

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

December 17, 2015

Council Chamber, 8th Floor

CONVENE: 2:02 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Stacy Crivello, Chair
Councilmember Robert Carroll
Councilmember Don Couch
Councilmember Riki Hokama
Councilmember Michael P. Victorino (out 3:00 p.m.)

NON-VOTING MEMBERS:

Councilmember Mike White

EXCUSED: VOTING MEMBERS:

Councilmember Gladys C. Baisa, Vice-Chair
Councilmember Don S. Guzman

STAFF:

Carla Nakata, Legislative Attorney
Raynette Yap, Substitute 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.:

Mayor Alan Arakawa (Item HHT-1(2))
Carol Reimann, Director, Department of Housing and Human Concerns
Clyde "Buddy" Almeida, Housing Administrator, Department of Housing and
Human Concerns
Keith Regan, Managing Director, Department of Management (Item HHT-1(2))
Jeffrey Ueoka, Deputy Corporation Counsel, Department of the Corporation
Counsel

Seated in the gallery

William Spence, Planning Director, Department of Planning
Michele McLean, Deputy Director, Department of Planning
Sananda Baz, Budget Director, Office of the Mayor

OTHERS:

Craig Hirai, Executive Director, Hawaii Housing Finance and Development
Corporation

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

December 17, 2015

Stan Fujimoto, Project Manager, Hawaii Housing Finance and Development Corporation

Additional attendees (7)

PRESS: *Akaku--Maui County Community Television, Inc.*
Colleen Uechi, The Maui News

CHAIR CRIVELLO: . . .(*gavel*). . . Good afternoon. I would like, at this time, the meeting of the Housing, Human Services, and Transportation will now come to order. It is about 2:01 p.m. on Thursday, December 17, 2015. Before we begin, may I please request that we all turn off or silence our cell phones or other noise-making devices? At this time, I'd like to introduce our Committee Members. I'm your Committee Chair, Stacy Crivello, and excused from today's meeting is Vice-Chair Gladys Baisa. But with us today is Councilmember Bob Carroll.

COUNCILMEMBER CARROLL: Good afternoon, Chair.

CHAIR CRIVELLO: Good afternoon. Councilmember Don Couch.

COUNCILMEMBER COUCH: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you. Excused is Mr. Don Guzman. With us is Mr. Riki Hokama.

COUNCILMEMBER HOKAMA: Madam Chairman.

CHAIR CRIVELLO: Thank you. And Member Mike Victorino.

COUNCILMEMBER VICTORINO: Good afternoon, Madam Chair.

CHAIR CRIVELLO: Good afternoon. And I also would like to introduce non-voting Committee Member, Chair Mike White. Thank you for being here.

COUNCILMEMBER WHITE: Aloha, Chair.

CHAIR CRIVELLO: Also with us today, from the Housing Administration, representatives, Director of Housing and Human Concerns, Carol Reimann, and Buddy Almeida, Department of Housing and Human Concerns. And also with us is mister, from the Department of Management, Keith Regan our deputy...our Director for Department of Management. And probably who will be joining us later will be our Budget Director, as well, possibly, representative from the Department of Planning. Today we are very fortunate to have with us a very important resource person, I'd like to introduce him at this time, Craig Hirai from Hawaii Housing Finance and Development Corporation. Thank you for being here, Mr. Hirai.

MR. HIRAI: Thank you.

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

December 17, 2015

CHAIR CRIVELLO: Also with us from Corporation Counsel, Deputy Jeff Ueoka.

MR. UEOKA: Good afternoon, Chair.

CHAIR CRIVELLO: And from Committee Staff--thank you--Rayna Yap, Committee Secretary, and Legislative Attorney—thank you, Carla—Carla Nakata. Members, we have two items on the agenda today, so we're going to start with public testimony. And I will start with our district offices assisting us this afternoon. From the Hana Office is Dawn Lono.

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

CHAIR CRIVELLO: Thank you. From the Molokai District Office is Ella Alcon.

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

CHAIR CRIVELLO: Thank you. And from the Lanai District Office is Denise Fernandez.

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

CHAIR CRIVELLO: Thank you. For 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 locations specified on the meeting agenda, 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. Do we have any testifiers?

MS. NAKATA: Madam Chair, no one has signed up to testify in the Chamber.

CHAIR CRIVELLO: Thank you. I am going to just close out to see if we have any testifiers in our District Office. Hana District, Ms. Lono, any testifier?

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

CHAIR CRIVELLO: Thank you. From the Molokai District Office, Ms. Alcon, any testifiers?

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

CHAIR CRIVELLO: Thank you. Ms. Fernandez, from the Lanai District Office, any testifiers?

MS. FERNANDEZ: There is no one waiting to testify at the Lanai Office.

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

December 17, 2015

CHAIR CRIVELLO: Thank you. It appears as though we have no testifiers today so it will allow us to just drive right into our agenda. If there is no objections, I'd like to close testimony.

COUNCILMEMBERS: No objections.

CHAIR CRIVELLO: Thank you.

ITEM HHT-26: BUILDING AFFORDABLE HOMES (CC 15-252)

CHAIR CRIVELLO: First on our agenda, Committee Members, is HHT-26, Building Affordable Homes. The Committee is in receipt of County Communication 15-252, from Councilmember myself, relating to the matter of building affordable homes. The Committee may receive a presentation from the Hawaii Housing Finance and Development Corporation and other resource people. The Committee may discuss ways in which the County may facilitate the construction of affordable homes for purpose [sic] or rent, including financing options. The Committee may also consider the filing of County Communication 15-252 and other related action. Today we will receive a presentation from Craig Hirai, Executive Director, Hawaii Housing Finance and Development Corporation. Copies of Mr. Hirai's presentation have been distributed to you, Members. In your binder, under a cover of an e-mail from Kent Miyasaki, Housing Information Officer, HHFDC, dated yesterday. Following the copy of the presentation is also a copy of a handout from Mr. Hirai relating to the Multifamily Tax Subsidy Project and a summary of HHFDC financing programs. Craig Hirai, if I may indulge, has held positions as the Chair of the Affordable Housing Committee of the Government Affairs Committee of the Hawaii Association of Realtors; Chair of the State Rental Housing Trust Fund Commission; ex officio Member of the Board of Directors of the Housing and Community Development Corporation of Hawaii, the predecessor agency of HHFDC; Chair of the State Tax Review Commission; Chair of the Board of Directors of the Tax Foundation of Hawaii; and Chair of the Professional Ethics Committee of the Hawaii Society of Certified Public Accountants; a graduate of Punahou School and the University of Southern California. Mr. Hirai also holds a Master of Science in Accounting and a Master of Business Administration from the Wharton School of the University of Pennsylvania; a Juris Doctor from the University of California Hastings College of the Law; and a Master of Laws in Taxation from New York University. He is a member of the Hawaii State Bar Association and holds licenses as a CPA and real estate broker in the State of Hawaii. At this time, thank you, Mr. Hirai, again for being here.

MR. HIRAI (*PowerPoint presentation*): Thank you, Madam Chair. Good afternoon, Councilmembers. I'm Craig Hirai the Executive Director of the HHFDC. The mission of the HHFDC is to increase and preserve...

COUNCILMEMBER VICTORINO: Madam Chair?

COUNCILMEMBER COUCH: Yeah, can he get a little closer?

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

December 17, 2015

COUNCILMEMBER VICTORINO: I cannot hear. He has to get a little closer to the mic, please.

MR. HIRAI: Okay. Okay, sorry. The mission of the HHFDC is to increase and preserve the supply of workforce and affordable housing Statewide by providing leadership tools and resources to facilitate housing development. In Fiscal Year 2015 the HHFDC added 379 affordable housing units while managing assets in excess of \$1 billion. Since 2006, HHFDC has facilitated the development or preservation of 6,807 housing units, 5,007 [sic] rental units at 60 percent and below of the area median income, 1,300 for-sale units from 80 to 140 percent of the area median income. Statewide projects, projected housing need between 2012 and 2016 for lower income families is approximately 19,000 units. For the same period first-time home buyer needs approximately 4,800 units for moderate income families. To facilitate the development and preservation of affordable and workforce housing, HHFDC has various tools and resources. Our development tools include real property which is owned by the HHFDC and made available to developers through the request for proposals process. Chapter 201H under which HHFDC may develop on behalf of the State or with an eligible developer or may assist under a government assistance program in the development of housing projects which are exempt from statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development, and improvement of land and the construction of units they're on. I don't believe that we've done a 201H project on Maui recently because I believe the County does its own 201H projects. General excise tax exemptions HHFDC may approve and certify for exemption from GET any qualified person or firm involved with a newly constructed or moderately or substantially rehabilitated project meeting specific income limit and eligibility criteria. We also have the Dwelling Unit Revolving Fund which may be used for the acquisition of real property, development, and construction of residential, commercial, and industrial properties and interim loans to developers. Our financing tools include Hula Mae Multi-Family Bonds which typically go with low-income housing tax credits, the, what we call the 4 percent low-income housing tax credits as opposed to the more competitive 9 percent low-income housing tax credits. We have the Rental Housing Revolving Fund which provides equity gap financing by way of low-interest loans to qualified owners and developers for the development, construction, and acquisition or preservation of affordable rental housing. The State...well HHFDC also administers the Federal HOME Program for the counties of Hawaii, Kauai, and Maui. And we administer the Federal Mortgage Credit Certificate Program Statewide for first-time homebuyers. It's a down payment, a form of down payment assistance. Our plans for Fiscal Years 2016 to 2021; from Fiscal Year 2016 through 2017, 1,731 units are scheduled for completion. They include just for reference on Kauai here, the Kolapua and Kaniko`o Senior Housing Project. Kolapua is a 44-unit affordable family rental project in Princeville for families at or below 60 percent of the area median income. And the Kaniko`o or Rice Camp Senior Housing Project is a 60-unit affordable senior rental project in Lihue, again for those at or below 60 percent of the area median income. Our Fiscal Year 2016 to '21 plans include 3,336 units. One of these is the recently started Kapolei Lofts project which in Kapolei which when fully completed will

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

December 17, 2015

provide 499 family rental units. Three hundred seventy five of the units are anticipated to be completed by the end of Fiscal Year 2018. One hundred of these units will be affordable to families at or below 80 percent of the area median income and 200 units will be at or below 140 percent of the area median income. One hundred ninety-nine units will be at market rents. From Fiscal Year 2019 through 2021, 2,694 units are projected to be developed given our current resource levels and production history. In addition, HHFDC intends to seek out development partners to add housing production to this projection through mixed-use developments on State land and housing that is affordable and within walking distance of planned rail transit stations. The next, the rest of the slides talk about one of our principal programs which is the Low-Income Housing Tax Credit. How does the Low-Income Housing Tax Credit work? Project owner proposes the project to the state housing agency, applies for and is awarded an allocation of tax credits, completes the project, certifies the development costs, and rents the project to low-income tenants. The Low-Income Housing Tax Credit provides equity funding for the development cost of low-income housing by allowing an investor, typically a partner or partnership, or member of a manager-based LLC that owns the project, to take a Federal tax credit. The project owner raises equity capital by syndicating the credit to an investor or group of investors. The amount of credit is based upon the amount awarded to the project, the actual cost of the project, tax credit rate announced by the IRS, percentage of the project units rented to low-income tenants. The Federal law, this is part of the Internal Revenue Code, Code Section 42, it's for qualified low-income buildings which are residential rental real property which meets a rent-restricted test and minimum set-asides for a low-income occupancy. Compliance period, the initial compliance period is 15 years after the project is placed in service. Typically, it has an extended compliance period of 15 years for a total of 30 years. There is compliance monitoring by way of annual certifications. Sometimes or typically a land-use restrictive agreement or regulatory agreement and a tax recapture for all past and future Low-Income Housing Tax Credits if the project fails to comply with the requirements of Internal Revenue Code Section 42, including the set-asides and rent restrictions any time during the initial 15-year compliance period. Under HR, under State law the HHFDC is designated as the State housing agency for Low-Income Housing Tax Credits. How much does in Low-Income Housing Tax Credits does Hawaii receive? For the 9 percent Low-Income Housing Tax Credits which is competitive they are allocated to each state based on population. In 2015 Hawaii received 3,264,990 of these 9 percent credits. Because the credits are taken over a 10-year period this equates to something around 25-30 million of equity for these projects that it's invested in, that investors invest in, excuse me, for the credits. The 4 percent Low-Income Housing Tax Credits are allocated based on the use of private activity tax exempt bonds. The State has an overall bond cap of approximately 296 million. Hawaii also has the State Low-Income Housing Tax Credit which is 50 percent of the Federal Low-Income Housing Tax Credit. How are Low-Income Housing Tax Credits awarded? They are awarded through what is called a Qualified Allocation Plan or QAP. The QAP is a point-based scoring system which takes into account mandated requirements of the IRS and priorities of the State. It also conveys to applicants other program requirements. Developers apply for Low-Income Housing Tax Credits through HHFDC's Consolidated Application. The Consolidated Application allows

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

December 17, 2015

applicants to apply for various other financing programs with one application. This would include things like Dwelling Unit Revolving Fund, Rental Housing Revolving Fund, and General Excise Tax exemptions. HHFDC has two Consolidated Application funding rounds per year. One round typically in the first half of the year offers 9 percent and 4 percent Low-Income Housing Tax Credits along with other financing programs. Round two, typically in the latter half of the year, offers 4 percent Low-Income Housing Tax credits along with other financing programs. That's because the 9 percent credits are typically all awarded during the first round. Applications are reviewed and scored by HHFDC's Finance and Development staff utilizing the QAP. Recommendations for awarding Low-Income Housing Tax Credits and other financing resources are presented to the HHFDC Board for approval. And that's the conclusion of our PowerPoint. I think, do you all have the handouts in front of you?

CHAIR CRIVELLO: In regards to the Multifamily Tax Subsidy Project?

MR. HIRAI: Yes, with the 20...

CHAIR CRIVELLO: Okay. And the Summary of the Financing Programs? Members, you should have that in your binder. Yes.

MR. HIRAI: If you go down to the bottom of the first page it talks about maximum incomes by household for the County of Maui. To give you some idea what the AMIs for Maui at different levels are, typically we'll use a family of four which is four persons. Thirty percent of median income is \$23,010 for a family of 4 in the County of Maui. Sixty percent of median is 46,020. That's the typical AMI used for Low-Income Housing Tax Credit projects. Then 100 percent of area median income for a family of 4 is \$76,700 and for a family of 4 at 140 percent of the median income it's \$107,380. On the next page the maximum tenant contribution for rents in the County of Maui at 30 percent of area median income for a studio is \$402, for a 1-bedroom apartment is \$431, for a 2-bedroom apartment \$518, for a 3-bedroom apartment it's \$598, and for a 4-bedroom apartment is \$667. This is for people at, or families at 30 percent of the area median income. The 60 percent of the area median income, the Low-Income Housing Tax Credit target rents are \$805 for a studio, \$863 for a 1-bedroom, \$1,036 for a 2-bedroom, \$997 [sic] for a 3-bedroom, and \$1,112 for a 4-bedroom apartment. Those numbers at 100 percent of area median income, the tenant contribution for a studio would be \$1,342, for a 1-bedroom \$1,438, for a 2-bedroom \$1,727, for a 3-bedroom \$1,995, for a 4-bedroom \$2,225. At 140 percent of area median income the studio rent, maximum tenant contribution would be \$1,879, a 1-bedroom \$2,014, 2-bedroom \$2,418, 3-bedroom \$2,793, and for a 4-bedroom \$3,115. Where we're headed to is to show you where, how these subsidies stack up because obviously at 30 percent of AMI, that will not cover the cost, that will barely, that may not even cover the cost of operating the apartment complex. The housing need on the next page for the County of Maui at 30 percent of AMI is 1,377 units. And 30 to 50 percent it's 1,402 units, 60 percent 748 units, 80 percent of AMI 1,330 units, 100 percent of AMI 1,087 units, 120 percent of AMI 956 units, at 140 percent of AMI 890 units, and then at market rates above 140 percent 6,204 units or an estimate of 13,994 units, the estimated need. Our production through 2020 at this point is targeted at 300, our

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

December 17, 2015

known, or estimated units are that we're working on right now as we speak is 350 units. This is in, I'm told this is in Puukoolii in West Maui and it's hopefully on track. So you can see there's a fairly substantial need. On the next page when we talk about the continuum of housing, homelessness services, our outreach services, shelter, permanent rentals; this is typically handled by the Department of Human Services, the State Homeless Stipend Program, Federal Emergency Solutions, Federal Supportive Housing, and Housing First. Zero to 50 percent of area median income is typically public housing, deep rent subsidies, shallow rent subsidies, and is typically handled by the Hawaii Public Housing Authority. This includes Federal HUD Public Housing, State Public Housing, the HUD Section 8 Program, and State Rent Supplement Program. At 60 to 80 percent of the area median income that's typically, that includes the Hawaii Rental Housing System rental housing, County rental housing, private-rental housing, self-help housing. That's typically done by the HHFDC. We handle Low-Income Housing Tax Credit. As we stated earlier the Hula Mae Multi-Family Revenue Bond Program, the Rental Assistance Revolving Fund, Rental Assistance Program, Rental Housing Revolving Fund gap financing, GET exemptions, DURF bridge loans, DURF is Dwelling Unit Revolving Fund, 201H exemptions, and land for affordable housing. With respect to 80 to 140 percent of area median income that includes for-sale housing, mortgage assistance, private-rental housing, and that's handled by HHFDC and the Hawaii Community Development Authority on Oahu. HHFDC is statewide. That will also include 201H exemptions typically for for-sale housing, DURF interim loans for for-sale housing, GET exemptions for for-sale housing and rental housing, land, Mortgage Credit Certificates, the Hula Mae Single Family Mortgage Program, and the HCDA Reserved Housing Program. At above 140 percent of AMI is basically private-rental housing and market for-sale homes. I think we've, well next is a summary of HHFDC Financing Programs. We've just gone over the Low-Income Housing Tax Credit Program. There is also a Low-Income Housing Tax Credit Loan Program that backstops the State Low-Income Housing Tax Credit Program. That offers, the issue there was that we wanted to make sure that for each dollar of credit against State income tax that was given up at least 50 cents went to the project. Part of the problem in, back in the 2008 Great Recession was that people were not buying the State Low-Income Housing Tax Credits or they were buying them at say 20 cents on the dollar and so and it was still costing the State a dollar and we wanted to make sure that at least 50 cents of that was going to the project. So basically it was sort of a you can exchange your State credits for a loan based on 50 percent on the dollar. The good news is I suppose is that program's not being highly used now. There is again a market for State Low-Income Housing Tax Credits. But it is a backstop to the State Low-Income Housing Tax Credit Program. The Rental Housing Revolving Fund is basically our primary equity gap financing tool. This, the past session the Legislature appropriated \$40 million for the Rental Housing Revolving Fund and in fiscal year ended June 30 of this year half of the Conveyance Tax was 39.5 million. So during that, during the last 12 months the Rental Housing Revolving Fund has been funded with approximately \$80 million. The Governor in his budget request is asking for \$75 million for the Rental Housing Revolving Fund and we estimate that the Rental Housing Revolving Fund's half of the Conveyance Tax for the current fiscal year will be we believe around \$30 million. The Rental Assistance Revolving Fund is a fund that

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

December 17, 2015

provides below-market interest rate interim construction loans for affordable rental housing projects and as of September 30, 2015, 9.25 million was set aside for interim construction loans. The Hula Mae Multi-Family Revenue Bond Program I think we just discussed it's, it goes hand in hand with the 4 percent non-competitive Low-Income Housing Tax Credits and is only limited by the State bond cap. The Dwelling Unit Revolving Fund is used for interim financing typically for rental and for-sale affordable housing. And then General Excise Tax exemptions are available for the construction cost and rents of affordable rental and for-sale housing that meets certain income requirements. The last sheet is probably actually the most important one. It'll show you that the, the red, starting in the left-hand corner for let's say a, say a family apartment unit costs 400,000, a rental unit costs \$400,000 to construct. It can be financed, at 60 percent of AMI with the 9 percent Low-Income Housing Tax Credit it can be almost, well it can be totally financed with a conventional mortgage and a 9 percent Low-Income Housing Tax Credit. If you go to a 4 percent Low-Incoming Housing Tax Credit you will need a conventional mortgage, 4 percent Low-Incoming Housing Tax Credit, plus equity gap, an equity gap subsidy, typically the Rental Housing Revolving Fund at least from the State. Also in lots of cases like Maui the County Affordable Housing Fund. At 30 percent of AMI with the 4 percent Low-Incoming Housing Tax Credit what you'll see there is that it can carry very little mortgage, there is the same amount of Low-Incoming Housing Tax Credit, the 4 percent credit, but the amount of equity gap financing increases significantly. And if you go to over 60 percent of the area median income on the next example, even though the mortgage amount may go up, the equity gap financing increases to the largest amount on the chart because the Low-Incoming Housing Tax Credit equity goes away. The higher you go in income like 100 percent of AMI, the larger the mortgage the project can carry and therefore the equity gap financing reduces. And at 140 percent of AMI only a small amount of equity gap financing may be necessary or assistance such as the General Excise Tax exemption. And I guess that concludes my presentation and I'm available for questions.

CHAIR CRIVELLO: Thank you, Mr. Hirai. Members, before I open up discussion, I'd like to ask if the Department of Housing and Human Concerns have any comments or questions. None? Okay. We also have members...or other representatives from our Planning, our Budget Director, Department of Management, and if...and our Mayor. Thank you for being here. And if we have any questions for any of the department representatives, we can ask them to come down. So, Members...thank you, Mr. Hirai. We've absorbed quite a bit and if we can open up for discussion, and...

COUNCILMEMBER HOKAMA: Which way you want to start, Chair?

CHAIR CRIVELLO: I'll start with Mr. Carroll.

COUNCILMEMBER CARROLL: Thank you, Chair. How many project owners have applied in Maui County for a project in Maui County with you?

MR. HIRAI: Within what...you mean, now, currently?

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

December 17, 2015

COUNCILMEMBER CARROLL: Currently. If any.

MR. HIRAI: Excuse me?

COUNCILMEMBER CARROLL: If any.

MR. HIRAI: There's a, I'm trying to remember the name of the project. There's one project in Kihei that has an application in with us currently.

COUNCILMEMBER CARROLL: Yeah, I'm aware of that one.

MR. HIRAI: That's the only project I think that's currently active. The Hale Mahaolu Project I think was, that application had been submitted earlier this year.

COUNCILMEMBER CARROLL: It seems one of the problems we have is getting enough people applying to actually build this housing through you and I was wondering how many applications, if you do have a lot of applications, and if they are being...are you having problems qualifying the applicants?

MR. HIRAI: At times, yes. But we're trying to, we are trying to focus on increasing production here on Maui. I mean it is one of our concerns and we are trying to focus on it.

COUNCILMEMBER CARROLL: Working with developers and, do you, how well, how knowledgeable are developers that they have these options with you?

MR. HIRAI: There is a group of developers that is quite knowledgeable. You know the Imi Ikena Project, I've been on the job for two years and the Imi Ikena Project in Wailuku was completed during the last two years. So there are people who do it and the Hale Mahaolu people have done quite a few of them in the past. So it, you know there are people here historically who do them.

COUNCILMEMBER CARROLL: Thank you. That's all for right now.

CHAIR CRIVELLO: Thank you, Mr. Carroll. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. Thank you, Mr. Hirai, for being here. You know on your graph here about HHFDC housing production or housing need 2014 to 2020, how do you project those needs?

MR. HIRAI: I believe it was from a housing study. We do these housing studies I want to say, I'm sure it's annually or biannually.

COUNCILMEMBER COUCH: Okay. So you're saying Maui needs approximately 14,000 homes of all different ranges between now and 2020.

MR. HIRAI: Well that's what, yeah that's what the study indicates.

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

December 17, 2015

COUNCILMEMBER COUCH: Okay. And you talked about in some of this on your Low-Incoming Housing Tax Credits, you talked about rent restriction tests. What do you mean by those?

MR. HIRAI: We're building...well we're subsidizing, it's I like to call it a form of rent control but it's being subsidized by us. If we're putting equity in, or, you know, these equity to equity at financing and tax credit equity in to the project we expect them to be affordable at those income levels hopefully for the life of the project. And then so and therefore we have to monitor them to make sure that they're in compliance.

COUNCILMEMBER COUCH: But is it just the income or is it residential, I mean some of our issue...you mentioned Hale Mahaolu especially, some of our issues with these rental, affordable rentals is that a lot of times, especially in Hale Mahaolu, people from the mainland come here to retire to Hale Mahaolu kind of thing whereas we have a bunch of people here that kind of get bumped out that have been here for a while or born and raised here that can't take these places because people come over and rent that. Is there any way to restrict things like that? Or I mean we've had that issue all the way through.

MR. HIRAI: I think to the extent that we're using Federal money, you know, it's a constitutional commerce clause kind of issue. I don't think we can discriminate.

COUNCILMEMBER COUCH: So you can't have, you've been a resident here for five years or something or a residency requirement?

MR. HIRAI: No. My understanding is that, you know, we've got to accept people with Section 8 vouchers from other states. I mean it's a Federal program.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR CRIVELLO: Thank you. Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. But I'll let the voting Members --

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER WHITE: --ask their questions first.

CHAIR CRIVELLO: Mr. Hokama?

COUNCILMEMBER HOKAMA: I wanted to hear your question, Michael. Thank you, Mr. Hirai. So get me right, if Hawaii or this County has Section 8 vouchers, those Maui Section 8 people may not get the housing before an out-of-state Section 8 voucher recipient?

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

December 17, 2015

MR. HIRAI: That's, I would say that's my understanding. I'm pretty sure that's the case. I don't know if your Housing Department has...is that correct? I believe that's correct. I don't know if you folks...

CHAIR CRIVELLO: Mr. Hokama, do you want me to bring the Housing Department down and respond to your question at this time?

COUNCILMEMBER HOKAMA: I would, I think the community needs to know that if there's a Maui resident with a Section 8 voucher and there's a housing unit available, I want them to know just like I want to know why they wouldn't get that housing first before a mainland Section 8 recipient.

MR. HIRAI: If they have a housing choice voucher, Section 8 voucher, an individual voucher, I'm not sure how they, I'm don't know whether, I'm not sure whether they have to register here or they get paid from their other state.

CHAIR CRIVELLO: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. Good afternoon, Committee Members. Mr. Hirai is correct. For Hale Mahaolu and other agencies it's just a matter of priority based on your, where you are on the waitlist. So it depends, they would just work their way down on the waitlist and, you know, people who are on the mainland are very aware with regards to which projects have Section 8 vouchers or the possibility of transferring or porting their voucher. So they get on the list early and oftentimes they get priority over the local residents. And that's basically how it happens.

COUNCILMEMBER HOKAMA: I can see that if the Feds was paying 100 percent of the bill. They're not, especially when they always ask us for a local match. So for me if I'm anteing up money I expect our people to get the benefit. Because it's their money we're anteing up.

CHAIR CRIVELLO: Mr. Almeida?

MR. ALMEIDA: Yes, Member Hokama, we completely agree and we've had the same concerns that were addressed by Mr. Couch. It's just a matter of the order on the wait list. I think they simply just work down the list.

COUNCILMEMBER HOKAMA: I understand the bureaucracy that is required at times. It's just frustrating especially when we get the reports more than half of the units built in this County is not for local people. It's irritating and disturbing, okay. And I would say the projections of the units that are proposed, Mr. Hirai, I don't agree with that because that's not the type of growth I want where our local guys do the most suffering. And the housing is for others, not our own. So I get issues with the projections. You mentioned the study. This Department came before my Committee asking for 120,000 for an update of a housing study. Is that the same study that you utilized, Mr. Hirai, for your projects and your calculations --

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

December 17, 2015

MR. HIRAI: I believe so.

COUNCILMEMBER HOKAMA: --regarding the funding and the credits?

MR. HIRAI: I believe so. On, you know, well we have responsibility Statewide so, you know, we're going to have to do it regardless.

COUNCILMEMBER HOKAMA: Okay. In your presentation to us in one of your graphs under Maui you show 350 units.

MR. HIRAI: Yes.

COUNCILMEMBER HOKAMA: May I ask you where are your intention is for this project please?

MR. HIRAI: It's, excuse me, it's Puukolii Mauka, West Maui.

COUNCILMEMBER HOKAMA: Okay. And that you already have an application, Mr. Hirai, for that proposal?

MR. HIRAI: I think, I think we gave them a 201H back when.

MR. FUJIMOTO *(from the gallery)*: . . .*(Inaudible)*. . .

CHAIR CRIVELLO: Excuse me, you want to come down and...

COUNCILMEMBER HOKAMA: Mr. Hirai, if you need your resource, we're happy to --

CHAIR CRIVELLO: Yeah.

COUNCILMEMBER HOKAMA: --have him --

MR. HIRAI: Yeah.

COUNCILMEMBER HOKAMA: --join you so he can be on the record.

MR. HIRAI: Excuse me, this is, yeah, my...Stan Fujimoto, my Development Section Chief.

COUNCILMEMBER HOKAMA: Okay. Chairman, if you would consider allowing him as a reference?

CHAIR CRIVELLO: Thank you. If there's no objections, I would like to have you step forward.

COUNCILMEMBERS VOICED NO OBJECTIONS

CHAIR CRIVELLO: Thank you. Please introduce yourself and your position, sir. Thank you.

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

December 17, 2015

MR. FUJIMOTO: Stan Fujimoto, I'm Project Manager with Craig Hirai, Hawaii Housing Finance and Development Corporation. Puukolii Mauka, HHFDC approved Act 15 zoning exemptions back in 19...late '90s I guess when Act 15 was active and they recently came in and asked for an amendment because the project was not feasible. And under Act 198's Session Laws of Hawaii 2005 we were able to approve an amendment of their project, and the 350 units Craig mentioned is our estimate of their timetable for development of that project.

COUNCILMEMBER HOKAMA: Okay. And so we understand correctly, Mr. Hirai, or if you need, Mr. Fujimoto, HHFDC is an advocate, the agency itself does not develop housing projects, is that a good understanding? You go and seek developers and business that will do the project, but HHFDC is only an advocate and...

MR. HIRAI: Well, and also we're, we help finance the projects.

COUNCILMEMBER HOKAMA: Okay.

MR. HIRAI: I mean we, our, one of our, well we are advocates but we, our principal role is to finance the projects.

COUNCILMEMBER HOKAMA: Can you do the project yourselves, your agency, can your agency do a project itself, Mr. Hirai?

MR. HIRAI: The short answer is yes. But we're trying to phase out of that business because it's probably more efficient to do it through the RFP process with public-private partnership. Mr. Fujimoto's here actually because one of his projects is the Leialii Project that we're kind of dead in the water on.

COUNCILMEMBER HOKAMA: So thanks for bringing that up. So what is the status and I notice I don't see numbers that would include that project in your build out on your development schedule. So can you tell us is Leialii still part of, for construction or that number of units is totally going to be wiped off the books and we're going to need to find others to replace those proposed units?

MR. HIRAI: Well parts of it are being developed by, in an overall sense are being developed by Department of Hawaiian Home Lands. So we're trying to figure out where to go with that project with DHHL and to a certain extent with the County.

COUNCILMEMBER HOKAMA: Okay. And most of my questions is again, Mr. Hirai, you have to understand I have a specific interest on Lanai.

MR. HIRAI: Okay.

COUNCILMEMBER HOKAMA: Okay. That's where I grew up. That's where my heart is. So, we have land. We have entitlement. Depending who you talk to I believe there's a need on the island. And so we are looking at finding ways of, you know, we all

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

December 17, 2015

understand the financial issue. And, you know, there's a breaking point for most things in business and in financing. So we're looking at ways of possibly doing a Lanai project that makes not only good sense for economic development of the island, but good financial sense as far as what it'll eventually cost the resident to purchase or rent. And so I ask you that because for me one of the options would be if you said you do, to have our Council consider having your agency do the project for us on Lanai.

MR. HIRAI: I guess we'd be more than happy to assist the County on it. I think based on our, we would prefer to work with the County on that if, you know, we'd like, we tend to see our role more as helping the County finance it. But, you know...

COUNCILMEMBER HOKAMA: Well it's our project so we're going to have to participate in financing it, Mr. Hirai. It's our project.

MR. HIRAI: Right. You know, I mean, you know, so I think, you know, I'm not sure exactly what the status of the project is on Lanai.

CHAIR CRIVELLO: Mr. Hokama, can we hold that...

COUNCILMEMBER HOKAMA: Well, we'll bring that, you know, it's not part of this, I mean this is a broad subject but the Chair has a posted a specific item next on the agenda. So, if you're available, Mr. Hirai, I would ask if maybe we could continue this discussion on the next item so the Chair can go on the more broader. But I just wanted to throw it, because I was curious whether your agency could do projects. So thank you so much.

CHAIR CRIVELLO: Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. I think my colleagues have covered most of the areas that I have concerns in, and housing is critical here in Maui County like throughout the State and I thank you for what you've brought forward. You've made it even more eye opening for the rest of us to have a better understanding. And I know we need to partner up and do what we can to get housing built and in all segments of our community; affordable is just one area. There is much more need in others also. And until we get the surplus larger than the demand we're in a vicious cycle. Oahu, Maui, it doesn't make a difference which county. And the project in Wailuku that we were completed two years ago it took a lot of effort to get it done and that was one of the drawbacks about doing more of them. Some of the people that were involved may not want to come back because it took such a long time, it was so arduous. And part of it is the permitting process in County, our County. So we need to share some of the blame for some of the problems too. But with that being said, Madam Chair, I'll let Mr. White, because he always has very analytical questions that I'm more in tune to share what I feel and that's not what I want to feel right now. Thank you, Madam Chair.

CHAIR CRIVELLO: Thank you, Mr. Victorino. Mr. White? Thank you.

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

December 17, 2015

COUNCILMEMBER WHITE: Well Mr. Victorino has raised the expectations way high, way too high. But thank you, Madam Chair. The question I had was we've got a wide variety of development tools and financing tools. And I'm wondering if, to what degree there are limitations on combining development tools and financing tools. Are there program realities with the Low-Incoming Housing Tax Credit or the 9 percent program that don't allow more than a certain number of combinations of tools that can be used on any particular project?

MR. HIRAI: No, I think we have, I mean we have a pretty good tool box. With all due respect though I mean, you know, we try not to overstep our bounds and work with the counties in terms of land use and zoning and things like that. You know I don't, like I say I don't, it has not, it's been our experience that it doesn't work well if we, you know, just try to circumvent the counties and zoning things and things like that without their permission or at least their tacit consent. You know it doesn't make sense to act at, you know, act at loggerheads. It makes more sense to act in cooperation. And so that's why we're trying maybe to let the County sort of take the lead in terms of zoning and infrastructure and things like that. And then, you know, we can just come in and finance the final vertical construction as it were. You know if we have a piece of property that's zoned for apartments and it's got water and sewer, you know, if we owned it or if the County owned it, it could be put out for RFP and some, I think there are enough nonprofit, or, you know, Low Income Housing Tax Credit developers around who will come around and, you know, propose on the project in this day and age, even on Maui if all of those conditions are met, if the lot's ready to go.

COUNCILMEMBER WHITE: Yeah, no my question wasn't really pertaining to how you work around the County because I think as Mr. Hokama said and others have inferred, developing rental housing in particular requires everybody working on it just to make it affordable and pull the numbers together. My question really was, with respect to the financing tools whether there are any limitations on what can be brought to bear on any particular project.

MR. HIRAI: Typically...

COUNCILMEMBER WHITE: And if so what kind of, which combinations of those tools has been the most effective?

MR. HIRAI: Well that's why I think that last chart, you know, the, I'm trying to remember what Imi Ikena was but, the 9 percent project on the left is a typical project. It tends to be relatively small, about a 50-unit project. That'll come with 9 percent Low-Income Housing Tax Credit State and Federal, General Excise Tax exemptions. I mean that's sort of that package. It's not going to, it's not very useful for creating a 200-unit project because that would take up probably...all of the 9 percent credit in the State for any given year will only produce 150 to 200 units. So if you're doing a 200-unit project you can't do it with a 9 percent credit or you use up all the 9 percent credit for the whole State.

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

December 17, 2015

COUNCILMEMBER WHITE: Right. That puts it into perspective. And you've mentioned that, you may have mentioned the reasons why you don't, there's not much happening on Maui. Is that because the County, because of the County's funding availability through our Affordable Housing Fund or there are other reasons that you think?

MR. HIRAI: Well I think in our case we had unexpected issues with, well we had unfortunate, well I know it's unfortunate but we had issues with Leialii. I mean that was supposed to do something and it didn't because of various lawsuits and things. So we're trying to make the best of what we have there at this time. That being said, nothing much else has been moving either.

COUNCILMEMBER WHITE: What's the timeframe on Puukolii?

MR. HIRAI: Like I said we're working with the DHHL and working with the counties to see what we can, the County to see what we can do there.

COUNCILMEMBER WHITE: Okay. So that's a DHHL project, not...

MR. HIRAI: Well and maybe you know we can do something with the County there.

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

CHAIR CRIVELLO: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. You know those 350 units at Puukolii, you know, they've been there for 20-some odd years. Is there...and holding up, I'm assuming it's a placeholder for 350 units that potentially somewhere else could be built and the credits could be used somewhere else or, you know, I'm...well in reading your table here where it sort of shows nothing but 350 units at 140 percent it kind of looks like that's all that's available for Maui and because you said it was done by...

MR. HIRAI: That's all we have on the books right now that we're actively talking to, you know, the Administration and various people to try...

COUNCILMEMBER COUCH: To find other projects to...

MR. HIRAI: ...to find other projects to put on the books, yes.

COUNCILMEMBER COUCH: Oh, okay. So that 350 isn't holding up --

MR. HIRAI: No.

COUNCILMEMBER COUCH: --funding or anything --

MR. HIRAI: No, no. No, no.

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

December 17, 2015

COUNCILMEMBER COUCH: --for somebody else that may want it?

MR. HIRAI: No. Not at all.

COUNCILMEMBER COUCH: Oh, okay, okay. That's kind of what it --

MR. HIRAI: Yeah.

COUNCILMEMBER COUCH: --looked like. But okay, thank you.

MR. HIRAI: No, not at all.

CHAIR CRIVELLO: Members, any further questions or further discussion on the agenda item for Mr. Hirai? Mr. Hokama?

COUNCILMEMBER HOKAMA: Mr. Hirai, when you bring up the three point something million a year that Hawaii receives for the credit.

MR. HIRAI: The credit or the bond cap?

COUNCILMEMBER HOKAMA: The cap, I guess the 3.2 million that you talked about?

MR. HIRAI: No that's 3.2 million a year is the credit, the 9 percent credit.

COUNCILMEMBER HOKAMA: The 9 percent credit.

MR. HIRAI: That's why we're saying we can probably do 150 to 200 units a year with the 9 percent credit.

COUNCILMEMBER HOKAMA: With the 3.2?

MR. HIRAI: Yeah. The bond cap, the 300 million bond cap, that gets spread out over a bunch of things but we've never really run into a problem yet in terms of not having enough bond cap for our 4 percent projects.

COUNCILMEMBER HOKAMA: Okay. Is that allocated, is there an allocation table between the counties or is, it just depends on where the project is and what the board decides?

MR. HIRAI: The 9 percent credit?

COUNCILMEMBER HOKAMA: Yes.

MR. HIRAI: No that's just Statewide.

COUNCILMEMBER HOKAMA: That's Statewide?

MR. HIRAI: Yeah, whoever, you know, whoever scores well.

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

December 17, 2015

COUNCILMEMBER HOKAMA: Right. So actually one project can take the whole amount if it scores well?

MR. HIRAI: It's not, yeah but it's not likely to happen. I mean we kind of like to spread it around if we can. And that's why we're saying the 4 percent, the 4 percent credits are probably going to have to be used for larger projects.

COUNCILMEMBER HOKAMA: Okay. Okay, thank you.

CHAIR CRIVELLO: Thank you. Members, any further questions? Mr. White, any further questions or comments?

COUNCILMEMBER WHITE: No.

COUNCILMEMBER HOKAMA: I have one quick question.

CHAIR CRIVELLO: Yes, of course.

COUNCILMEMBER HOKAMA: Mr. Hirai, one of the things that you have access to and I guess is part of the assets is State property.

MR. HIRAI: Yeah, well our property, yeah.

COUNCILMEMBER HOKAMA: Right, State of Hawaii ownership.

MR. HIRAI: Right.

COUNCILMEMBER HOKAMA: Are you folks currently looking at either State lands or considering to swap State lands for a more appropriate private land to do housing in this County?

MR. HIRAI: We're trying to, well as we speak the first thing as I stated earlier is we're trying to get as much as we can out of Leialii first. I mean that –

COUNCILMEMBER HOKAMA: That's your priority.

MR. HIRAI: --that's ceded land and that's –

COUNCILMEMBER HOKAMA: Right.

MR. HIRAI: --our land, HHFDC's land. So, you know, and our mission is housing so we're trying to see yeah, you know, how much housing we can reasonably get out of that in the short run certainly. But yeah, as you know it is ceded land.

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

December 17, 2015

COUNCILMEMBER HOKAMA: Okay. Well I mean if it makes sense we have some land also and I would be open to seeing if it makes sense to us to work together on land swaps or potential government land projects.

MR. HIRAI: Sure.

COUNCILMEMBER HOKAMA: Thank you.

CHAIR CRIVELLO: Mr. White?

COUNCILMEMBER WHITE: Thank you. With respect to Leialii, is there adequate infrastructure to the site at this point?

MR. HIRAI: That's a long story.

COUNCILMEMBER WHITE: You know, I think some of us are familiar with parts of the story.

MR. HIRAI: Yeah I mean, my understanding is I think our sewer commitment expired and it's questionable whether we can recover any additional infrastructure costs if we can't sell home sites in fee-simple which is another problem because it's ceded land. So we are looking, seriously exploring other alternatives with DHHL and with the County for possible rentals.

COUNCILMEMBER WHITE: And are there any other State properties that you feel would be suitable?

MR. HIRAI: You know I think that could be a discussion that could be, it's an interstate, intrastate thing so, you know, we'd have to negotiate that with some of the other agencies. But, you know, I think it could be, it's a possibility, you know -

COUNCILMEMBER WHITE: Okay, thank you.

MR. HIRAI: --in the State, Councilmember Hokama said in the State-County mix or whatever. But in general, you know, we're happy to finance projects on County land.

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

CHAIR CRIVELLO: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. You know have you, I know you talked a little bit about it, what is your philosophy, if you will, these days on building affordable homes that people can buy versus rent? Because right now we're pretty sure, I mean this group at least from all the comments that have been made throughout this term, we're looking for more affordable rentals versus single-family homes at this point so people can at least get in because you get more bang for your buck on there. What is your philosophy on that?

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

December 17, 2015

MR. HIRAI: I would say in the short run we would be focusing more on rentals and lower-income rentals. In the long run it's our agency's mission to kind of touch on each –

COUNCILMEMBER COUCH: Sure. Right

MR. HIRAI: --income level and from low-income rentals to home ownership.

COUNCILMEMBER COUCH: Okay. And along all the lines, I mean the whole reason for this, for you being here in this item, what can the County do to help out with you guys? I mean, you know, it's sounding like that there may be some pushback from the County or maybe you do need some help from the, I don't know, is there anything that at least this Council can do?

MR. HIRAI: I think in the short run, and maybe like I just said, we'd like to work with the County on increasing the production of affordable rentals or low-income rentals on, you know, State through County land, whatever's available.

COUNCILMEMBER COUCH: And you're working with the Department to come up with some –

MR. HIRAI: We're looking at different –

COUNCILMEMBER COUCH: --suggestions?

MR. HIRAI: --possibilities, yes.

COUNCILMEMBER COUCH: Okay. Thank you.

CHAIR CRIVELLO: Mr. Hokama?

COUNCILMEMBER HOKAMA: I'm happy to hear you share that, Mr. Hirai, because one of the things that our Department of Finance, Real Property Tax Division, is going to need is, we're going to need the assistance you and your sister State agencies to help us have accurate records regarding leases and other rental agreements on State lands, especially if they have a component of real property. That we can have better records to ensure and just like with Hawaiian Homes, you know, they're on our TMKs, they're part of the real property tax system, and conservation lands, you know, DLNR gives out big leases and things like that. It would help our Department, our Division if there's a way that we can get information on a timely and accurate basis that we can share both ways. And especially now with the e-records system that the State and this County is utilizing you know we can follow-up with Bureau of Conveyances easily. But one of the things is that we need the State's departments' help in providing us information that can help provide us with current and accurate information regarding properties, leases, rentals. Because many times when we go back to your, some of your departments like Land and Natural Resources our inspector's say oh we found

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

December 17, 2015

this on your property and they're totally unaware of what's happening on State property. Okay. So for me is we can work together for better communication and better use of record keeping and actual information flowing between the State and the County. So I would ask for your assistance in this area that could assist both of us.

MR. HIRAI: Okay. Let me see what I can do about...I can do that.

COUNCILMEMBER HOKAMA: Thank you.

CHAIR CRIVELLO: Thank you. I guess I have a question for the Department or Administration let's say, are you working on any affordable projects with, or planning to with HHFDC, are you submitting applications of any sort?

MS. REIMANN: Well we just had our initial meeting today with a possible site for some affordable apartment-type units in Wailuku.

CHAIR CRIVELLO: But you've just started this conversation?

MS. REIMANN: Correct.

CHAIR CRIVELLO: Okay. Well good. Thank you. Members, any further questions? Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Looking at the housing needs, the numbers, if I take the total housing needs, the housing needs divided by the population, the needs on Oahu are 3.4 percent whereas on the neighbor islands it's, Hawaii is at 7.9 percent of the population, Kauai is at 9.3, and Maui is at 9.0. So it seems that the neighbor islands do need a lot of help so I really appreciate your focusing on Maui and I'm sure you're doing the same on the other islands. But one of the challenges that we have here is that we have lots of homes here that have multiple families, multiple units, and, you know, a part of our need for the affordable housing is to start allowing people to have their own place to live. I guess my question is how much of a commitment is it, is possible to the neighbor islands and specifically to Maui with respect to the various programs that you have? Do you see any limitations on the ability to move forward our projects if we can come up with them?

MR. HIRAI: So long as there's demand, we're, you know, like I said we're Statewide. So there's no quota or anything on our resources.

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

CHAIR CRIVELLO: Thank you. Thank you, Mr. Hirai. Members, Department, any questions for Mr. Hirai? Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Chair, one thing that I would like to have Mr. Hirai give comment if possible because it's already affecting us and that is the City and County of Honolulu's rail transit project; about availability of contractors, pricing, and bidding

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

December 17, 2015

on government work including our own. So I look at your projection for up to 2020. I'm assuming rail is still going to be partly construction yet. Have you folks figured out the impact of that massive project and the ability of us to provide the affordables? And again knowing the construction situation, have you folks calculated any type of increases or whatnot on the construction cost and then the final sales and rental amounts that eventually the resident is going to have to deal with upon a completed project, construction project with these types of factors in play?

MR. HIRAI: We're trying to...that is a fact, well it's a factor but what happens quite literal...I mean we're trying to address a severe housing shortage and a severe rental housing shortage right now so we are expending resources; maybe not at an optimum time in the construction cycle but, you know, nevertheless we do feel compelled to increase production at this time of those types of things. That's why I was saying in the short run we're trying to increase the production of low-income rentals. That's probably where the greatest need is statewide. So yes, in spite of rising construction cost.

COUNCILMEMBER HOKAMA: Okay. And do you feel that if it, you know, we cannot crack the nut doing it I guess the traditional way. Would the Governor consider things like making a proclamation and utilizing things like National Guard to assist in the construction of units?

MR. HIRAI: I can't speak for the Governor on that. I would say that, well there's, there are issues with things on the Federal side too with, little, you know, the Davis-Bacon, prevailing wages, things like that.

COUNCILMEMBER HOKAMA: Well you know the President and the Governor talk about refugees and here I am already dealing with costs that the Feds and the State does not support this County and it comes from our General Fund for this type of additional services this County provides the community. So for me, you know, I think we need to be very progressive and start looking at resources that we could utilize and for me National Guard is one great resource because they also have equipment. Thank you, Mr. Hirai.

CHAIR CRIVELLO: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. Sorry one more came up. You know you mentioned that there was a cap on the 9 percent.

MR. HIRAI: Yes.

COUNCILMEMBER COUCH: Is there a cap on the 4 percent or can we...

MR. HIRAI: The bond cap.

COUNCILMEMBER COUCH: Just whatever the bond cap is? Which isn't that high right?

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

December 17, 2015

MR. HIRAI: Three hundred million a year. We've not had a problem in the past. We're not, you know, we, if there are enough big rental projects and other projects that use bond cap, it may be, could potentially be a problem in the future. It has not been a problem in the past.

COUNCILMEMBER COUCH: Okay. Then that leads to yet a follow-up. The project you mentioned in Kihei, the, I'm sure you're talking about Kenolio Apartments.

MR. HIRAI: I believe that's the one, yes.

COUNCILMEMBER COUCH: Yeah. Are they going for the 9 percent, the 4 percent or...

MR. HIRAI: I think it's the 4 percent.

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

CHAIR CRIVELLO: Thank you. Any further questions on this agenda item with Mr. Hirai? Members, I guess we have no further discussion but I'm going to ask Mr. Hirai to hang out with us a little further for the next agenda item. And without objections, I would like to defer this matter.

COUNCILMEMBERS: No objections.

COUNCILMEMBERS VOICED NO OBJECTIONS. (excused: GB, DG, MV)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR CRIVELLO: Thank you. I would like to request a five minutes' break. . . .(gavel). . .

RECESS: 3:16 p.m.

RECONVENE: 3:25 p.m.

CHAIR CRIVELLO: . . .(gavel). . . Members, we will reconvene the meeting of the Housing, Human Services, and Transportation Committee.

ITEM HHT-1(2): LANAI AFFORDABLE HOUSING PROJECT

CHAIR CRIVELLO: At this time, we will be turning to agenda number HHT-1(2), Lanai Affordable Housing Project. Pursuant to Rule 7(B) of the Rules of the Council, the Committee intends to discuss the status of the Lanai Affordable Housing Project. The Committee may discuss the status of the project and consider ways in which the project may move forward. Members, no legislative action will be taken. At this time, I'm going to excuse, also make note that Mr. Victorino is excused from the continuing of the meeting. So I think you have some documents that have been disseminated to

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

December 17, 2015

you in regards to this project. At this time for us to start I'd like to start with opening remarks from our Administration from Management Director, Mr. Keith Regan. Mr. Regan?

MR. REGAN: Good morning, Chair. Good morning, Members. I want to wish you all a happy holiday season. Thank you very much. I'll keep my remarks brief but as you know we've been before this Committee in the past in support of the Department of Housing and Human Concerns and this project for the Lanai affordable housing. We were asked back in, just as a quick reminder, we were asked back in October of 2014 by the Department to assist them from a technical standpoint to take a look at the project and to see if there was some way to reduce the overall costs for infrastructure. Just briefly as a reminder the original project as it stood was approximately \$33 million in infrastructure costs for the five phases and that would be in the, that was in 2010 dollars. But we had estimated that with the 2.5 percent escalation in cost in 2018 dollars it would be somewhere around 40 million. So at that time the Department asked us to assist them because we do have some technical expertise within the Department of Management through our CIP folks and we did take a look at it. We were able to rephrase some of the project to bring down the initial infrastructure costs, but before we wanted, before we move forward with that, we did have a meeting on Lanai where we kind of showed the community the proposed rephrasing of the project and based on the meeting that we had we felt that we had some support from the community on that. And so we did take that back and we did look at it and did some additional analysis and we presented that recommendation and unfortunately weren't able to get the funding because it actually was significant in terms of cost. I think it ended up coming out to something like \$8 million just for the infrastructure. So we've been trying to try to find a way to make it work since having this project, since being asked to be a part of it from a technical standpoint. Given that, you know, we did have some other internal challenges within the Department of Housing and Human Concerns. We had a Director that left and a new Director that came on board. Congratulations and welcome, Carol. And we also had a Housing Administrator job which was unfortunately you know we lost that individual who passed away. But we do have a new Housing Administrator, Mr. Buddy Almeida who's on board now and getting up to speed. He's an excellent resource. And so once again we are looking for ways to reinvigorate and move this forward, move, try to find a way to move this project forward. And one of the things in working with the Department from a technical standpoint was, you know, how can we do it at the least possible cost to the County and we came up with the idea, actually Carol guys came up with the idea of doing a Request for Proposal much like what they did on Kauai. And so we, I know that the Department of Housing and Human Concerns has looked at that RFP and are currently putting together a proposed RFP for Maui, I'm sorry for that Lanai Affordable Housing Project and we're going to put it, hopefully put it out to bid and see what kind of interest that we have from developers out there in the community. And based on that we'll take the next appropriate steps, but from a Department of Management standpoint again we stand ready to support the Department of Housing and Human Concerns to assist them from a technical standpoint if there is engineering issues with this project or quite frankly any other project that they may have to help them with dealing with these kind of issues where they don't have maybe the technical resources

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

December 17, 2015

in house. So, Chairman, that's really kind of it in a nutshell. We stand ready to support the Department and move forward. Thank you.

CHAIR CRIVELLO: Thank you. Thank you, Mr. Regan. At this time, I'd like to continue or comments from Administration from our Department of Housing.

MS. REIMANN: Thank you, Chair. So as Mr. Regan mentioned we are actively putting together an RFP and by the beginning of next year we should have something out and we're very hopeful that a private developer will come in and as Mr. Hirai said do it more efficiently. And so we're here to answer any questions if you have any.

CHAIR CRIVELLO: Thank you. Committee Members, also with us if you have any questions for any of our department representatives as far as we have Mr. Will Spence from Planning and we also have Mr. Mayor sitting in the Chambers if any of you would like to ask any questions in regards to that. And I've asked Mr. Hirai to be available if he can give us any kind of guidance or any type of information that will help us, the County, move the Lanai affordable housing forward. So, Members, we are open for discussion. Mr. Hokama?

COUNCILMEMBER HOKAMA: Thank you, Chair. Unfortunately, my understanding history of this project is slightly different from the Managing Director's. But I will say a few things, Chairman. This project is something that has been working on for decades. With the approval of the project districts on Lanai, there are conditions of approval that the property owner needs to participate that would also lower the price of the project and for me at the end of the day it'll be Council that will make the determination on what we're willing to finance and not finance. A couple of interesting things with this project, Chair. Two agencies that will benefit from this project is Department of Education and the Department of Hawaiian Home Lands. And that is why I am happy Mr. Hirai is here because with those two State agencies abutting our property and getting benefits and their willingness in past to say they were willing to pay an appropriate pro rata share for lift stations and certain improvements that is common to all of us in that project site is one thing why I was interested in your agency's ability to participate, Mr. Hirai. Because again, DOE and Hawaiian Home Lands will be beneficiaries of moving this project forward besides the County and our residents. So I hope you would consider that because I can tell you Hawaiian Homes and DOE really needs help. They don't have the people that I think understands what it needs to do to make this project work. I can tell you from Hawaiian Home Lands Stewart Matsunaga has been a tremendous asset with whatever was built on Lanai through Hawaiian Homes currently and I'm not sure if he's still assigned to the project but I can tell you he was one person who understood the limitations of what we're doing and some of the things that we are going to have to work through. So I'm going to ask Director Reimann, as far as you understand with the Council's modified approval in its conditions, and State Land Use Commission's conditions as well as the term of those approvals are there any issues we need to be aware of on the short term?

MS. REIMANN: I need to defer to Housing Administrator, Buddy.

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

December 17, 2015

COUNCILMEMBER HOKAMA: Mr. Almeida, can you assist us? Are you aware of any short-term issues from either the Land Use Commission or the Council's modified approval that we need to be aware of whether the clock is ticking faster than we would like, are there certain requirements that the approvals require that we have not submitted or have yet to perform? Is there anything we need to be aware of please?

CHAIR CRIVELLO: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. And thank you, Mr. Hokama. I was in, going through the file and it was also brought to my attention by Ms. Nakata that there is a initial seven-year time period with regards to certain things that need to be met. We're about a year and a half away from that window. Aside from that I think that we've met all the short-term requirements, the will serve letter was the main priority and that we did obtain. Aside from that I'm not aware of any other short-term issues at this time.

COUNCILMEMBER HOKAMA: Okay. So there's no need for a financial request to get those requirements completed? Your Division is able to perform to fulfill those requirements?

MR. ALMEIDA: I'd have to, I mean I would probably have to go back and reread the entire 201H requirements to provide a proper answer and I can deliver that to you. I'd have to double check and make sure. Aside from that one incident there's nothing else that, you know...

COUNCILMEMBER HOKAMA: Well one thing I would ask you to do please, Mr. Almeida, is work with Mr. Spence because I feel that, you know, if we look at the zoning conditions, the property owner should participate and, you know, I'm happy to do our part from the Legislative Branch to ensure the landowner's participation to fulfill their commitment for the zoning. And so I say that because I think they, they're a participant, they're required participation because the bypass road around the city is a condition of zoning that they are responsible for. And for me, part of this project entails that bypass road. So I would agree with the Administration, we shouldn't be paying for that.

MR. ALMEIDA: No I appreciate that recommendation. I will work with Mr. Spence in that regard.

COUNCILMEMBER HOKAMA: And if need be then we'll bring in Corp. Counsel because I have no problem taking that landowner to court. Thank you.

CHAIR CRIVELLO: Members, any further questions and to further this discussion? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Madam Chair. And, you know, and this is all depending upon what the Lanai Community is really looking for so, Mr. Hokama, if you have some comments if you don't mind I'd like them to respond. But if you look at the presentation that they gave in July talking about maybe an alternative Phase 1

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

December 17, 2015

getting, because we're looking for affordable rentals anyway is getting multi-family in there first so you have more people that can benefit or can even qualify for getting in there. Is that something that the community is looking to be able to do or has the Department, obviously the Department suggested it, I don't know if the community's had any chance to take a look and comment on that.

COUNCILMEMBER HOKAMA: Chairman?

CHAIR CRIVELLO: Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: Thank you. Thank you for that great question, Mr. Couch. I can tell you we have community advocate groups; Lanaians for a Sensible Growth or LSG, we have part from ILWU. Yes, the market has changed. You're absolutely right. And why wouldn't it when the owner shuts down the two big employment centers on the island? You're going to change demographics and the market assessment is going to change again. So I would say yes I think the community is open to more rentals. I think the community still wants a sense of having the ability of home ownership for those that choose that path, and there's still a need from the community for certain type of other capacity, whether we look at long-term bed facilities or whatnot. But for a healthy community I think our people are willing to make those right adjustments, Chair, and that we understand you need a critical mass to do a project. You know I mean Lanaians I can tell you are very akamai and they understand some of the critical requirements need to be done. Part of the Lanaians' problem is it's hard for us to give the County a commitment when we don't know what is the County's commitment on when the units might happen. So for you to tell me are you committed to buying a house? If I have to wait five years and I don't know what the hell my employer, the landowner's going to do it's hard for me to say I'm ready to commit to buy a house the County would like to develop. Okay. So that's the dilemma on the island, the uncertainty of what the owner is going to do, how many people will actually be rehired I would say because, you know, last, was it last week or two weeks ago we all got the bad news, they're laying off another 49 Lanaians. Okay. So it's hard for me to get commitment for housing when we still terminating people that are Lanaians. But I would say even with that there is a need for housing, Chair. We have police officers, we have firefighters, we have school teachers, we have State airport people, hospital people, entrepreneurs independent of the government employment and the Ellison group. They still need housing; they still want to be on the island. And for me I will not abandon the old Lanai families that have sacrificed and waited for this development to get the benefit of and are currently now getting the short end and suffering because the company chooses to compete against them, our own people. So yeah I got some big problems on that island, Chairman. I think this is one thing that is good for our mental health as a community. I think it's a positive visible sign of the County's commitment to make things better on the island and so for overall I still see the merit of moving this project forward. I understand the Mayor's issue; money is money; I'm one of those people. But I think we can work it out and if we have some brilliant ideas and Mr. Hirai can share with us new options, whether Makani Maeva and her group can give us some inspiring options of how to approach. You know, the Code allows us even to go to and designate experimental housing for us to make

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

December 17, 2015

adjustments on standards. We did that for Molokai I think in the late '60s in Kualapuu. So the County has the ability to do unique things through the Code and through the powers of Council working with the Administration. And I have faith in this County that we can make it happen, Chairman. Because we've done it in the past and we can do it again for our people. So I'm a big advocate. I ask again, would ask Mr. Hirai, you know I think maybe if we kumpang, hui up together, whatever is the term I think we can be a very smart project. We can even be the pilot project for testing of unique things whether it be on the street lights component, whether it be on adjustment and designing of streets for slowing down traffic, whether we want even mini turnabouts in certain mini collections within a subdivision. There's many things the project can do because it's a small enough area that those kinds of things could work if we want to consider it. So, you know, yeah I'm on my soapbox, I'm pushing this project hard because I think that's still the right thing to do, Chairman. And I'm going to work hard to convince the Administration. I'm going to work hard to convince the nonprofits and the developer that this is something still worthy to do. And if we cannot do it with us even owning the land then how the hell are we going to expect the private guys to do affordable housing with land they got to buy? You know, so thank you, Chair and Mr. Couch.

CHAIR CRIVELLO: Thank you, Mr. Hokama. Yes, Mr. Couch?

COUNCILMEMBER COUCH: Yeah, I had a follow-up and you know, Mr. Hokama kind of eluded to it so I ask Mr. Hirai, you know, I think you've got a copy of this presentation where it shows the future DHHL subdivision and the future DOE expansion. You, having, seeing where that's something that the State is going to benefit from, as Mr. Hokama says, from the extension of the infrastructure, is there a way that through all the different sources of funding and whatever that you guys can help contribute to that? Because that's part of our sticking point, our sticking point is it's like 7 or \$8 million for construction for a certain amount of affordable homes, you know, and a fairly low amount compared to, you know, what we can get our monies worth for on the infrastructure. So is there any way you guys can help chip in on that or is there any sort of funding that we can get from that?

MR. HIRAI: I'm going to say let me look in to that. Let me look into that and also I think maybe we need to talk to the County Administration about. I kind of see it as more, you know, as an infrastructure finance question and so I'd have to think a little bit about it and maybe in my case because we're a State agency talk to the district legislators.

COUNCILMEMBER COUCH: Okay. Because I mean it's listed as a future DHHL subdivision and DOE expansion so obviously you'd benefit from all that infrastructure coming down the street.

MR. HIRAI: Yeah, I mean it's a, well it's as you may know it's not one State, I mean, you know, you've got these different silos but yeah, yes, and it's more of a question of trying to see how it might be done with the County Administration. And also, you

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

December 17, 2015

know, in this case I would have to see what the district legislators, you know, have in mind. Where they stand on it, excuse me.

COUNCILMEMBER COUCH: Okay. Thank you, Madam Chair.

CHAIR CRIVELLO: Any further questions or discussion for Mr. Hirai or the Administration? Mr. Hokama?

COUNCILMEMBER HOKAMA: I was going to ask Mr. Hirai since I know you have two years' experience, can you point to us a project that has been constructed and has been successful either in the rental or selling of their units recently regarding affordable projects within the State? Can you point to some of those projects if any please?

MR. HIRAI: There is...

COUNCILMEMBER HOKAMA: Something that we can say, you know, we might want to look at some of the good things that that project was able to accomplish.

MR. HIRAI: Actually there's some pretty good projects on Oahu that have been completed recently. Pearl City, there's another one under construction in East Kapolei. The one in East Kapolei you might take a look at but I think my understanding is that it goes back to a time when DHHL had a fair amount of money and was able to front some of the infrastructure costs. But, you know, around the Kroc Center in that area there's a lot of DHHL land.

COUNCILMEMBER HOKAMA: Did you folks do anything in Waipahu with that plantation camp renovation and rebuild of employee housing, Mr. Hirai?

MR. HIRAI: I'm not sure what project.

COUNCILMEMBER HOKAMA: I think it's in Waipahu?

CHAIR CRIVELLO: Varones [sic], is it Varones [sic] or something to that effect?

COUNCILMEMBER HOKAMA: I'm not sure but I know that they tried to redevelop that old plantation camp and make it all those affordables.

MR. HIRAI: There's a Ewa Villages. That's a project that EAH has been doing over a period of time in phases, a rental project, low income...

COUNCILMEMBER HOKAMA: And did you help finance that project?

MR. HIRAI: Yes.

COUNCILMEMBER HOKAMA: And could you tell us if...

MR. HIRAI: Actually they're working on that now too.

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

December 17, 2015

COUNCILMEMBER HOKAMA: And they took the 4 or the 9 percent option? Are you aware of which way they approached it?

MR. HIRAI: I think that's a 4 percent if I'm not mistaken, the latest increment.

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

CHAIR CRIVELLO: Thank you. Mr. Hirai, any comments on this particular project that you see...

MR. HIRAI: I would be happy, like I said I would be happy to discuss it further with the Administration and work with the Council; also talk to the district legislators.

CHAIR CRIVELLO: Mr. Mayor, I'd like to ask if you have any comments since you've made yourself available.

MAYOR ARAKAWA: Well we know in all the testimony that the project scope has changed, the circumstances have changed, the economics have changed from when the project was originally looked at. Our major concern is the cost-benefit relationship and, you know, we're perfectly happy, we're doing the RFP. If someone can come up, if our partner over here can come up and is willing to take on the project and he thinks he can make money, get his money back on it, we're more than happy to give you the opportunity; anybody for that matter. In my mind when we were on Lanai and we were talking to the public that was there and we were given statistics like between five and ten people want to apply for the housing, that's all that they could line up. Councilmember Hokama does have a point because you don't have a definite date but the \$7 million factor for the infrastructure, see, is a daunting number when you're looking at...what was the number of housing that we needed for Maui County?

UNIDENTIFIED SPEAKER: 14,000.

MAYOR ARAKAWA: Fourteen thousand. How much money are we going to commit for five to ten people versus the huge amount of demand that is here? Now I'm willing to commit some funding to be spent on Lanai if we can cut the cost of the infrastructure, so we were suggesting maybe finding another area closer to where infrastructure is so we can cut the cost. If we can cut the cost then the cost-benefit ratio would be much, much easier to work with and much more palatable. But if the powers that be in the Council and private sector think that they can run this project and they can make money off of it and they can do this project, we'll do the RFP and anyone who can do it is more than welcome to try. I suspect that when they look at the numbers of people that they will commit to actually renting the houses and the cost that has to go in to be able to create this infrastructure they're really going to have to sharpen their pencils to get it through. But that's all we're asking is that if anybody wants to take a shot at it go for it. We don't, we, I cannot see it penciling out with the demand that we were told is there, five to ten. Hawaiian Homes already has a project there. Only half the project is actually occupied because they don't have enough takers for the rest of

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

December 17, 2015

the units. So if they wanted to build units on existing property there, vacant property is already there that's ready to go. To go in and put in all this infrastructure is tying up huge resources for this community. And it's not that we don't want to do affordable housing but affordable housing actually has to be semi-affordable. Somebody pays that bill and people within the County of Maui, the taxpayers in the County of Maui pay every penny of that bill. So when we're collecting the money and we're using that money and expending it we're responsible to make sure that we're spending it in a diligent manner and in the most frugal manner we can. So again we make that offer, the RFP, you're welcome to take it and run. Find a company that you want to be able to work with, find a company that's willing to do it and we're perfectly happy to release that project to whoever bids for it.

CHAIR CRIVELLO: Thank you. Thank you, Mr. Mayor. In regards to your comments, I have a couple questions. It is my, is my understanding for the RFP that is starting to prepare now is to RFP for a consultant for the project? Is that my understanding?

MAYOR ARAKAWA: That's what we're looking at right now. But we can RFP it, whoever wants, if anybody wants to work on the project.

CHAIR CRIVELLO: Right.

MAYOR ARAKAWA: We're more than happy to do an RFP to allow somebody else to do the project. If the gentleman here wants to do the project he's more than welcome to acquire, take the property --

CHAIR CRIVELLO: I think he's the money man.

MAYOR ARAKAWA: --and finance it. He's been in my office. We've talked about this process. Unfortunately, with his operation you actually have to pay back all the money. So they have to recover all the money that you're going to be using at some point. And whether you consider it a tax credit or cash out there's still a cost to the community in that those taxes have to be generated to be able to return a benefit to the community of equivalent manner.

CHAIR CRIVELLO: So one more question. The information I got, you mentioned about just ten people or the number.

MAYOR ARAKAWA: Five to ten is what we were told.

CHAIR CRIVELLO: Yeah, so the market study that I have goes back to 2008. Has there been a recent study from the market perspective as far as from the Housing Department or any particular kind of surveying? I cannot hear you going like that. Mr. Buddy or Mr. Mayor? Yeah.

MR. ALMEIDA: Thank you, Chair. I'd have to...we're currently...I can look and see if we have the numbers from the consolidated and annual action plans from 2015 that can break down possibly that information.

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

December 17, 2015

CHAIR CRIVELLO: Does it include what we would call a market study? I don't show that in any of the information I have.

MR. ALMEIDA: I can double check for you and get that information to you.

CHAIR CRIVELLO: Okay. Thank you.

MR. ALMEIDA: Thank you.

CHAIR CRIVELLO: Mr. Hokama?

COUNCILMEMBER HOKAMA: Madam Chairman, thank you. You know one of the things that we definitely need is an updated assessment. I think that is very responsible of the County to get that. But I will say, just let me share a few thoughts. You know if the late Senator Inouye thought only about cost-benefit ratios this State would get nothing, okay. Because we're a receiver State, okay. We got to take from the California's, the Texas, the New York's, Arizona's because they got the money, the Oklahoma's. For Lanai, our Community Health Center will never exist. The breakwater after Hurricane Iwa will not be reconstructed because from a formula nothing pans out. But the Senator had vision and the key word, leadership to understand an island's need regardless of how many people. It was an island need. So the Senator worked hard to get the support of his fellow Senators and those in the House of Representatives to get funding. For many projects in Hawaii if it had to be on a cost-benefit ratio would fail. You think we would get a supercomputer on Maui? No bloody way. Okay. And I can tell you we have worked hard on Lanai from where we were in the total lineup of the nine districts as far as revenues and expenses we've worked up to the number five position. So Lanai has worked hard to increase its revenues, reduce its expenses and we are now number five out of the nine districts. And there are only two districts that make more money than expenses in this County and that's South Maui and West Maui, that's it. The other seven districts take money from the others, the other two. Okay. So, shall we play that game? If you don't generate you don't get? That is not who we are. We are a people of multiple islands with multiple needs. And I've worked hard, our community has worked hard to be able to say now when it's our time of need that we have sacrificed previous years of asking for financial support because we knew we were going to come in for big-ticket items. And I've waited my turn to get that money. And I've helped build this County's asset to be able to get that money. Okay. So for me I think Lanai has earned its way to be considered for this project and this money. We've worked hard to move up the ladder and show that we're willing to be responsible and not just ask but also to help generate and when we've asked we've asked frugally and responsibly. So from an island perspective, Chair, you know, I think it deserves additional points. And I'll be happy to go and explain to the people of this island why it is critical for the total County's benefit to support Lanai at this time. There'll be a time when we're going to need to support Molokai. There'll be a time when we're going to need to support East Maui and rightfully so. We've got big bills coming. But are we going to now segregate and make lines in our communities? So when we have to replace all the sewer are we

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

December 17, 2015

going to say only those that have, can pay going have sewer replacement? Forget the rest of the areas of the County because they cannot pay? Or how about Honolulu, if they say you know what if you're not part of urban core, forget it the rest of Hawaii because we generate the money. I think we're better people than that, Chairman, to use that lame excuse of why we shouldn't do things. We're better people than that. We've shown we're better people than that historically. Why do we use the word Maui no ka oi? Because we've proven time and time and again we can overcome by making good hard choices. And this is something we're going to plan for and we've been planning for. So I would say, Chairman, I hope we get some interesting proposals, you know. I'm happy the Mayor's open to seeing if others can do the project too. I think that's great. Let's go see what's out there and if there's not then we need to, we'll explain to the community. You know, sometimes everything in life is about timing. Well maybe we're in the wrong cycle and the wrong timing. But I think, you know, for me, it is something I think is important to move Lanai forward. If Lanai is going to get off this doldrum of where we are now economically...and, boy, I can tell you, I miss pineapple. I miss plantation 'cause we had a sense of island, we had a sense of community. I hope we can get that back, Chair.

CHAIR CRIVELLO: I hope so, too. Thank you.

COUNCILMEMBER HOKAMA: Thank you.

CHAIR CRIVELLO: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. [sic] Chair. And I truly appreciate what Mr. Hokama is saying. But what both the Mayor and Mr. Hokama seem to be alluding to is, again, single family, somebody buying a house at this point. I think that a good compromise would be to start in order to justify that \$7½ million infrastructure is to see if we can do affordable rentals. You can probably get 100-150 affordable rentals, and \$7½ million for the infrastructure will at least help start that project. So I'm...that's what I heard anyway is that it sounds like everybody wants to buy something. At this point, is the RFP, potentially, for whatever works right now or is it for single-family homes or multi-family condominium kind of stuff? I don't know what that's...

CHAIR CRIVELLO: Alright. Mr. Mayor?

MAYOR ARAKAWA: Thank you for that question, Councilmember. I'm willing to work with whatever will work. Quite frankly, you know, when we go to Lanai, we have no homeless problem there. It has one of the lowest unemployment ratios in this nation. I don't believe we've neglected Lanai over the years. Quite frankly, you know, I've been in this business over 20 years and we've put a lot of money into Lanai as it's needed and as can be consumed. But we're willing...I'm willing to work with whatever combination will work. And, again, I'm perfectly willing to have someone from outside go ahead and do it. We're not married to having to do it within County.

COUNCILMEMBER COUCH: So the RFP is for single-family homes or whatever works?

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

December 17, 2015

MAYOR ARAKAWA: We'll create however Council wants us to create the RFP to allow anyone who wants to be able to construct this project. Go ahead and try it. The numbers that we talked about when we were exploring it, were between five and ten people that wanted to buy houses. Rental might be a little bit more, I have no idea, we could take a look at it. But you can build...if you build 150 homes and you only fill 50 slots, you're going to have a real problem economically. So the amount of units that you create has to be able to match the demand and the payback. So it has to...whoever is doing this project is going to have to match whatever the demand is with the ability to be in those units. And, again, if they do their due diligence and they work with it, we're perfectly happy to allow anyone who wants to...the Council will approve, also, I shouldn't say "anyone." Go ahead and do it. Again, we offer it to the State, if they want to do it, go ahead.

CHAIR CRIVELLO: Thank you. Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Just wanted to clarify. As Mayor mentioned, currently, my understanding from working with the Housing Division for Department of Housing and Human Concerns is that the RFP that they're working on right now is to get a consultant to help them do the RFP for the actual project. So part of the things everyone's talking about will...or should fall under what this consultant will help us to figure out. The reason why they need a consultant right now is, it's a daunting task --

COUNCILMEMBER COUCH: For sure.

MR. UEOKA: --to try and figure all of this out. It's not simple as...well, this discussion so far has shown that. But that's what the Department's looking at right now, as the Mayor mentioned. Thank you.

COUNCILMEMBER COUCH: Thank you. And thank you, Madam Chair.

CHAIR CRIVELLO: Yes.

COUNCILMEMBER COUCH: Go ahead, sorry.

CHAIR CRIVELLO: No. Thank you. I just wanted to make note that, Mr. Gima, I know you're raising your hand to make some comments. But our public testimony and comments are closed and our agenda doesn't allow any further discussion from the public. Mr. Carroll?

COUNCILMEMBER CARROLL: Thank you, Chair. The original approval of this project was very specific in the project modifications and specifications that were approved by the Maui County Council. So I think we need to keep in mind that this will have to come back to the Land Use Committee, the 201H to be modified once you have gone, the Council has agreed and the Administration has agreed on what the changes will be. And I just wanted to make that really clear. Thank you.

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

December 17, 2015

CHAIR CRIVELLO: Thank you, Mr. Carroll. Mr. Hirai?

MR. HIRAI: If I could make a technical comment on the Low-Income Housing Tax Credit Program, if you are going to be looking at low-income rentals, Low-Incoming Housing Tax Credit rentals on Lanai. One of the requirements for a Low-Incoming Housing Tax Credit project is a market study to see that there's sufficient demand. That's all.

UNIDENTIFIED SPEAKER: Yeah, thank you.

CHAIR CRIVELLO: Thank you. Members, any further...Mr. Couch?

COUNCILMEMBER COUCH: Thank you. And I just wanted to kind of follow-up. I understand where the Administration is coming from and Mr. Hokama too. I mean all nine of us, not that we're all here right now, but all nine of us have examples of, you know, \$7½ million. I mean in my district \$7½ million can serve a project that's going in that could be 1,500 homes and multi-family and whatnot and Mr. White, everybody has that. And so the question is where in the line is this and these guys have been waiting since, well for five years it looks like for right now for that to be developed. And they actually need to start doing some things because of the timelines and the conditions as Member Carroll said. So I'm, at least this Councilmember here is willing to help out if we can get a good, you know, a bigger number. And ultimately if you put the, because it's going to cost, if we wait another 5 years it's going to cost \$10 million to put that same stuff in there. So I'm fine with doing, building for the future there as long as we can get something going to get them started and get them going on that. So yeah, everybody's district has needs and it is, looks like it's their turn for that kind of stuff.

CHAIR CRIVELLO: Thank you. Any further comments or addition to this discussion? No?

COUNCILMEMBER HOKAMA: Chair?

CHAIR CRIVELLO: Yes, Mr. Hokama?

COUNCILMEMBER HOKAMA: I will just ask that if the Housing Director would reach out to Lanai too. Because I agree, you know, the Mayor's right I mean for ten people? You got to use common sense and I agree the Mayor makes a very solid argument. But when you look at the modified resolution that Mr. Carroll brought up at that point in time I believe the number was 81 already.

COUNCILMEMBER COUCH: Eighty-one.

COUNCILMEMBER HOKAMA: Okay. Because that point in time we had people there, working there, willing to make hard decisions to regarding purchase and rental. Okay. This is what has happened over time with the project being delayed, employer making certain types of decisions that they felt was to their advantage and now this is where we are. But I can tell you it is not ten units, Chair. Maybe it went down to ten for purchasing but there's a large number that would like to get affordable rentals on the

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

December 17, 2015

island. And I think Mr. Hirai can understand, I think the Mayor understands on Lanai yes we may not have the visible homeless on the street but I would say we have closet homeless with 12 people in a two-bedroom house. It's not, it wouldn't pass Health Department standards. But they got no place else and that's the family that's willing to assist them, their own family. So to me we have a type of homelessness on the island that is deceiving because I call it the closet homeless. They're in a structure because of the graces of friends and family. But that is not a way to have a life, a decent life on any island in this County. So I just share that, Chair, that, you know, it's a factor that I would like to deal with sooner than later because I'm with the Mayor, you know, the longer we ignore it the worse it gets. So again I'm happy to make that, to push that assessment forward because I think we need to work with new data and current data. So I support the Department's effort on that.

CHAIR CRIVELLO: Thank you, Mr. Hokama. Mr. Hirai, any more comments or to further this discussion?

MR. HIRAI: No, not at this time.

CHAIR CRIVELLO: Any opinions? You know, well thank you I...

MR. HIRAI: Well, no, be happy to work with all...

CHAIR CRIVELLO: Thank you, we really appreciate having you here.

MR. HIRAI: . . .*(inaudible)*. . .

CHAIR CRIVELLO: Yeah. I hear you, Mr. Hokama. It's our island residents that too often they get displaced because the obvious is the affordable rentals or the affordable purchasing that's too often and we, then we scuffle how we're going to provide the homes that the multi families are just piling up. And I go back to, I'm sorry, Mr. Gima, I hope, I was, it would've been nice if you were here earlier. I understand you want to make a comment. But we're just about going to wrap up our discussion and perhaps you can submit something in writing for us. But I thank you, Mr. Mayor, for being with us, and I see this as an opportunity for Council, Administration, and the Department, I think what you threw out earlier which I never hear that long time, kumpang. Let's kumpang. You know, let's all come together and let's have the conversation with the owners, you know. How can this sort of kumpang include if it makes any sense, and hopefully the RFP that the Administration is working to put out will come up with the different type of concept as well as the market study so we can qualify for the different financings or bonding or loan type that will make this a reality. We need to move forward and I think I heard that from the Managing Director and I think we're all in this together and hopefully, you know, if, we can get it resolved. And I think that's the purpose of this agenda item. And, Members, if there are no further discussion on this matter, I would like to defer this item.

COUNCILMEMBERS: No objections.

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

December 17, 2015

COUNCILMEMBERS VOICED NO OBJECTIONS. (excused: GB, DG, MV)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR CRIVELLO: Members, we have completed today's agenda. And again, Mr. Hirai, thank you for coming over to assist us, and of course the Administration, thank you, and the Department of Corporation Counsel for your participation. This is our last meeting for 2015 and I want to wish every one of you a very safe holiday celebration and most of all a very Merry Christmas on behalf of the Maui County Council and our Committee. I'd like to thank Carla Nakata for her diligence and putting up with me. Thank you, Carla. And thank you, Rayna, for helping us through this meeting. Again, Members, thank you and have a blessed evening. I call this meeting to be adjourned. Thank you. . . .(gavel). . .

ADJOURN: 4:14 p.m.

APPROVED:



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

hht:min:151217

Transcribed by: Marie Tesoro

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

December 17, 2015

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 8th of January 2016, in Wailuku, Hawaii

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

Marie Tesoro