

HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

MINUTES

July 19, 2018

Council Chamber, 8th Floor

CONVENE: 1:31 p.m.

PRESENT: VOTING MEMBERS:
Councilmember Stacy Crivello, Chair
Councilmember Alika Atay
Councilmember Riki Hokama
Councilmember Kelly T. King
Councilmember Mike White

EXCUSED: VOTING MEMBERS:
Councilmember Robert Carroll, Vice-Chair
Councilmember Don S. Guzman

STAFF: Saumalu Mataafa, Legislative Analyst
Clarita Balala, Committee Secretary
Joy Balinbin, Intern

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

ADMIN.: Mimi DesJardins, Deputy Corporation Counsel, Department of
the Corporation Counsel
Donald A. Medeiros, Director, Department of Transportation
William Spence, Acting Director, Department of Housing and
Human Concerns
Clyde "Buddy" Almeida, Housing Administrator, Department of
Housing and Human Concerns
Linda R. Munsell, Assistant Housing Administrator, Department
of Housing and Human Concerns

OTHERS: Michael Phillips, CEO, Coconuts Fish Cafe (Item 31)

Harry Johnson, Maui Economic Opportunity, Inc.
Zandra Amaral Crouse
Jasee Lau

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

CHAIR CRIVELLO: *... (gavel) ...* Good afternoon. The meeting of the Housing, Human Services, and Transportation Committee will now come to order. It is about 1:31 p.m. on Thursday, July 19, 2018. 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 would like to introduce our voting Committee Members. I'm your Chair, Stacy Crivello, and excused this afternoon is Committee Vice-Chair Robert Carroll. But, with us today is Councilmember Alika Atay.

COUNCILMEMBER ATAY: Good afternoon.

CHAIR CRIVELLO: Good afternoon, thank you for being here. Councilmember Riki Hokama.

COUNCILMEMBER HOKAMA: Chairman.

CHAIR CRIVELLO: Thank you, and Councilmember Kelly King.

COUNCILMEMBER KING: Good afternoon.

CHAIR CRIVELLO: Thank you for being here. We have a bare quorum this afternoon, so if...well, we just have another addition to our quorum. Chair Mike White. Thank you for being with us. Excused today is Don Guzman. At this time, I'd like to introduce our Deputy Corporation Counsel, Mimi DesJardins.

MS. DESJARDINS: Good afternoon.

CHAIR CRIVELLO: Thank you for being here, and our Department Representatives Director of Transportation, Don Medeiros.

MR. MEDEIROS: Afternoon.

CHAIR CRIVELLO: Acting Director of Housing and Human Concerns, Mr. Spence in the gallery, and our Committee Staff Clarita Balala, Committee Secretary, and Legislative Analyst, Saumalu Mataafa. Members, thank you for all...thank you for being here. Before we get into a discussion let's get started with public testimony. Assisting us this afternoon from the Hana District 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: Aloha. 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.

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CHAIR CRIVELLO: Thank you, and from the Molokai District Office, Ella Alcon. Aloha, Ella. I think we have a problem connecting with our Molokai District Office. 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 location specified on the meeting agenda, please sign up with Council Staff at that 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. At two-and-a-half minutes the light will turn yellow signaling 30 seconds remaining. At three minutes the light will blink red which is the signal for you to end your testimony. When testifying please state your name and the name of any organization you are representing. We'll call on our first testifier, Staff?

MR. MATAAFA: Chair, the first testifier is Michael Phillips testifying on agenda item HHT-31.

. . .BEGIN PUBLIC TESTIMONY. . .

MR. PHILLIPS: Aloha, Council. My name is Michael Phillips. I'm a resident on Halama Street, and have been a resident of Kihei for the last 20 years. I'm the CEO of Coconuts Fish Café, and right now my title is dishwasher. And the reason I'm here today is to testify on the regards to our housing and our situation in Maui is become a crisis level. I have actually three employees living at my home now because they can't find a place to live. This is really got out of control beyond controlling and I don't know what your Committee will do and how we can correct this immediate, but our business and our business lives are all at jeopardy. I am going to make a statement that is going to shock you, but there is not going to be time or a place for us to be able to service our visitors that come here. We're going to have to go the airport and ask them to get back on the airplanes and if you think I'm kidding you there's 1,700 jobs available in Kihei and Wailea right now. There is not bodies to fill these jobs because there's no place for them to live. The last apartment complex of any significance built was across from Safeway what, 15 years ago or longer or whatever that may be? I have employees that want to work for me that can't live here any longer because we don't have an affordable place for them to live. I paid \$1 million in salaries last year. I'm a small business. I have 66 employees. You guys do the arithmetic. That's pretty good pay. That's pretty good pay, but the pay has nothing to do with the, getting employees to my business because I have no place for them to live. As I stated earlier, I have three, I'm housing three employees at my place so I can just operate my business. We're going to sacrifice our business in the future if we cannot get employees an affordable living standards for people to live there because there's not anybody to hire. If we don't have anybody to hire Maui is out of business. We're a tourist destination. We have to be able to service our visitors. I talked to other fellow business owners, I talked to hotel people, they all have the same problems that I have. Some of these hotels in Wailea are over 100 employees short, and it has nothing to do with pay, it has nothing to do with anything besides living. So, I encourage the Council and everybody running for office, and all of these politicians that talk the talk, but not walk the walk about affordable places to live in Maui. We are in a desperate situation here. You have some kind of control of what we need to do in an immediate

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way meaning that we need something temporary quickly. I've investigated looking on the internet. There's \$3,000 places that we can put up on land that would be some place for people to live immediately because I think that's what kind of crisis we're in. And if you'd like to know anything further you're welcome any of you guys to stop by my business. I know some of you are in business for yourselves and probably going through the same thing I am, but we are in a crisis in Maui, and somebody better address this, and we can't wait two years to get this addressed. We can't wait three years. We have to have something immediate or we're going to have business owners going out of business and we're going to have revenues lost. I did \$3.8 million in volume last year in my restaurants. That's a pretty successful business in Maui, but if I can't service my customer by employees because there's no affordable place to live. These apartment owners can't build an apartment because there's no way to get what's called a return on investment. We have to do something in our County and we better do something quickly. I understand my time's up. I appreciate your attention. Thank you very much.

CHAIR CRIVELLO: Thank you. Any comments, questions, or clarification for the testifier?
Councilmember King?

COUNCILMEMBER KING: Thank you, Chair. Thank you for being here and thanks for the message. There are some projects going up in Kihei, but I just wondered if you would be willing to, we have a working group in Kihei that is working on a workforce housing and homeless and sheltering, and I just wondered if you would be interested in joining us in, as we develop solutions for these issues?

MR. PHILLIPS: I'm willing to participate to help my community in any way because this has got to be addressed and it's got...and we have to have some immediate solutions to this.

COUNCILMEMBER KING: Okay. Maybe you can give me your card after.

MR. PHILLIPS: You bet.

COUNCILMEMBER KING: Thank you very much.

CHAIR CRIVELLO: Members, any further comments or questions? Thank you for being here, Mr. Phillips.

MR. PHILLIPS: Thank you.

CHAIR CRIVELLO: Any other testifiers?

MR. MATAAFA: Chair, there's no one else waiting to testify.

CHAIR CRIVELLO: May our outlying districts if any people turn up to testify please notify our Staff via e-mail. If there are no objections because there are no further testifiers I would now close testimony.

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COUNCILMEMBERS: No objections.

CHAIR CRIVELLO: Thank you. Testimony is closed.

. . .END OF PUBLIC TESTIMONY. . .

HHT-12: AUDIT OF THE DEPARTMENT OF TRANSPORTATION (CC 17-119)

CHAIR CRIVELLO: So, our agenda items for today, we have two agenda items. The first item is HHT-12, Audit of the Department of Transportation. So, the Committee is in receipt of the following: County Communication 17-119, from myself, Councilmember Stacy Crivello, transmitting a proposed resolution to authorize the Council Chair to contract for a performance audit of the Department of Transportation. A copy of the report of the audits conducted pursuant to Resolution 17-117, entitled "County of Maui Performance and Fiscal Audits of the Department of Transportation, March 22, 2018," by RSM US LLP. Correspondence dated July 10, 2018 from the Department of the Corporation Counsel, transmitting a proposed bill entitled, "A BILL FOR AN ORDINANCE AMENDING SECTION 11.01.020, MAUI COUNTY CODE, RELATING TO DEFINITIONS FOR PUBLIC TRANSIT." The purpose of the proposed bill is to amend the definition of "Student" in Section 11.01.020, Maui County Code, to include a person enrolled in college, university, or vocational school. The Committee may consider whether to recommend passage of the proposed bill on first reading with or without revisions. The Committee may also consider the filing of County Communication 17-119 and other related action. So, Members, at our last Committee meeting we discussed the definition of the term "student" as it relates to public transit in the Maui County Code, and pursuant to Section 11.01.020, Maui County Code, a "student" means any person age 6 through 17 subject to the presentation of a valid identification card establishing the age of the person. The term includes high school students up to 19 years of age with a valid high school identification card establishing the age of the high school student and the high school student's current enrollment, but excludes college, university, and vocational training students age 18 years and older. The Chair's intent today is to discuss the proposed bill to amend the definition of student to include those up to age 24 in college, university, or vocational school. The amended definition will allow students in those schools the ability to qualify for student public transit fares. The purpose of the bill is to promote the use of the public transit system to Maui's younger generation, which in turn will help keep some vehicles off our roads. I would like to start with opening comments from Transportation Director, Don Medeiros.

MR. MEDEIROS: Thank you, Madam Chair. I have no comments at this time. Thank you.

CHAIR CRIVELLO: Thank you. Members, do you have any questions for Mr. Medeiros? Councilmember King?

COUNCILMEMBER KING: Thank you, Chair. The only question I have, Mr. Medeiros, is in the revised version of the definition of student it focuses in on, it says "a person's enrollment in high school" so, is, I mean, is there anybody likely to be younger than

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high school who would need this kind of pass or are we just assuming that that would be, that anybody younger than that would be a child rate or something?

CHAIR CRIVELLO: Mr. Medeiros?

COUNCILMEMBER KING: Middle school ages or...

MR. MEDEIROS: Actually, there are students in middle school that do use the service.

COUNCILMEMBER KING: Okay, so is there a broader term we can use then? 'Cause it says the term includes a person enrolled in high school. No, the term includes a person enrolled. I'm sorry. A person enrolled in high school up to 19 years of age with a valid high school identification card. So, if it's somebody that...do they make identification cards for younger than high school, or is there some reason why we didn't specify that it also could be a middle school student?

MR. MEDEIROS: Well, originally it was a person aged 6 through 17. So...

COUNCILMEMBER KING: It still says that but --

MR. MEDEIROS: Yeah.

COUNCILMEMBER KING: --I'm just wondering what the --

MR. MEDEIROS: Yeah.

COUNCILMEMBER KING: --validation would be for someone under high school age? If there is no high school ID what would you need for ID?

CHAIR CRIVELLO: Mr. Medeiros? Just asking what sort of, what is considered valid identification?

MR. MEDEIROS: What we've been using all of this time, Madam Chair, is the school ID.

CHAIR CRIVELLO: Okay.

MR. MEDEIROS: And DOE every student must have a school ID from, you know, from grade school, middle school, and into high school. Generally, they use it for other things, but a lot of it it's generally used for lunch, you know, for their bank, their lunch bank. So, the DOE issues one every year to all students. And so, I guess I'm a little confused. Are we trying to limit this just to high school students? Because it says age 6 through 17 which would cover elementary school through intermediate school.

COUNCILMEMBER KING: Right, but it just, it says...so, okay so subject to the presentation of a valid identification card is establishing the age of the person. So, we...so I guess the...so you're saying that covers everybody and then there's just an additional description of a person enrolled in high school up to 19 years of age?

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CHAIR CRIVELLO: I'll ask Corp Counsel if she can answer --

COUNCILMEMBER KING: Yeah, I just wondered why we need to repeat that if we...

CHAIR CRIVELLO: --for clarification.

MS. DESJARDINS: Okay, so the way that I read it is between the ages of 6 and 17 subject to the presentation of a valid identification card establishing their age, they would have to have some type of ID, but I'm not sure that all schools, all private schools have school identification cards. So, if you're between the ages of 6 and 17 you just have to show something showing your age. I guess it could be a passport or --

COUNCILMEMBER KING: Okay.

MS. DESJARDINS: --a school ID. But then when it got to the high school aged student it looked like the intent was at that point to establish because we do know that high schools do provide identification cards for their students that at that point onward there would...you would need to show some type of a student ID.

COUNCILMEMBER KING: Oh, okay.

MS. DESJARDINS: But the age 6 through 17 was already in the ordinance --

COUNCILMEMBER KING: Right.

MS. DESJARDINS: --prior to our proposal of the new student of the college age, so.

COUNCILMEMBER KING: Okay, so I guess the presumption is that from 6 to 17 it doesn't matter if you're in school or not, you just have to have a ID.

MS. DESJARDINS: And generally, it's probably easier to tell the age of the person between 6 and 17.

COUNCILMEMBER KING: Okay. Alright I don't have any other...yeah, I just wanted that clarification, but I fully support clarifying the term "student" to include college students as well.

CHAIR CRIVELLO: Thank you. Any other questions or further discussion or comments?
Mr. Hokama?

COUNCILMEMBER HOKAMA: I'm not sure. I'm trying to recall if we talked about whether this was a minimum of 12 credit hours to qualify as a student. Or are we looking at somebody that just takes one credit and still qualifies for this benefit? You folks have any idea on how you want to administer, Director?

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MR. MEDEIROS: In the case of the DOE or the younger folks it's, it'll be pretty clear. I think it gets a little interesting when it goes to the college level because for instance, at the university here on Maui it doesn't...you have an ID if you're enrolled. It doesn't give any criteria beyond that. So, I hear where you're going with that, and I think that's why when I read it, it was up to age 24 years, you know, so that I think if we had other folks going to that are older that are maybe taking one course or two courses, you know, rather than a full-time course, that appeared to me to cover it. It's not clear though.

COUNCILMEMBER HOKAMA: So, that would be my question, and again I'm happy to, that this would also qualify for a veteran's benefits, but some of them may be a lot older than 24 years when they use their earned benefits from military service, so.

MR. MEDEIROS: Yeah, you have a point.

COUNCILMEMBER HOKAMA: You have anything to quantify it so you could tell me what is the ballpark kind of numbers we're looking at of people we're going to be able to service and how much it's going to cost us?

MR. MEDEIROS: Previously we were selling anywhere from about 250 to 300 passes a month. And that's at \$30.

COUNCILMEMBER HOKAMA: Including the college or university?

MR. MEDEIROS: All...yeah, because it was open...the intent of the Council back in Fiscal Year 2011 was for all students, and so it was a valid ID, and that's what we were going by all this time. So, that's what we ended up, that's what the stats ended up being.

COUNCILMEMBER HOKAMA: Okay. Thank you, Director. I'm done.

CHAIR CRIVELLO: Okay. Thank you, Mr. Hokama. Councilmember King?

COUNCILMEMBER KING: Well, I just wanted to, I wanted to share my thoughts with you and see if you agree about because my feeling is just from the people I know and my own self when I was going to what was used to be called MCC, if I mean, I think we should encourage as many people to take the bus as much as possible. So, I don't have a problem if they have 1 credit or 30 credits. But 'cause I think people if we don't offer them this pass they're just going to drive and that puts more cars on the road, more traffic, and more emissions in the air, and so I'm not sure. My feeling is that we'd actually if we allow more people to take it we'd actually be making more money cause we're not changing our routes, we're just putting more people on, you know, filling up the bus. But I just want to get your take on that. If you agree with that or if you think, you know, having more people is going to make us have to...is somehow going to cost us more money.

MR. MEDEIROS: Well, I always agree with you that our point is to get cars off the road, and previously when we just had it at a valid school ID I do know of seniors who were going to college. I know of one lady who was I think in her 80's and she was trying to get her

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degree. I don't know exactly which degree it was, so that in the past we have offered it and people have taken advantage 'cause there was, you know, we just had it open, we weren't, we didn't apply this back then. And so, we did have people up to that age. So, if that's your intent, then you might want to just strike the age limitation which then would kind of go with what Member, Budget Chair Hokama was talking about with veterans.

COUNCILMEMBER KING: Well, yeah, I mean that, I would agree with that. I think as far as veterans go do we have anything or is there a potential of doing a different category for veterans so that they get benefits even if they're not in school? Do we have anything like that right now?

MR. MEDEIROS: Currently, we do not have that in any of the fares.

COUNCILMEMBER KING: Okay, so maybe that's something we want to look at, Chair, is, you know, a way to honor our veterans who whether they're taking courses or not.

CHAIR CRIVELLO: Yeah, maybe then we could do an assessment before we...

COUNCILMEMBER KING: As part of a separate --

CHAIR CRIVELLO: Right.

COUNCILMEMBER KING: --piece of legislation.

CHAIR CRIVELLO: I'd make note of that for Staff. Yeah. I think it's, I think we decided to leave it at least have a cutoff for age because it can just go on and on and see. Mr. Medeiros, isn't it such that we're actually correcting really what we've been allowing all this time?

MR. MEDEIROS: It...well as I said, we, in the past few years we have not had, we have not been enforcing an age restriction and it's been anybody that has a valid school ID is what we've been following.

CHAIR CRIVELLO: Okay. So, Members, any further discussion or whatever? Mr. Atay?

COUNCILMEMBER ATAY: Thank you, Chair. What's the monthly rate if you have a valid school ID versus what would be the cost or if they don't have a valid school ID?

MR. MEDEIROS: Thirty dollars. And then the monthly pass if you, you know, don't have is 45.

COUNCILMEMBER ATAY: Okay. So, either if you're in a high school, or elementary school, middle school, or even college the flat rate monthly pass would be \$30?

MR. MEDEIROS: Correct, if we change the language.

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COUNCILMEMBER ATAY: Okay. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Members, any further discussion or comments? Okay, so any more comments, Mr. Medeiros?

MR. MEDEIROS: No, Madam Chair.

CHAIR CRIVELLO: Thank you. So, Members, if there is no further discussion, the Chair will entertain a motion to recommend passage on first reading of the proposed bill entitled, A BILL FOR AN ORDINANCE AMENDING SECTION 11.01.020, MAUI COUNTY CODE, RELATING TO DEFINITIONS FOR PUBLIC TRANSIT; and incorporating any non-substantive revisions.

COUNCILMEMBER WHITE: So moved.

COUNCILMEMBER KING: Second.

CHAIR CRIVELLO: Thank you. Motion by Member Chair White, seconded by Councilmember Kelly King. Any further discussion?

COUNCILMEMBER HOKAMA: One comment.

CHAIR CRIVELLO: Mr. Hokama?

COUNCILMEMBER HOKAMA: I speak in support of your recommendation, Chairman. I would just say, if we are moving this forward through Council, then my thing to the Department is we have now the opportunity to get the analytical quantitative measurements we need to make better decisions in the future on how we're going to review and adjust programs. So, I'm looking forward to the data that we're gonna now retrieve and utilize for making determinations on the effectiveness of our programs. Thank you.

CHAIR CRIVELLO: Thank you. I agree. So, let's note it, Mr. Medeiros, and Staff will further note that. So, all those in favor?

COUNCILMEMBERS: Aye.

CHAIR CRIVELLO: Any opposed? We have, the motion passes with five "ayes" and no "noes" and two excused.

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VOTE: AYES: Chair Crivello, and Councilmembers Atay, Hokama, King, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Carroll and Councilmember Guzman.

MOTION CARRIED.

ACTION: Recommending FIRST READING of bill.

CHAIR CRIVELLO: Thank you, Members.

HHT-31: FUNDING SOURCES FOR AFFORDABLE HOUSING PROJECTS
(CC 17-447)

CHAIR CRIVELLO: We move on to our next item. Agenda item HHT-31, Funding Sources for Affordable Housing Projects. The Committee is in receipt of County Communication 17-447, from myself, Councilmember Stacy Crivello, relating to funding sources for affordable housing projects. The Committee may discuss the matter and no legislative action will be taken at this time. So, Members, a large component of whether affordable housing is built or not is funding. As well as the ability to tap into funding sources available to us as a County. During the 2018 Legislative session, the Legislature focused on the Statewide affordable housing crisis and appropriated \$200 million to the Rental Housing Revolving Fund and \$10 million to the Dwelling Unit Revolving Fund. The Rental Housing Revolving Fund provides equity gap, low-interest loans, or grants to qualified owners and developers constructing affordable housing units. Funds may be used to provide a loan or a grant for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. Eligible applicants include qualified non-profit and for-profit corporations, limited liability companies, partnerships, and government agencies. Last week a housing project centered on an abandoned office building in downtown Honolulu received approximately \$35 million in bonds from the Hawaii Housing Finance and Development Corporation to acquire and create 71 rental apartments for low-income households with funding coming from the Rental Housing Revolving Fund. In Maui County there are numerous vacant or underutilized retail commercial or office spaces that could also be adaptively reused for affordable rental housing or mixed-used projects if the County can acquire properties or partners with a competent developer. Today's discussion will focus on the County's ability to leverage State and County funding to proactively create more affordable housing opportunities. These funds may include the County Affordable Housing Fund, Hawaii Housing Finance Development Corporation, or what we call HHFDC, Rental Housing Fund, and the HHFDC DURF or Dwelling Unit Revolving Fund.

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With that, I would like to turn it over to our acting Housing and Human Concerns Director, Will Spence. He has with him today his administration, Buddy Almeida and Linda Munsell. Mr. Spence?

MR. SPENCE: Thank you, Madam Chairman. I know that this is a very important topic. I listened to the testimony. I also have personal experience with the shortage of housing with some relatives who have been looking for a place and it's extraordinarily difficult for a lot of people to find a place to live right now. Mostly centered around rentals, but there, you know, inventory is inventory and whatever we can do to increase that is an important thing. The question on the different funding sources is very important. As everybody knows construction costs, I mean, if we're talking about increasing inventory either by remodeling existing buildings or constructing new, really what it takes a lot of times is just a, it's just an alphabet soup of all the different funding sources that are available. And traditionally the, you know, somebody...the way we've always dealt with it is the developer comes to us and they say, hey we want to build a subdivision, or we want to build an apartment building, or something, and we go through the entitlement process whether it's SMA or Change in Zoning, whatever, and but they go ahead and secure the different funds from different pots of money that are available whether it's from HHFDC or it goes to, there are some funds available from USDA, maybe some other sources, and you know, they put together this financing package to make their project feasible. The...so I think in the future what we could do, there are opportunities where the County can take a more active part in participating in the financing. I mean, we do have our Affordable Housing Fund which is very important. We have some other funds that staff is a lot more familiar with than I am. There are some funds that we directly administer through HUD funds, but mostly I think we could as we go forward there's a lot more things we could do. There's a lot of programs out there that we haven't yet explored, and I think we have some opportunities that we could take advantage of. And, Madam Chair, I...we did send a letter dated July 16th in response to some of your questions. We're happy to discuss that or whatever the Members would like to discuss.

CHAIR CRIVELLO: Thank you. Members, I'd like to open the floor for discussions or any kind of comments or questions you may have for the Department. Councilmember King?

COUNCILMEMBER KING: I just wondered if, do we have a copy of that letter of response? I don't see it on Granicus.

CHAIR CRIVELLO: It's dated July 16th.

COUNCILMEMBER KING: Maybe I need to refresh this. It doesn't seem to be on my Granicus.

CHAIR CRIVELLO: I guess for me, and I throwing out this question, and not in particularly just for the RHRF and DURF, you know, does the Department have or will plan to have a strategic plan to utilize our, whatever funds are available, and do we have something in place?

MR. ALMEIDA: Thank you, Chair. Good afternoon, Committee Members. Buddy Almeida, Housing Administrator. We are in the process, we are learning more with regards to

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these particular pots of funds that are administered through the State. For the County with regards to County projects if your question is specific to that, we would need to be at a point with a project where the entitlements are in place, SMA has been completed if required, and it is as close to shovel ready as possible before you could apply for these particular funding sources. It's a very competitive open procurement process and we'd have to put together as strong an application as we could in order to be considered by the State. We're learning more, and we look forward to the opportunity as we get more County projects, you know, moving forward to be able to utilize these sources to make them come to fruition. Thank you.

CHAIR CRIVELLO: Thank you. Ms. King?

COUNCILMEMBER KING: No, I'm trying to turn it off. I still don't...

CHAIR CRIVELLO: So, Members any other questions for the Department? Mr. Hokama?

COUNCILMEMBER HOKAMA: I don't know if it would be questions, Chairman, and I think each Member has, would have good comments or good ideas. My thing is, is government the right sector to do affordables? Why isn't the private sector being the biggest advocate for affordables? Isn't business dependent upon, as the gentleman testified, employees? So, why isn't the businesses pushing for employee housing? Why should it be government? They need the employees. Yeah, you know, for those that haven't been around can, you know, say what they want about the plantation era, but the plantation built the housing for the employees. That's how they got the workers. That's how they operated. They understood the role of the housing component to get employees on the job. You know, we push economic development, but do you see employers pushing housing for their employees? Their answer is go see government. I don't think we're the answer. Private sector should be nurturing and supporting our Maui County middle class. That should be who is going...should be buying and looking for affordable units, okay, it ain't happening. So, I'm thinking well maybe we need to do something different, and maybe the first thing is to start looking at our government requirements or procedures and making adjustments. Why would we want a private sector entity to do water development? Because they go through less hoops than if the County did it, so we choose not to do it. We wait for a private sector, third party. Why don't we adjust our requirements, so we can do it just as fast or faster, okay, if housing is the concern? Let us create zones so we don't need to go through every SMA and every other requirement. If we haven't come to terms with the phrase time is money, we're never gonna get it. Okay. Because we all gotta know that already we are gonna get impact on tariffs on our housing projects. It is happening already. Look at the market. I've seen things jump three times already. Okay, so there's factors that's happened. So, for me, Chair, I'm thinking from the Department, is we know the rotation on HOME monies. We know the rotation on trust fund monies, okay. So, where's the plan so that the next cycle for Maui's turn be ready to go? I don't know, you know, what is our plan for that \$80 million that the State appropriated? What about the \$25 million the Rental Housing Revolving Fund? Okay. We got pots, Chair. I would like to see one plan, and let's go, and if you say the County can help us by adjusting the County procurement code by da-da-da, hey, I'm open to that. Ask the State to give us a waiver or something for

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. . .*(inaudible)*. . . from shoreline for housing and waive the SMA requirements. We can look at that. We may not agree, but at least we should be looking at how to expedite where not necessary to do full-blown requirements. So, that would be my thing, Chair, you know, and for me is certain things we're gonna have to do anyway. So, do we do like states like South Carolina, right to work state? They build the housing before the jobs came for Boeing. They built the houses before the employees because they knew the employees were coming, and guess what? They sold out the subdivision. Okay, so, other places do it a little bit different, and maybe we can learn from them, Chair, but I think if we build the house it'll be bought. Somebody's gonna buy it, Chair.

CHAIR CRIVELLO: Right.

COUNCILMEMBER HOKAMA: We just gotta start building. So, I'm open to some short-term projects. The funds are there, Chair. We have property, and I just look to the Department to give us recommendations on how to expedite. If the Mayor needs to declare a housing emergency on the price of land and use emergency powers, hey, let's look at it. And he can waive certain requirements of law by his declaration. So, I would look at that. Thank you, Chair.

CHAIR CRIVELLO: Thank you. I'll just go with Councilmember King.

COUNCILMEMBER KING: Thank you, Chair. I agree with Mr. Hokama on a lot of those points, but also, I wanted to mention that I just, so I think three of us at this counter were just at the NACo conference the last few days, and I sat in on an affordable housing session, and sat at a table, and they started doing the round table. There's speed dating discussions, but one of the tables was the...some development, developer, builders association, nationwide association, and the person who was representing that organization at the table made the statement that why would anybody want to develop affordable housing when the margins are so small when they can develop market housing? And, you know, my response to him was there are developers who care enough about our community who are retired or who have made all their money that they need to make who really want to get into affordable housing because they know that that's a need and part of the payback is feeling good about what you've done, and you contributed something to your community. So, I guess one of the things that might be good is to get to, maybe get an inventory of those developers. I'm working with one on a project in Kihei where we're trying to address the need for some homeless resource facility which we don't really have any resources in South Maui right now so we're trying to develop that. Ka Hale A Ke Ola has some money from workforce development funds that has to be spent in that area, and one of the developers, Ray Phillips, is really concerned with the need for affordable housing. So, he's been looking into some options, and which leads me to my second point which is one of the options is being implemented on Oahu and it's this idea of these tiny homes where the...and Oahu is actually developing these developments and some of them are small like 12 to 16 homes. I went and visited several of their projects a couple of months ago, and then they have ones that have these pods of 30 or more homes in one section, and I don't know, I think, you know, maybe we should start looking at what we need to do to allow this type of development. Because I think we have some ordinances that we have to create. Maybe

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it's like Mr. Hokama says we're creating zones or something like that, but I believe even if we wanted to right now we wouldn't be able to do this within our existing Code. So, maybe we need to look into having to go there, and some of these units that I visited on Oahu were extraordinarily expensive for the size, like something \$250,000. So, Mr. Phillips is working on a model that where he can put these up, nice looking units for somewhere between 50 and 100,000, and that's constructed on the ground if we could find a place to put them. So, you know, the site is important, but also the ordinance that would allow us to do this to put maybe 10 or 15 of these up that could go up fairly quickly, they're pre-fab, they come from the mainland pre-fab, we set them up, and you know, for the expense of fully, you know, maybe one or two-bedroom units less than \$100,000. So, but I, you know, I know that we've talked about this before and always it came that there's no ordinance that we have that would actually allow this. So, maybe that's something we have to start looking at, and then looking at different models that actually make sense. I mean for...I took a group of, I don't know, eight or ten people over there including Monique from Ka Hale O Ke Ola, and it did seem, you know, we had a couple of people who were crunching numbers as we went and they said how could this house it looks like, you know, it looks like, you know, basically a kitchen and two bedrooms, how could this be \$250,000? You know, on this small footprint. But I think we can do better than that, and I think there are developers on this island who want to help with that model, but it would be nice to have, you know, identify some folks who have that passion, who want to help out, and then identify what ordinances we have to change, and be proactive about that. So, whether it's the County developing these units or it's developers we kind of need to be prepared.

CHAIR CRIVELLO: Thank you, Ms. King. Mr. Atay, any comments or questions?

COUNCILMEMBER ATAY: Thank you, Chair. I'm just more interested on Staff and Administration on a suggested strategic plan. You know, ever since there was the announcement from the Governor that these kinds of funds is available now, do we have a plan? Honolulu attacked it right away. They found a project, locked down 35 million, you know, so that leaves us what, 165 million in the rental side. So, do we have a plan? How do we, Administration, want to attack this...that offering? You know, my thought was, and I think I requested it still yet to receive is, do we have an inventory of all County-owned lands and State-owned lands here on our island? I shared before that the biggest expense in housing development was the cost of land, and so if we can have an inventory of these lands, and so say for example, some of these lands that are in control of, by the State HHFDC that they cannot sell, but they can lease to us. They can lease land of 100 acres for a dollar a year or whatever it is for, in excess of 65 years and create rentals. That addresses not affordable housing, that addresses workforce housing such as our earlier testifier, Mr. Phillips. You know, and as he was testifying I was thinking would businesses join us as a combined partnership in developing workforce housing. These businesses lock down, hey, I'll commit to renting six units, you know, if you're going to build a hundred units let's find businesses that will commit and rent these places for their employees. That they can work out housing for their employees. So, I think one, how are we going to attack the Governor's offer of these fundings? If he's giving 200 million in rental housing, time is of the essence, what's our plan?

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CHAIR CRIVELLO: Department, any comments?

MR. SPENCE: I'm sorry, Madam?

CHAIR CRIVELLO: Any comments to Mr. Atay's question on a plan for the...set aside from the recent Governor's and Legislature's funding?

MR. SPENCE: Madam Chair, I have a couple of comments.

CHAIR CRIVELLO: Yes, please.

MR. SPENCE: And just listening to the comments by the Members, first off for Mr. Atay, I agree. We have not developed a plan for these kinds of monies. That is not to say that these monies are not being used. We're working with Catholic Charities right now. They're building over on Vevau and Kane Street over by School Street. They're going to be doing in two phases. They're using DURF funds straight from HHFDC. The DAGS property right there at Kaahumanu and Kane, that one there HHFDC is taking on a project there. They're gonna use, they have their own funding. The Kaiwahine project in north Kihei, they're using a combination of the rental funds and the LIHTC funds. And then, Hale Mahaolu in Pukalani they're using a number of different funding sources. So, these I concur that we should have something more in place for us, but these funds are being used on this island. I think we, that said, I think we should be looking for more opportunities. There is...I know we can go to Real Property Tax and get a list of all the County and all the State-owned properties. The...whether those are buildable or not that's a different matter. A lot of them are roadways, or water tanks, or those kinds of things. I know that there is, there has been some discussion of properties down by Wailea where the fire station is. The County owns some acreage there. There's property in Honokowai that just to be honest it's vacant, but it's going to be a really difficult site. The entitlements for these properties we, I suppose we could do our own 201H. We still have to do EA. We can't get away from that. We're still going to have to, you know, so that takes time and money to do those kinds of things. SMA I wish we could somehow magically waive. SMA requirements, that's State law. Even the 201H's that are in the SMA's still gotta go through that process. The...so there...I agree we should be actively looking for these opportunities. We can start to develop a list of our own owned properties and State-owned properties. There's another list however, I know that as a part of one study that the Council did one of the recommendations is we start up-zoning privately owned property that could provide housing, and I know the Planning Department a couple months ago came up with that list, transmitted it to Council, it's in Councilmember Carroll's Committee. It includes a lot of properties that already have community plan for housing. It includes properties that would require, that are like within the County growth areas, designated growth areas, but would need district boundary amendment, community plan amendment. All property entitlements are under the control of this Council. So, there's those kinds of properties that would present opportunities, and we can approach them about, you know, some of these funding mechanisms. I'm sure they're aware of some of them. We can help make sure they're aware of others. There are also underutilized properties, properties that have a

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building on them already. We're talking about what they're doing in Honolulu. There are industrial properties, I'm pulling one out of the air, like Maui Marketplace where Lowe's used to be. I know everybody's all touchy about Light Industrial zoning, but that zoning allows apartments to be constructed, and I'm not sure if all the property owners are aware that they have this entitlement. That particular property is outside of the SMA. It's outside of the flood zone. I mean, there's opportunities that could be made with some of these areas that have not, that are not being utilized right now. So, you know, there's a number of different angles on this kind of things that we could take advantage of, and it just takes, it takes some time and some effort to approach the property owners or explore the possibilities. So, thank you for indulging me.

CHAIR CRIVELLO: Thank you.

MR. SPENCE: I think it's exciting. I think there are possibilities that we could do some real good with this, so.

CHAIR CRIVELLO: Mr. Atay?

COUNCILMEMBER ATAY: Thank you, Director, for that enlightenment because that is exactly what I was saying, so we got the vision, we gotta get the plan, and that was one of the things is that, you know, save us seven years of going through the permitting process and all of that. We have such vacant places like the old Lowe's location along Dairy Road. Look into the possibility of converting that structure into either apartment housing, and if not another site for solving our homeless housing, but the issue here today was is affordable housing and workforce housing. We talk about lands, I think I mentioned this previously, the lands adjacent to the Lahaina Civic Center that's controlled by --

MR. SPENCE: Right.

COUNCILMEMBER ATAY: --HHFDC.

MR. SPENCE: Right.

COUNCILMEMBER ATAY: If we can acquire a hundred acres from them and looking for the lands closest to our infrastructures to keep our developmental costs down. You know, when I got involved with the Committee, Chair, we were saying that we were running something like 1,200 livable units a year for 10 years, and so I said in 10 years we're supposed to build 12,000 homes, yeah? And knowing that no one village, no one town, can handle all 12,000 units, we've gotta make our plan as to where we're gonna spread this out. So, solving one avenue, the Governor has given us 200 million to do affordable rentals. We need to jump in this game and find the bonding for \$50 million on affordable rental. Get the 100 acres. I think if we follow the same template as we built Kulamalu. We built 56 units on four acres up at Kulamalu. We take that same template, apply it to the 100 acres out in Lahaina, we'll build a thousand livable units. You know? So, I'm thinking we need...we've got the funding source from the Governor, and others, how do we move this forward with a plan?

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MR. SPENCE: That's a good thought, and, Madam Chair?

CHAIR CRIVELLO: Yes?

MR. SPENCE: I'm also reminding myself that the Council requested a study, paid for a study. I understand that that will be coming out shortly. At least I hope it is.

CHAIR CRIVELLO: It's expected.

MR. SPENCE: I'm sorry?

CHAIR CRIVELLO: It's expected by the end of this month.

MR. SPENCE: Okay, so that will also –

CHAIR CRIVELLO: It's more proposals than studies.

MR. SPENCE: --provide some enlightenment for us on how to proceed.

COUNCILMEMBER ATAY: Thank you, Chair.

CHAIR CRIVELLO: Thank you. Mr. White? No comments with hotels building all the workforce development?

COUNCILMEMBER KING: Pressure. Chair?

CHAIR CRIVELLO: Councilmember King?

COUNCILMEMBER KING: Thank you. So, I just wanted to follow up on the idea that was talked, that's being talked about as far as SMA and trying to, I don't know, you know, I mean it, I think we would have to go to the State to get a waiver from that. But if you try to take someplace like and maybe Maui Marketplace isn't a good example because it's outside of the SMA, but say if you're looking at someplace like Kukui Mall that, you know, I don't know what's happening with that big...the big theatre anymore, but and rumors abound, but like say we're going to take someplace like that, and it's squarely in the SMA, how long would it take to get that clearance to do something like that, to renovate someplace like that into apartment living or, you know, homeless...

MR. SPENCE: Well...

COUNCILMEMBER KING: I mean we're talking years and years or...

MR. SPENCE: Just the...because we would...well assuming we're going to use County funds, and some of this, and they're triggering EA, so that's possibly a year, maybe less than that if it's not an extensive kind of project. The SMA takes...that could be processed not simultaneously, but almost, and so, and all this could go to the Planning Commission.

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Planning Commission would, could take up the EA one meeting, and then couple meetings later take up whatever SMA permit. I mean, so that's like just the entitlement part of it. That would take about a year to do, but you're also having to do, you have to contract with professionals, with a consultant that'll write the application, do the different studies, the drainage studies, archeology even though it's already developed, we know that sometimes things are underneath parking lots, the traffic studies. All that kind of stuff all has to be done as well, so it's not a, it's probably about a two-year process.

COUNCILMEMBER KING: Okay.

MR. SPENCE: Oh, and we would have to, I mean, that's after coming to some kind of agreement with the landowner to either acquire, or partner, or something like that.

COUNCILMEMBER KING: Right so, yeah, I just kind of wanted to bring that up because people talk about it all the time --

MR. SPENCE: Right.

COUNCILMEMBER KING: --but it's not like it's, I mean, you know, you think you have a building there why don't we just move people into it. It's not really that simple. So, and maybe in some cases it's quicker to build something from scratch than it is to take an existing --

MR. SPENCE: Sometimes.

COUNCILMEMBER KING: --building depending on where it's located. But just following through on that underutilized properties and whether we could buy, I'm assuming you're saying if we're looking at private properties buying that, buying land and then up-zoning it for the use of housing. Someplace where somebody's not going to do anything with it or it's not practical to do something with it. That, you know, there's probably places like that in Kihei where people are looking for something to do with their property, but so much of it is like within the SMA, so if we're still dealing with that two-year window just to get something off the ground. Is that right? I mean, for even a new project?

MR. SPENCE: Everything on the makai side of Piilani Highway is in the SMA. So, I mean, if it has the zoning in place, some kind of zoning that will allow it apartments that could be Business or Light Industrial, as well as of course your Apartment districts, you still gotta go through that SMA process. If you have to rezone, I guess you could do a 201H or something like that just to cut that kind of time short. But so, I agree, every town on this island has some sort of underutilized property whether it's Kukui Mall, whether it's Maui Marketplace. We could go around. There's still vacant properties in Lahaina Gateway.

CHAIR CRIVELLO: I think, Mr. Director, if we can come up from the Department some sort of plan to identify what we can utilize --

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MR. SPENCE: Okay.

CHAIR CRIVELLO: --for underutilized properties and --

COUNCILMEMBER KING: And then maybe...

CHAIR CRIVELLO: --what steps would we would need to take to make it a reality...

COUNCILMEMBER KING: And then put the most accessible the ones --

CHAIR CRIVELLO: Right.

COUNCILMEMBER KING: --that are the quickest. But, the other question I have is about when you look at low-hanging fruit, I mean, we know that's there's probably over a thousand illegal STRs that could be rentals for people, for residents, and so maybe we can also look, get some kind of quantification of how many units that will be when we are able to, you know, really enforce that. And I think the, if we can get the, what Mr. White's Charter amendment passed on the ballot this year that will give us...give the enforcement some real teeth. Because I know from personal experience that, you know, when you...it'll take like two people getting fined and then a lot of other, a lot of people will go back to residential rentals. We've seen that happen in the marine world when they enacted a \$25,000 fine for getting too close to the whales and that happened once, and people stopped doing that. So, I think those kinds of things will have a lot more teeth when they're a higher level that actually really hurts, and but I would be interested in knowing because I know of that list of over 10,000 a lot of those are already permitted short-term rentals right?

MR. SPENCE: Right.

COUNCILMEMBER KING: They're condos that are allowed --

MR. SPENCE: Right.

COUNCILMEMBER KING: --to do that so if we could figure out how many are actually illegal that, and maybe that takes a big chunk off the first couple of years of looking for 1,200 homes, you know, I would like to see what those number are. If we could come up with a reasonable enforcement, and maybe simultaneously, you know, we have a big stick and then we also, you know, have a carrot maybe we can look at some kind of tax credits for people who rent to, you know, give reasonable, you know, maybe affordable rental rates should have some kind of a tax break or something like that.

MR. SPENCE: Right.

COUNCILMEMBER KING: But I would like to see what that number could be and how that could be applied to that need as well.

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MR. SPENCE: Right. I don't...

CHAIR CRIVELLO: I think that we can put in that recommendation and Staff can follow up with a letter and see what sort of --

MR. SPENCE: Okay.

CHAIR CRIVELLO: --what you would come up with.

MR. SPENCE: I know that the, on the vacation rental issue I know that we contracted with that one company to do those searches. I don't know what the status is of that. I thought we would have a list of vacation rentals, the illegal ones before now. I don't know, maybe it's out, I really don't know.

COUNCILMEMBER KING: I think I have a letter from you saying that we'd have list by the end of May.

MR. SPENCE: I thought we'd...yeah. I know. I was, I'm really surprised we --

CHAIR CRIVELLO: So, we need to check with --

MR. SPENCE: --don't have that.

CHAIR CRIVELLO: --Planning then --

MR. SPENCE: Yeah.

CHAIR CRIVELLO: --to try and get that further.

MR. SPENCE: But I concur you start, I mean, some people are just never gonna shut down, but some people they get fined or they get those warnings they're gonna be like, okay, I did my gig and I need to go back to long-term renting, and so I suspect that's gonna free up quite a few units.

COUNCILMEMBER KING: Okay.

CHAIR CRIVELLO: So, Mr. Spence. I think we're talking about south Kihei, South Maui, any maybe Buddy or Linda would know of the status of the Kenolio apartment project?

MR. ALMEIDA: Thank you, Chair. With regards to the Kenolio property, I did reach out to the developer. They are making progress on their entitlements and financing. They're currently working on a couple of items on their plan review for final subdivision approval. They've addressed those, and resubmitted, and are waiting to hear back. Once that's approved they can submit for building permits. They are working with Merrill group construction who's the general contractor. They are working with our team to finalize the construction contract and secure the performance bond. There are still some issues they have to nail down with their debt and equity underwriting. It's

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ongoing. Their major lender is with Citibank; however, they do also have applications in for the rental housing fund that we're talking about today as well as they have secured LIHTC and other funding sources through the State. However, they do not have a final decision on a couple of those that are going through the procurement process as we speak and they're waiting to get a determination on those applications. Finally, as a precaution the developer has requested a 12-month extension on the financing received via HHFDC and the pending financing via HHFDC to ensure that there are no delays and they can secure all that in time to move forward. Thank you.

CHAIR CRIVELLO: So, is that a 100 percent rental development?

MR. ALMEIDA: That's correct, Chair. It's 100 percent affordable project; 184 units that serve 60 percent or below of area median income.

CHAIR CRIVELLO: Okay. Thank you. What about designated project base like Hale Mahaolu projects or one on Molokai so that some of the tenants could qualify for Section 8?

MS. MUNSELL: Thank you, Chair. Linda Munsell, the Assistant Housing Administrator. As far as the Section 8 vouchers there's a couple of things that might happen with those. Obviously, a tenant who has a voucher can choose a unit that they could live and live anywhere with it. The other way that vouchers are used is with a project-based vouchers. We've just, and usually that's used as a gap funding mechanism. So, units that are often LIHTC units, they rent to 60 percent and below AMI, those rents don't support the debt required to construct those units, and the project-based voucher provides that difference in the rent between what they would pay at 60 percent and the fair market rent for those units. We've done that kind of partnership with the Ewalu project up in Kulamalu and that is what has made it possible for them to obtain the financing that was required to do that construction. We can look at other projects. Usually those vouchers are put out RFP so we would issue an RFP for a certain number of vouchers to see if we could partner with a developer. The idea, again, would be to bring new units, new affordable units online. That would be our goal and we're, we continue to look at that.

CHAIR CRIVELLO: Okay. Thank you. Members, any more further discussion, comments, or what have you? I also had Staff disseminate *Office Tower to Become Affordable Housing*. This is happening in Honolulu. For your reading pleasures, and I think that's something that, how we can try and utilize. Mr. Hokama?

COUNCILMEMBER HOKAMA: No, my only last comment, and I appreciate you bringing up funding sources, that I would remind the Committee is, you know, if we ever make up our mind we can get 9 million from Maui Lani lot sales and put that to one project specifically right away. We can move on infrastructure development whether it's a road, water line. I mean, to hear that we got another project available, while we waiting for the developer to put in underground improvement, well, I rather see something being built than keep waiting, waiting, waiting, so, you know. There's things we can do ourselves, Chair, is what I'm saying.

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CHAIR CRIVELLO: Right.

COUNCILMEMBER HOKAMA: We just need to make some decisions --

CHAIR CRIVELLO: Especially with the offsite infrastructures, yeah.

COUNCILMEMBER HOKAMA: --whether or not we want to really do it or not, but there's \$9 million cash sitting there.

CHAIR CRIVELLO: Right. That's the Maui Lani 50 lots? Fifty-one lots, right? Nobody put in for the RFP for that. Well, that's the consideration on that. Anything further? No further discussion. If there are no objection, the Chair will defer this item.

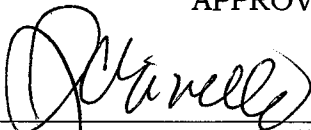
COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: RC and DSG)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR CRIVELLO: And, Members, we have completed today's agenda. I want to thank the Department of Transportation, as well as Housing and Human Concerns for being here, and our Corporation Counsel, and then our Committee Staff, Clarita Balala and Saumalu Mataafa. Thank you, Members, most of all for being here this afternoon. Mahalo. Meeting adjourned. . . .(gavel). . .

ADJOURN: 2:40 p.m.

APPROVED:



Stacy Crivello, Chair
Housing, Human Services, and
Transportation Committee

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Transcribed by: Jasmin Andrion

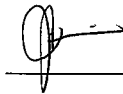
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CERTIFICATE

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

DATED the 9th day of August, 2018, in Kahului, Hawaii



Jasmin Andrion