maui Land, Kahoma project, they're now having to go into court because they're being challenged. So that, you know, is another delay for them and we never know if that project is going to happen 'cause it's probably going to be very costly because of what they're going through. The other one that comes to mind is the Kahoma Villages which is the Stanford Carr 201H that was recently approved, he's now going through the requirements of the Planning Commission so he's doing that, he's moving forward so I see those moving forward. The older ones I don't see any of it moving forward and I'm suspecting it has to do with financing.

COUNCILMEMBER BAISA: Okay, well I was just, thought we should address that because we keep hearing about it, people keep saying oh, you guys approve all these 201Hs and then they don't build. So now we you know, know that that's a different factor. But this thing about the 25 and 50, you know it's a major change. I realize that whoever said 50 percent of nothing is nothing is absolutely right. You know we're not getting the result we need so we need to make a change. I just want to make sure we make a good change and if we are going to make a change, my suggestion is that we do a better job of monitoring what we've changed this to so that we have say for instance a mandatory two-year review and let's see what happens. Because I think people need to know that if we make a change we're willing to change it again if we don't get the results. I mean my dream would be that we change it and all of a sudden people start coming and say okay, now with 25 percent we're going to, we want to build, we want to build which

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would be great. I mean it would be a desired outcome after all this work. So I think if we're going to do something that big, then we need to build in a deadline to check. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. And I guess generally concur with Mr. Carroll's opening comments in regards to you know I think it's premature today to make a solid decision on this. It is very far reaching as Ms. Baisa and all testifiers are saying there's many moving parts, there's many issues to this one ordinance, and I think Ms. Bowie hit it on the head in regards to give it time with possibly a task force being compiled to work through. We've done it via Mr. Guzman's Committee you know for the Agricultural Working Group. We're doing it in my Committee with the Zero Waste Task Force. So there's, I think this is truly a need to get all players at the table, discussing and working out the issues and what have you. And I think Ms. Dodson, too, she brought it home for me in what my thoughts are about this and it's sheerly [sic] profits versus nonprofit. And you know, profit people, entities have shareholders to be holding to, their investors, what have you. They want a return on their investment and I understand that. They want a profit, they need to make money. And then the nonprofits, near and dear to my heart of course, is they're here for the people and for the needs of this community. You know, the low income, the people that just cannot afford, so therein lies the big difference, and our 201Hs yeah, we mention we sit here all day long approving, and yet the numbers just aren't panning out and you know and these are with exemptions, these are with a lot of extra you know, less hindrances but yet still not built. So yeah, it's going to be difficult for the for-profit without exemptions, it's all going to add up. But Chair, you know, I look at large landowners, they've got a lot of the tracts of these lands very, very cheaply, Ag lands, they've got control of all that water and yet you know there should be that profit section. I mean they didn't have to pay like we do for a little you know few hundred, thousand square foot lot. I mean they bought it in acres and thousands of acres at a time, and you know but yet I see large landowners building business parks, I see them building for-profit shopping malls, hotels, time shares, on and on it goes and I get it. You know I understand that's jobs, that's profits and all that. But yet on the flip side I think that they are able to if they wanted to build these affordables that everyone's talking about. They have all the means and you know that's just my opening comments, Chair. Again I think that a task force would be in order here, because there's many, many, the spectrum of this issue of affordable housing is far reaching once again and I'd like to get all players at the table, discuss it out. And it's not going to be easy but yeah, I don't think any percentage number is going to instantly build something today unfortunately as Mr. Spencer did mention, and so I think there's a lot of moving parts like I said. So thank you for this opportunity, Chair, and hopefully we're not going to make a rash decision here today on this. But looking forward to further discussion. Thank you.

CHAIR CRIVELLO: Thank you. The Committee, it all, it takes the majority votes to make that decision. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. And you know we, under your guidance we've discussed this quite a long time and have come around with quite a few iterations. When

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we talk about affordable housing, the thing that struck me by what Ms. Ridao said is that you know yes, we do, do the 201Hs and we've had some really good-looking projects go through and a lot of affordable units and some of them are being challenged by the neighbors. So it's one of those situations where it's kind of sad to see that hey, everybody's asking for affordable housing but oh wait, they don't want it near us. So I understand the frustrations of the Department, of this body, of the developers, of the community. Everybody's not agreeing and that's what, it's just sad to say that some good projects are being stifled by neighbors that don't want them in your backyard or whatever. The other portion is you know Mr. Spencer got up here and said some really good things. They did a I think it was 402-unit 201H at the time, they built 200 and some affordable units. A lot of those went to local families, teachers, firefighters, police folks and good families and wanted to be in, get some housing. But I know several families that are in there that now their term has come up, their ten-year term and they want to sell, because they get a big chunk of money and they can buy another house somewhere else. So then all those 200 units that they took a long time to build--yes, they got a lot of jobs going--are no longer affordable. You know it may not be all the 200 units but a lot of people that are families you know, a testifier came up here and said these are for families that want to grow, that they want to get their profit and go and get a better house somewhere else, that's what I'm finding when I talk to some folks over there. So my point is it's not really affordable if it eventually goes to the market. I'd like putting in incentives for the developers to make it affordable in perpetuity whether it's gap or low-income or whatever way they want to do it. If we keep it in perpetuity we won't have to keep building more houses as the old ones go out of affordability. So that would be a really good incentive and we started doing that in the Code here so I appreciate you keeping that in there. But we also need other incentives. You heard Mr. Spencer very passionately say you know don't threaten us with a stick, you know give us an incentive with a carrot or something like that. So I know we've got in our reams of testimony here a list of potential incentives. I think you might want to see what we can do and discuss with several of the groups but in a short amount of time. I can see where, I can do the counting, it doesn't look like it's going today. I'm for getting it out today but it doesn't look like it's going to head that way. So if you have some time, get the folks together, get them in a room and say okay, what good incentives can we live with, what can't we live with, and what can we throw in there and let's get something that everybody can agree on and sooner rather than later. You do know you're trying to herd cats. And you're doing a pretty good job of herding the cats. They're getting close to being all together in line. So those are just some of my thoughts. We need to have more affordable houses in perpetuity and some good incentives for the developers to, you know, build a more, a bigger percentage as opposed to here's what you're going to do and be done with it. If you build this many we'll give you these incentives. So if we can look at that that would be great.

CHAIR CRIVELLO: Thank you, Mr. Couch. Mr. Guzman, any comments?

COUNCILMEMBER GUZMAN: Thank you, Chair. I'm more leaning towards the statements that Mr. Couch has proposed to the Committee. This is a difficult issue in terms of balancing what is needed from our nonprofits and what we have to provide or at least some incentives for our developers to move forward. But just like Chair Baisa says, 50 percent or half of 50 percent is

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nothing, 'cause we haven't seen anything in the last few years being developed. I want to basically move forward and see what happens. You know, it's the longer we wait, the less chances or abilities we have for to even build. So if the percentage is the issue, we need to work that out as fast as possible with the interested parties. 25 percent could be 30 percent, but we've got to move and I don't, I don't like having to sit around and vet this through any much longer. I think the issues are pretty straight forward and if we can have an opportunity to have a, just an informal meeting with the interested parties to work out some of the details and include more incentives for our developers I think there is a win-win situation out of all of this. But I'm agreeable with what Mr. Couch is saying as well and I do understand that the percentage is something that we've got to work out. It doesn't seem to be sitting well with all of the parties. But thank you, Chair.

CHAIR CRIVELLO: Thank you. Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you, Chair. I agree with my colleagues you know. Most of them have said what I had intended to say, Madam Chair. But I would also say that if something doesn't work, it's time to do something about it and that's why I've been an advocate of any kind of policy we pass out, two or three years later reviewing it. Not since 2007 so you're talking seven years and we've trucked along for seven years and nothing's happened. That's a lot of time wasted. On again the downturn in the economy I think we all agree had a big factor in this so, because there was not a lot of homes that were built during that period of time, you know, affordable or non-affordable, mansions or non-mansions. So you know I think we're okay with that. Madam Chair, I agree with my colleagues, I'd like to see something done today. But then if we hastily do something and it has a negative impact like we've seen in the past in some other legislation we've done, and those we really thought through, it makes no sense. So I'm to the point where I'd like to see, you know, like we've done in other issues like the polystyrene which I had that task force and we're getting now to the point where we're going to bring some recommendation to the Committee. It's not been easy. Let me tell you it's not easy. You cannot get everybody on the same page. His working group in Ag, we've had other working groups in all kinds of areas and I'll guarantee you, the guys on this side of the page, and those who are on the other side of the page, they don't want to meet in between that page. They're, and pardon the expression, stuck in the mud because they know, they believe, they desire to be right and they don't want the other guy. There's that lack of collaboration and I've always said if you don't collaborate and bring it to that middle where everybody wins, especially the people of Maui County, Madam Chair, we don't accomplish nothing. Here we go again. So I'm hopeful that if we've got to like Mr. Couch said, if we got to get these people together as a task force and sit down with them and fight, let's make it quick. Let's make it 30 days, not longer than that. Because anytime we start going longer than that we're going into another, wow, we're actually going in to another year real quick.

CHAIR CRIVELLO: You're right, you're right.

COUNCILMEMBER VICTORINO: You know I mean we're almost at the end of this fiscal year. You know this is September. We've got a couple of months and come December most of us, you

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know, know that that's close-up time and you're trying to, you know, push whatever you want pushed next year and I don't know how many of us are even going to be here next year.

CHAIR CRIVELLO: You're right.

COUNCILMEMBER VICTORINO: None of us know that, right? I mean you know that, Madam Chair but many of us are not that fortunate you know.

CHAIR CRIVELLO: Yeah.

COUNCILMEMBER VICTORINO: So with all that being said, I think it's time to bring the parties together and say leave your egos at the door, let's see what we can get that would be fair to all. And there's another challenge, we get the nonprofits and the for-profits, this is Workforce Development Housing. This is not 201Hs and 201Gs and this and, I think we're mixing it, we're convoluting the whole subject matter. It is affordable Workforce Development.

CHAIR CRIVELLO: Right, right.

COUNCILMEMBER VICTORINO: Nothing else. I think that's got to be made clear. That's been the real problem. We keep throwing other things in.

CHAIR CRIVELLO: Right.

COUNCILMEMBER VICTORINO: This is what we've got to focus on. It is for the people who work, who are employed, who want to own a house, who want to rent a house. They want something and they're willing to pay for it but they can't afford the exorbitant prices here on Maui --

CHAIR CRIVELLO: Right.

COUNCILMEMBER VICTORINO: --or in the State for that matter. So can we make that clear that we're working on Workforce Housing and not all the other ambiences and you know.

CHAIR CRIVELLO: Well.

COUNCILMEMBER VICTORINO: That's what we need to clear up.

CHAIR CRIVELLO: You're right, Mr. Victorino, but the policy itself says Workforce.

COUNCILMEMBER VICTORINO: Understood.

CHAIR CRIVELLO: Workforce.

COUNCILMEMBER VICTORINO: Yeah.

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CHAIR CRIVELLO: It says Workforce.

COUNCILMEMBER VICTORINO: But you saw all these other guys come in with all these other issues.

CHAIR CRIVELLO: Right, and I understand that. I hear the suggestions of task force, bringing groups together and I really support that. I'd like to kind of back up a bit. You know this is my first term, but I was able to reference on some very, very awesome, awesome suggestions that had come back from a task force and I think that I'm going to ask Chair Baisa if she can touch base on that, what took place. It's not like this is something foreign, and that task force was put together for I believe before I came here to try and work out how we can have the Workforce Policy.

COUNCILMEMBER BAISA: Thank you very much, Chair Crivello. Before I came here too, when I was at MEO we had a similar situation going on. Houses were expensive or nonexistent for people and we put together what we called the Maui Nui Housing Task Force. And it essentially, it was kind of interesting to hear Ms. Bowie go down the list, or also Lucienne on the, people that should probably be on a task force and I got to tell you, the Maui Nui Housing Task Force had all those players and the report is available, I believe the Chair of this Committee has a copy that was issued. It included everyone that we could think of including bankers, including unions, including consumers, realtors, I mean you name it, everybody was there 100 percent. And that task force worked and worked and worked to try to come up with a comprehensive policy. And so it's not a novel idea. It can be done. I would caution us though that if you want to repeat that, at least there is something to follow because there is a report so it wouldn't be like starting from scratch, it could be updated because of the interest of time. You know if we don't want to have this go on and on forever I think that it would be important to start with something and use it as a draft and then update it, because it would be easier than trying to start from scratch and a lot of information is available. It's just a matter of collating it. One of the things I think is very important though is this task force was done by a nonprofit and it was not baptized, authorized, or paid for by County government, and I think that that caused a little bit of a not-so-good result when the report was submitted. Therefore, I agree with my Members. I think it would be really important that we do it under the auspices of your Committee, because this is, you know, where this subject matter is and we do something like the Members that have Committee Chairs are doing. They have like Mr. Guzman I know has his Ag Working Group and Elle says she has one. It would be different from a TIG because a TIG would be just three of us working on something. This would be more informal and for me I like that informality because I think it's much more open and people are not put in a situation where everything is so structured and they have to worry about every word being written down and we have to use Staff time and all of that. So I think what we're really looking for might be a working group to look at the policy, our policy and maybe what was submitted before and try to come up with something along those lines. It can be done and I think it would be very useful because unfortunately in the context of the Council, and I say this all the time, it's hard to make decisions here because people testify and after they testify they sit in the audience, and we are supposed to be really smart and figure out what to do with all that testimony and come up with

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the answers. In a working group everyone that gives testimony or talks is able to have dialogue back and forth, and so there's no I don't think you really understood what I was trying to say or I know this and you don't know this, and so there's more give and take. So for me I like that venue, Chair and it might work and we'd, like I said, have to put a time limit on it because it could go on for a long time and we want to act. But I think that it would be probably the solution to this dilemma we have here of trying to get a meeting of the minds. Thank you.

CHAIR CRIVELLO: Thank you. Committee members, we have been dissecting this policy since August of 2013. When we went through each of the changes, we came out before we, department reviewed it and came over with the Corporation Counsel's final recommendation or transmittal to us, we had consensus, consensus. Nothing that's set before us was done without consensus. But what I'm hearing from you today, you're not satisfied with what we've come up to recommend for the Committee to take action, and I would like to just get a feel from the Committee as what exactly do you see that we as with the task force or what do you see that we can come back with something different? Mr. Guzman?

COUNCILMEMBER GUZMAN: Oh thank you, Chair. You know for me it's basically the 25 percent and if that could be maybe edged up to maybe 30 percent I think that might be the solution, but I think that for me in my analysis of listening to the testimony it's just the percentage. I think that's what we're stuck at. I'm good with the other conditions within the ordinance itself. I would like to have seen more incentives but if it's going to cause more delay I would rather not go into that, but those are the two, the percentage and looking at more incentives. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Any other comments...Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. We see as they have said before the 201Hs are coming through because of incentives. Alright those same incentives would not all be appropriate for regular applications coming through. However, we need to review what's inside there that would be, that attracts developers that would be appropriate. We also need to look at the other things that were brought up, the length of time that it takes if things can be put in this ordinance to help to expedite the process which as everyone pointed out makes it more cost effective. I think those are the two main things that I'd like to look at and not just discounting the other things that the testifiers brought up too, but I would say those are the two main things I'd like to see. Thank you.

CHAIR CRIVELLO: Thank you. I appreciate your input, Mr. Carroll. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. You know I agree with Mr. Guzman that the percentage might be just the issue, but regardless I had been looking at 30 percent as well because of the whole wording in here, number of total houses versus number of total market houses, 30 percent would be a more acceptable number I would think to both sides and something that gives you about the same amount whether you used versus the market houses versus the total number of houses and it's easier to figure out if you want this number of market

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houses you get 30 percent more affordable. So I'm willing to go with 30 percent as well and I think that might be it. And if there's a need for more incentives then you know we can come back. You know you can have your task force and it should be working off of the existing, what we've got now. Have your task force and come back and add things that might help in the future. So you get a little of both, you get like we talked about in several of the other Committees, it's you get your 80 percent, get it going, get it working and then see what works and what doesn't work and add or subtract --

CHAIR CRIVELLO: So am I...

COUNCILMEMBER COUCH: --potentially.

CHAIR CRIVELLO: Am I hearing you to understand that there is a possibility that we can get this passage and then come back with the task force?

COUNCILMEMBER COUCH: That might be a compromise for everybody but it's totally up to you and the rest of the Members.

CHAIR CRIVELLO: Thank you. Ms. Cochran?

VICE-CHAIR COCHRAN: Thank you, Chair. And yeah I think Ms. Baisa brought up some points in regards to where a task force could be very doable, because it was done before and there's an actual working document to refer to and update. I would like to see updates. And also it's not totally true that we haven't seen any affordable or workforce type housing because I know Kehalani in 2013 alone has built 134 units.

CHAIR CRIVELLO: That's a project district.

VICE-CHAIR COCHRAN: And so, but I mean still things can be accomplished in that price range basically with no exemptions. So I'm just looking at, you know, just set aside, is it workforce, is it 201, is it whatever. It basically, it's something that's affordable for whoever who would like a starter home or first time home or whatever it is, and with the change in the percentage in this ordinance I'm just looking at West Maui numbers what's due and owed to us now is around 8,100 or no, let's see 4,000 and then with amended bill it'll drop down to 20...2,000. So I mean that, yeah, is not to me, you know, it's not in support of the people and for the workforce, and I'm looking at the people who are providing these, the jobs. You know who creates the workforce per se, what type of jobs are these and what type of salaries and wages are they receiving to where they can't afford to live here? I mean so again, a lot of moving parts, a lot of reasons and a lot of points as to why people can't get an affordable roof over their heads. So again I am very much in favor of a task force, very much in favor in vetting through again. I know we want to get this done but I really don't believe it's the percentage as Mr. Spencer mentioned that is going to fix and change this instantly. So I think we do have time and I'd like to see it.

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CHAIR CRIVELLO: I have a question for you, Ms. Cochran. You mentioned the amount of homes or affordable homes due your West Maui population. Can you kind of let me, advise me where is this and what projects are we referring to? And is this with Workforce, the Workforce Development Policy?

VICE-CHAIR COCHRAN: Would be Kapalua Mauka, Pulelehua, Puukoolii, Kahoma, I don't have the breakdown here, it's in, it's kind of compiled all as, but those are numbers and there's breakdowns for Central and South Maui also in regards to these numbers. But I can definitely get the breakdown and refer it to this Committee for sure you know.

CHAIR CRIVELLO: Yes, that would be helpful. But do you know if that is in reference to this Workforce Policy?

VICE-CHAIR COCHRAN: Oh yeah, yes.

CHAIR CRIVELLO: Department, is that something that you're...

VICE-CHAIR COCHRAN: Kapalua Mauka, sorry.

CHAIR CRIVELLO: Ms. Ridao? Is that something that.

MS. RIDAO: What was the question, I'm sorry.

CHAIR CRIVELLO: Member Cochran mentioned that there's at least 4,000 affordable homes due in relations to projects, and if we go down, go with this policy it will come down to 2,000 so I just need it to be clarified.

MS. RIDAO: If Ms. Cochran is referring to project district requirements that were placed on project districts then this policy will not make any difference. They are required by what they were previously agreed to with, actually that was during the planning process. So if for instance Kehalani is saying they're going to do this many units and of those units so many are going to be in different income categories we have that, we have that chart for Kehalani. I'm not sure...we have the Maui Lani chart. I don't know if we have anything for Pulelehua or.

CHAIR CRIVELLO: Kapalua.

MS. RIDAO: Kapalua.

VICE-CHAIR COCHRAN: So.

CHAIR CRIVELLO: Yes, Ms. Cochran.

VICE-CHAIR COCHRAN: Okay, Chair. I know what you're trying to vet out whether this was in, applies to this Workforce Housing ordinance or not. For me, it's the number of what has been

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provided or not, regardless of if it was in a project district, regardless if it was under this ordinance. The bottom line is the people are still in dire need. The bottom line is however it was told to a particular developer to do it or not and they said yes, we are, that's why we want entitlements and all these wonderful things to move our project forward, but yet it hasn't been done? That to me is, you know, regardless, project district, workforce ordinance, it's the point that nothing has materialized, and so that is kind of how I'm looking at it and where the numbers are combined and that's why we're sitting here talking about this. We're hoping that addressing this will change that factor but I'm not going to hold my breath. So that's kind of how I, I guess generalize looking at affordable that everybody wants whether it's workforce, whether it's affordable, it's affordable.

MS. RIDAO: And I think we can provide you specifically the Maui Lani requirements and the Kehalani requirements and you can see they've done quite a lot of affordables.

VICE-CHAIR COCHRAN: Yeah.

MS. RIDAO: So we can do that.

CHAIR CRIVELLO: Mr. Victorino.

COUNCILMEMBER VICTORINO: Thank you, Madam Chair, and thank you, Ms. Ridao. You know those numbers would be helpful because Kehalani has done something like 346 affordable units over the last five years so it's not even a hundred something and I know my district better than anybody else in this room. I make it a point to know my district. So thank you. First of all, the point I'm, we're making, Madam Chair is yes, we had consensus but as we had consensus other factors have come up, other things have been brought forward. Working off the Workforce Housing, the Maui Nui plan, I don't think it's a major problem and I think we can do that expediently over the next month, maybe 45 days, whatever it takes. Let's get it done. But more importantly, Madam Chair I want to make sure that first and foremost when we start doing what we need to do and build affordable housing that somehow, somehow it'll stay affordable for a long time to come if not in perpetuity. Because let me tell you, we built Skill Village, we built Waiehu, we built a number of other projects, Kilauea Mauka, we built all of that as affordable housing. This County built most of that. Today, I dare you to find an affordable house in any of the areas I just said. I dare you even to find a house that you could even afford at \$600,000, \$500,000, okay. So this County has, ten years I agree with Mr. Couch, too short, bam, done and they sell them, they just wait to get that ten years, boom. I cannot begrudge somebody, but we spend County effort, County land, County money to get this. We gave them all these exemptions, right, Buddy? We gave them exemptions. He knows it, and they've all been sold as market houses today. So somehow I like this unilateral agreement 30 years, I don't know what we can do, but I'd like to make it so. I don't care 25, 30 percent, that doesn't bother me. But something like Mr. Andersen said, if we got affordable workforce housing that somehow it stays there and doesn't go off somewhere and become market houses in 10 years, 30 years somehow sounds a lot, that's a lifetime. You've raised your family in 30 years. I'd like to see something like that. You know I've heard a lot of suggestions and so maybe we can incorporate. But

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Madam Chair, I'm not ready to say yes to this, not the way that it's being presented. Sorry. I will, you know.

CHAIR CRIVELLO: Okay, well thank you. Thank you. So, Members I will just note the count that the attempt on my part to recommend passage will not happen, so at this time I would recommend deferral if you have no objections which I'm sure you don't. However, before I go any further on that, I will take in to consideration and with my Staff and the Department to see how we can formalize what you'd call a task force. But because we, you know, the intent is for us to provide affordable homes, the longer we wait, the more costly it gets and then it becomes our kuleana as to what are we really doing to, you know, have the different venues available for our local people to be able to have the homes. We know that this particular policy does not happen unless the developer is building, and they're not going to sit around much longer to wait, and you know there's the major questions as to percentage and how long we want to keep the affordability. I think to me is of deep concern because then everybody uses their home for a commodity purpose and then we lose sight of the affordability. So that being said, I will just limit the task force no more than 45 days. I'd like to just kind of limit it to 30 days, one month for us to work on it and get it before us sooner than later. So I want to thank you, Committee, and again I will defer the matter.

COUNCIL MEMBERS VOICED NO OBJECTIONS.

COUNCILMEMBER VICTORINO: Madam Chair, Madam Chair.

CHAIR CRIVELLO: Yes, yes, sir.

COUNCILMEMBER VICTORINO: I want to say I compliment you for what you are attempting to do. Like all of us, we are Chairs, and we sometimes get very frustrated because we think we got it and then woops, the rug is pulled right from under us.

CHAIR CRIVELLO: Yeah. It's woops.

COUNCILMEMBER VICTORINO: Yeah, and it's a woop today, right?

CHAIR CRIVELLO: That's okay.

COUNCILMEMBER VICTORINO: It's a woop day, you know.

CHAIR CRIVELLO: That's okay.

COUNCILMEMBER VICTORINO: But Madam Chair, you've done an excellent job and I think in the next 30 days with your leadership you'll get I think what we can all work with and we going be able to pass something out in the very near future. So developers and others that are out there waiting with breathless abandon, hang on, we are going to get there real soon.

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CHAIR CRIVELLO: Right.


COUNCILMEMBER VICTORINO: Thank you, Madam Chair.

CHAIR CRIVELLO: Thank you. That being said, thank you, people, and the meeting is adjourned.
...*(gavel)*...

ACTION: DEFER PENDING FURTHER DISCUSSION.

ADJOURN: 4:01 p.m.

APPROVED:



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

hht:min:140918

Transcribed by: Marie L. Tesoro

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CERTIFICATE

I, Marie Tesoro, 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 9th of October 2014, in Wailuku, Hawaii

A handwritten signature in cursive script, appearing to read "Marie Tesoro", is written over a horizontal line.

Marie Tesoro