

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

October 30, 2014

Council Chamber

CONVENE: 1:32 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Stacy Crivello, Chair
Councilmember Elle Cochran, Vice-Chair
Councilmember Gladys C. Baisa
Councilmember Robert Carroll
Councilmember Donald G. Couch, Jr.
Councilmember Don S. Guzman
Councilmember Michael P. Victorino (arr. 1:39 p.m.)

NON-VOTING MEMBERS:

Councilmember Mike White

STAFF: Carla Nakata, Legislative Attorney
Mark Pigao, 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 Ridao, Director, Department of Housing and Human Concerns
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

Seated in the gallery:

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

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

OTHERS: Rosemary Robbins
Clayton Nishikawa, Kula Ridge LLC

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

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ITEM NO. 4: KULA RIDGE AFFORDABLE HOUSING AGREEMENT (CC 11-177, CC 11-254, CC 12-237, GC 13-4)

CHAIR CRIVELLO: . . .*(gavel)*. . . Good afternoon. The meeting of the Housing, Human Services, and Transportation Committee will now come to order. It is 1:32 p.m. on Thursday, October 30, 2014. Before we begin, may I please request that we all turn off or silence our cell phones or other noise making devices. Good afternoon, Members. I am Chair of the Committee, Stacy Crivello, and at this time I'd like to introduce our Committee voting members. Vice-Chair, Ms. Elle Cochran.

VICE-CHAIR COCHRAN: Aloha. Thank you, Chair.

CHAIR CRIVELLO: Aloha. Our Council Chair Gladys Baisa.

COUNCILMEMBER BAISA: Good afternoon, Chair.

CHAIR CRIVELLO: Good afternoon. And Member Bob Carroll.

COUNCILMEMBER CARROLL: Good afternoon, Chair.

CHAIR CRIVELLO: Aloha. Member Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR CRIVELLO: Aloha. And Member Don Guzman.

COUNCILMEMBER GUZMAN: Good morning...good afternoon, Chair.

CHAIR CRIVELLO: Good afternoon, Mr. Guzman. With us today is also non-voting Committee Member, Mr. Mike White. Thank you for being here.

COUNCILMEMBER WHITE: Aloha, Chair.

CHAIR CRIVELLO: Mr. Mike Victorino is expected here. He'll be a little late this afternoon. At this time, I'd like to introduce our Administration representatives. Our Director of Housing and Human Concerns, Jo-Ann Ridao.

MS. RIDAO: Good afternoon, Chair.

CHAIR CRIVELLO: Good afternoon. And Deputy Corporation Counsel Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

CHAIR CRIVELLO: And our Committee staff, we have with us today our Committee Secretary, Clarita Balala, and our Legislative Attorney, Carla Nakata. And Members we have one item on

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the agenda today, HHT-4, Kula Ridge Affordable Housing Agreement. If there are no objections, we'll start with public testimony.

VICE-CHAIR COCHRAN: No objections.

CHAIR CRIVELLO: At this time, I'd like to call...just a moment. I need to say hello to our District Offices. Assisting us this afternoon from the Hana District, Dawn Lono.

MS. LONO: This is Dawn Lono at the Hana office.

CHAIR CRIVELLO: Aloha, Dawn. From Lanai District office, Denise Fernandez.

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

CHAIR CRIVELLO: Good afternoon. And for Molokai District office, Ella Alcon.

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

CHAIR CRIVELLO: Aloha, Ella. Mahalo. And for our individuals who will be testifying in the Chamber, please sign up at the desk located in the 8th floor lobby just outside the Chamber door. If you will be testifying from the remote testimony location, please sign up with the Council staff at such location. Testimony will be limited to the items 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, in our gallery we have with us our first testifier, Rosemary Robbins.

...BEGIN PUBLIC TESTIMONY...

MS. ROBBINS: Good afternoon, everybody. Rosemary Robbins, concerned citizen. We're talking about a geography that was within walking distance of where I lived on Maui back in 1982-83 so familiar to me from that area. I also was at the Land Use Commission of the State of Hawaii hearings that went on relative to this back starting in November of 2012. I remember there having been a great many people who testified at that time are no longer living in that neighborhood but are certainly was familiar with it. They were very concerned about some of the identifications, hearing those read, and knowing that turf...hmmm, maybe not so much adding up as we had thought was going to be. So I went over those materials yesterday. I would just recommend that the people who are going to be making decisions on this take a look at that docket, AU-790 [sic], Land Use Commission of the State of Hawaii, particularly pages 35 to 44. Those are the ones that have to do with water. I remember when I was there at that Land Use Commission meeting welcoming the people who had come over from other islands on that day, and I said so everybody knows what Kula means, and the response was "huh?". So I said, you know, Hawaiian word, one of the definitions for this is high desert. Did you notice all the cactus that you passed on the way up? Yeah, we did. Oh, okay, what's that telling us? Just left that as

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a hypothetical question in there. There's a lot of people Statewide think that Hawaii is this just glorious Upcountry area that has everything that it needs and actually that area is a large area and parts of it do have sufficient trees and other natural water sources, but a lot of it does not. And this is in the does not area. It's in the Waiakoa area up in Kula. So...and we know that we've had those Statewide commissions overruled a number of times. So we want to make sure that this is all going to be great for the people going up there if that housing program was allowed to come in under an ecological assessment rather than the more stringent environmental impact statement. And one of the things that got --

MS. NAKATA: Three minutes.

MS. ROBBINS: --said here yesterday by our Water Department person was that we should add the word resource to the word public trust for water. So we got a definition of that and it talks about indeed many aspects --

CHAIR CRIVELLO: Can you wrap it up, Ms. Robbins?

MS. ROBBINS: --surely...many aspects of that so it's not just water, it's also air, and when we take a look at some of what's happening out in our County right now, air is certainly an issue. Uncovered --

CHAIR CRIVELLO: Thank you.

MS. ROBBINS: --geography for ag so we need to be careful about that. So please make sure that we take care of everybody. Thank you.

CHAIR CRIVELLO: Thank you. Members, any clarification or comments for the testifier? If not, thank you, Ms. Robbins.

MS. ROBBINS: You're welcome.

CHAIR CRIVELLO: I'd like to at this time recognize Councilmember Mike Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Madam Chair. Sorry a little bit late.

CHAIR CRIVELLO: Thank you. Thank you for being here. I will now ask, Members, the districts...outlying districts if we have any testifiers. Hana, any testifiers?

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

CHAIR CRIVELLO: Lanai, any testifiers?

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

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CHAIR CRIVELLO: Molokai, any testifiers?

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

CHAIR CRIVELLO: Thank you. Is there any...there doesn't appear to be anyone in the gallery or at the district office who would be testifying. So, Members, if there are no objections, I would like to conclude testimony at this time.

COUNCIL MEMBERS: No objections.

CHAIR CRIVELLO: Thank you. Thank you, Ladies.

...END OF PUBLIC TESTIMONY...

CHAIR CRIVELLO: At this time, we will start with the agenda item, HHT-4, Kula Ridge Affordable Housing Agreement. Today we have with us and we'll have him share in a bit our resource personnel, Clayton Nishikawa. He's a resource person as being the author of the annual status report for the Kula Ridge Project which is posted in today's agenda. So, Members, the Committee is in receipt of the following: County Communication 11-177, from the Director of Housing and Human Concerns, transmitting a proposed resolution to approve the Kula Ridge Affordable Housing Subdivision residential workforce housing agreement; also, County Communication 11-254, from Council Chair Danny A. Mateo, transmitting a copy of correspondence dated September 20, 2011, from Clayton Nishikawa, on behalf of Kula Ridge LLC, providing an annual status update on the Kula Ridge Affordable Housing Subdivision project in accordance with Modification 13 of Resolution 10-57; County Communication 12-237, from Council Chair Danny A. Mateo, transmitting a copy of correspondence dated October 4, 2012, from Clayton Nishikawa, on behalf of Kula Ridge LLC, providing an annual status update on the Kula Ridge Affordable Housing Subdivision project in accordance with Modification 13 of Resolution 10-57; and General Communication 13-4, from Clayton Nishikawa, on behalf of Kula Ridge LLC, providing an annual status update on the Kula Ridge Affordable Housing Subdivision project in accordance with Modification 13 of Resolution 10-57. At this time, I'd like to ask Ms. Ridao to provide a brief background of the project and explain the need for a residential workforce housing agreement for Kula Ridge. Following Ms. Ridao, we'll allow Clayton Nishikawa to provide additional information on the current status of the project and if they intend to move forward, and I guess, when also, and what are the issues facing his project from being built. Ms. Ridao.

MS. RIDAO: Thank you, Chair. This project was presented to the Council as a 201H project back in 2011 and I believe it was approved as a 201H project at 2011. The project will consist of 59 affordable single-family units. Of those 59, 17 will be duplex units for seniors and 25 are single-family units. I will let Clayton kind of bring you up-to-date as far as, you know, where he's gotten so far, what some of his challenges has been and where he thinks the project will be progressing in the near future.

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CHAIR CRIVELLO: Thank you. Mr. Nishikawa.

MR. NISHIKAWA: Good afternoon, Chair, Committee Members. My name is Clayton Nishikawa. I'm the Managing Member for Kula Ridge LLC. We received our State Land Use approvals back in February of 2012 and since then the finance sector, including acquisitions, construction and development financing literally just fell apart and none of the entities regarding those financing companies would not consider any type of real estate development financing at the time. It was very unusual for...to have any type of loan approvals with the amount of foreclosures and short sales on the market. So the real estate financing was nonexistent for a few years. As market recovery started to change in 2014, earlier this year, and things are beginning to happen, and I'm receiving calls from potential lenders that are interested in getting back into real estate and construction and development financing. So while that's encouraging there's a challenge for me because the lenders will not finance exploratory well drilling, which is a condition of approval No. 2 in the project modifications, which is to comply with provisions of Chapter 14.12, Maui County Code, relating to water availability. So in order to comply with that condition I found it necessary to take that part out of the financing equation and start discussions and dialogue with private equity groups that would be...would consider financing a private water company. So we've been having discussions with the Department of Water Supply Director and the Mayor's Administration and occasionally conversations with Members of the Council on how to move forward and I'm trying to put together a solution that will not only address our project, but hopefully help those on the Upcountry Water Meter List applications, as well, in trying to find a win-win situation for Kula Ridge, as well as the Upcountry residents. So...but in order to do that a private water company needs to have a...in our location a half-mile deep well with a backup well in case the primary well goes down or needs maintenance. A million gallon or more water storage tank and transmission lines which our estimation will run approximately about \$10 million. In addition to that in order to make the water system economical and feasible to help with the Upcountry water situation, we're looking at providing a fairly aggressive photovoltaic alternative energy system, which at the sizes that we're looking at would be somewhere in the neighborhood of 25...depending on the size about \$15 to \$25 million. So it's a significant investment and one that we weren't contemplating when we decided that we would try to help Maui County's residents building affordable housing, and therefore, it's been a little bit of a setback. But I continue to have discussions with private equity groups, and one of the prerequisites for a private equity to jump in is to have a letter of intent from the County of Maui in terms of water purchase agreement. And in order to get to that level it's almost a challenge because some of the terms of a water purchase agreement need to be established in phases of time in which the private water well needs to be developed before you can actually get into a water purchase agreement. So those are some of the challenges that I'm dealing with, but once we're successful in entering into a private equity agreement to finance the water well development and the private water system, we'd like to start immediately collaborating with the County of Maui's Department of Water Supply and then complying with the water availability ordinance and then move forward with our subdivision. So that's kind of an update and some of the challenges that I've been dealing with for the past few years.

COUNCILMEMBER VICTORINO: Madam Chair?

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CHAIR CRIVELLO: Thank you, Mr. Nishikawa. Members...Mr. Victorino.

COUNCILMEMBER VICTORINO: Madam Chair, you know, I would ask Corporation Counsel to correct me if I'm wrong because this gentleman is in the Upcountry area, the water meter...and the Water Meter List is the overarching rule in the Upcountry area, that the Show Me the Water does not exist in the Upcountry area. If we remember it correctly, it was made for all areas except Upcountry because of the the fact that the Upcountry area had the Water Meter List and that is the overarching policy for the Upcountry area as far as water meters being given out. Because he just mentioned the Show Me the Water, but it's not part of the Upcountry area, and if I'm wrong, please correct me. But it should not be...even if it is a condition, the ordinance specifically speaks at the Upcountry area is not a part of it. So I would like that to be looked into, Madam Chair.

CHAIR CRIVELLO: Thank you. Mr. Ueoka, is that something you can address now or is that something you would need to do more research on?

MR. UEOKA: I am not an expert on the Show Me the Water bill, but I can say that one of the modifications on this --

COUNCILMEMBER VICTORINO: The conditions.

MR. UEOKA: --yeah, modification...project modification was compliance with all provisions of Chapter 14.12, Maui County Code, relating to water applicability and that was put on it by the Council. Thank you.

COUNCILMEMBER VICTORINO: Thank you, Madam Chair. But I think that's something that needs to be looked into.

CHAIR CRIVELLO: Thank you. So, Mr. Ueoka, can...Staff, can we make a note for that? Thank you. Anymore comments or questions or further discussion? Well, Mr. Nishikawa, you've just given us your status report and everybody is satisfied. Ms. Ridao, anything further to add?

MS. RIDAO: I have nothing further to add, Chair. But I think this is an educational process for all of us. I mean even if a developer receives a 201H, doesn't mean that it's really fast track because we're seeing in this case what this project has to go through, you know. So I thank Mr. Nishikawa for taking the time to come and share with us this afternoon.

VICE-CHAIR COCHRAN: Chair?

CHAIR CRIVELLO: Yes, Ms. Cochran.

VICE-CHAIR COCHRAN: Thank you. So just browsing through the paperwork, the prices that you quoted back then are they still pertain to today's markets?

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MR. NISHIKAWA: The pricing on the affordable housing relates directly to the interest rates and the County median income. So depending on where the interest rates fluctuate on the HUD Guidelines and the County median income, those rates will fluctuate. So I have no control over the prices.

VICE-CHAIR COCHRAN: Okay. So that's kind of why it's stated in the work that at current market prices this is the anticipated price range sort of area at the time back in 2011 and now we're 2014. So that will I guess in the...you're not beholden to the amount you stated back originally then? So it fluctuates as the market fluctuates?

MS. RIDAO: Chair, if I may? The prices of the homes will be determined by the HUD Guidelines that we use and it would be determined at the time of sale. So it would have to be within those income categories that are in the agreement.

VICE-CHAIR COCHRAN: And I'm kind of looking at the market rate prices too, though. So... 'cause in 2011 it stated 350 to 450 for market price homes.

MS. RIDAO: So whatever the...what Clayton is explaining is it will probably be determined at the time of sale whatever the market rate is going for based on the, you know, for us it would be...market rate would be anything over 160 for the County. So market rate would be based on anything over 160 and what is the interest rate at the time. So right now anything over 160 is probably in the 500,000 category based on the interest rates.

VICE-CHAIR COCHRAN: Okay. Thank you. Thank you, Chair.

CHAIR CRIVELLO: Thank you, Ms. Cochran. Members, anyone else? There being no further discussion and we basically concluded, I would like to make my recommendation.

COUNCIL MEMBERS: Recommendation.

CHAIR CRIVELLO: The Chair's recommendation is to file County Communications 11-254 and 12-237 and General Communication 13-4.

VICE-CHAIR COCHRAN: So moved, Chair.

COUNCILMEMBER VICTORINO: Second.

CHAIR CRIVELLO: Thank you. Do I hear a second?

COUNCILMEMBER VICTORINO: Second.

CHAIR CRIVELLO: Thank you. So, Members, if there are no objections, I would like to call for the vote on filing these recommendation...this recommendation.

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COUNCIL MEMBERS: Aye.

CHAIR CRIVELLO: So I have eight in favor. No? Yeah, I have eight in favor --

COUNCILMEMBER VICTORINO: Seven, Madam. . .

CHAIR CRIVELLO: --none opposed.

COUNCILMEMBER VICTORINO: Seven.

COUNCILMEMBER GUZMAN: Correction, seven.

CHAIR CRIVELLO: Seven, I'm sorry.

COUNCILMEMBER GUZMAN: Yeah.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER VICTORINO: Yeah, I just. . .

CHAIR CRIVELLO: I tell you. Hard...I cannot survive without you. Thank you.

COUNCILMEMBER VICTORINO: No, no, stop it now.

CHAIR CRIVELLO: . . .*(laughter)*. . . Thank you. Seven yes and noes.

COUNCILMEMBER BAISA: Eight. Oh, you have an extra. I see.

COUNCILMEMBER VICTORINO: Non-voting.

COUNCILMEMBER BAISA: You have a non-voting Member.

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VOTE: **AYES:** **Chair Crivello, Vice-Chair Cochran, and Councilmembers Baisa, Carroll, Couch, Guzman, and Victorino.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **None.**


MOTION CARRIED.

ACTION: **Recommending FILING of County Communications 11-254 and 12-237 and General Communication 13-4.**

CHAIR CRIVELLO: Okay. Thank you, Members. Members, we have completed today's agenda. I'd like to thank the representatives from the Administration for assisting us today and also Mr. Clayton Nishikawa for being with us today. With that being said, the October 30, 2014 meeting of the Housing, Human Services, and Transportation Committee is now adjourned. . . .(gavel). . .

ADJOURN: 1:56 p.m.

APPROVED:



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

hht:min:141030

Transcribed by: Clarita Balala