

# HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

## MINUTES

August 29, 2018

Council Chamber, 8<sup>th</sup> Floor

**CONVENE:** 9:12 a.m.

**PRESENT:** VOTING MEMBERS:

Councilmember Stacy Crivello, Chair  
Councilmember Robert Carroll, Vice-Chair (in 10:00 a.m.)  
Councilmember Alika Atay (out 12:03 p.m.)  
Councilmember Riki Hokama  
Councilmember Kelly T. King  
Councilmember Mike White (in 9:15 a.m.; out 12:00 p.m.)

NON-VOTING MEMBERS:

Councilmember Elle Cochran  
Councilmember Yuki Lei K. Sugimura (in 10:13 a.m.; out 11:49 a.m.)

**EXCUSED:** Councilmember Don S. Guzman

**STAFF:** Saumalu Mataafa, Legislative Analyst  
Clarita Balala, Committee Secretary

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

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

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

**ADMIN.:** Mimi DesJardins, Deputy Corporation Counsel, Department of the Corporation Counsel  
William Spence, Director, Department of Housing and Human Concerns

*Seated in the gallery:*

Clyde "Buddy" Almeida, Housing Administrator, Department of Housing and Human Concerns

Linda R. Munsell, Assistant Housing Administrator, Department of Housing and Human Concerns

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**OTHERS:** Zandra Amaral Crouse  
Autumn Ness  
Tasha Kama  
Kathy Kaohu  
Lawrence Carnicelli, Government Affairs Director, REALTORS®  
Association of Maui

Jim Dannemiller, President, SMS Hawaii  
Faith Rex, President, SMS Consulting LLC

(4) additional attendees

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

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CHAIR CRIVELLO: *... (gavel) ...* Good morning. The meeting of the Housing, Human Services, and Transportation Committee will now come to order. It is 9:12 a.m., on Wednesday, August 29, 2018. Before we begin, may I please request that we all, we turn off all our cell phones and any other noisemaking devices, rather to silence our cell phones. At this time, I'd like to introduce our Committee Voting Members, Member Alike Atay.

COUNCILMEMBER ATAY: Good morning, Chair.

CHAIR CRIVELLO: Mahalo for being here. Member Riki Hokama.

COUNCILMEMBER HOKAMA: Chairman.

CHAIR CRIVELLO: And Member Kelly King.

COUNCILMEMBER KING: Aloha, Chair.

CHAIR CRIVELLO: And myself, Chair of the Committee, Stacey Crivello. With us also is our non-voting Committee Member, Councilmember Elle Cochran.

COUNCILMEMBER COCHRAN: Good morning, Chair, aloha.

CHAIR CRIVELLO: Thank you for being here.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR CRIVELLO: Excused and joining us later will be Committee Vice-Chair, Robert Carroll. Excused today is Member Don Guzman, and joining us later and excused at the moment is Chair Mike White. I also would like to introduce our Corporation Counsel, Deputy Corporation Counsel, Mimi DesJardins.

MS. DESJARDINS: Good morning.

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CHAIR CRIVELLO: Thank you for being here. And from our Department of Housing and Human Concerns, our Director Will Spence.

MR. SPENCE: Good morning, Chair.

CHAIR CRIVELLO: Good morning. And Housing Administrator in the gallery, Buddy Almeida, with his Assistant Housing Administrator, thank you for being here, Linda Munsell. We also have with us today, the representatives from the SMS Hawaii, President Jim Dannemiller, and the President Faith Rex, from SMS Consulting. And with us today is our diligent Committee Staff, Committee Secretary, Clarita Balala, and Legislative Analyst, Saumalu Mataafa. Members, I sincerely want to thank all of you for being here, more especially is because we've invested in this report directly from the Council. So, before we start our agenda, I'd like to go into public testimony. Assisting us this morning from the Hana District is Dawn Lono.

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

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

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

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

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

CHAIR CRIVELLO: Thank you, ladies. In the event that we do have testifiers, please e-mail our staff. And for individuals who will be testifying in the Chamber, please sign up at the desk located in the 8<sup>th</sup> 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 that location. Testimony will be limited to the item listed on the agenda today. Pursuant to the Rules of the Council, each testifier will be allowed to testify for up to three minutes per item. 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. Before I call on the first testifier, thank you for being here, Chair White, has joined us.

COUNCILMEMBER WHITE: Good morning.

CHAIR CRIVELLO: Okay. Staff, will you call on our first testifier?

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MR. MATAAFA: Chair, the first testifier is Zandra Amaral Crouse, testifying on HHT-32, will be followed by Autumn Ness.

**. . .BEGIN PUBLIC TESTIMONY. . .**

MS. CROUSE: Good morning, Committee Chair Stacey Crivello --

CHAIR CRIVELLO: Good morning.

MS. CROUSE: --and Councilmembers. Thank you for being here today. My name is Zandra Amaral Crouse, testifying on my own for myself. I'm a real estate broker that predominantly deals with first-time homebuyers in our local young men and women looking for housing. And I will read from you this testimony. The need for affordable housing in Maui County is well documented. Numerous studies during the past several decades have reached the same conclusion. There is a significant need for additional affordable housing units in Maui County. Current inventory of affordable units, according to the Hawaii Housing Policy Study 2016, there are 29,612 housing units in Maui County deemed affordable to households earning 100 percent of the area median income, AMI. Only 9,354 of these housing units are affordable for households earning just 50 percent of AMI. While close to 30,000 housing units sounds substantial, it is important to note that a majority of these units are currently occupied. Throughout the County, there are only 4,967 vacant units available for housing, households earning 100 percent AMI. Less than half of these vacant units, 2,049, are priced at a level affordable to households making 50 percent AMI. Affordable housing units needed, according to the 2016 Hawaii Housing Planning study, 13,949 units are needed in Maui County by 2025. Of these, 91 percent, or 12,648 units are needed for households earning 140 percent AMI or less. These households typically earn less than \$150,000 annually. Assuming the 400 affordable units planned by fall of 2019 are contracted, that leaves a need for over 12,246 affordable units by 2025. If all of the affordable units in ongoing and planned projects were constructed by 2025, the County would still need 9,597 additional units to meet the anticipated need for affordable housing by 2025. To achieve that goal, approximately 1,600 new affordable residents...units would be needed to be constructed each year between 2019 and 2025. In conclusion, this is a challenging goal and will require a focused commitment to building affordable housing during the next six years by the legislation, the Council, developers, and the government, and private entities working together in one common goal, keeping our children on Maui. Mahalo, Chair.

CHAIR CRIVELLO: Thank you. Members, you have any need for any of the testimony to be rephrased?

MS. CROUSE: Thank you.

CHAIR CRIVELLO: Thank you for being here.

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MS. CROUSE: Thank you.

CHAIR CRIVELLO: The next testifier?

MR. MATAAFA: Chair, the next testifier is Autumn Ness, followed by Tasha Kama.

MS. NESS: Aloha, good morning, Committee. My name is Autumn Ness. I have to be really honest. I'm really nervous to speak to you today more than usual, mostly because I'm, this is a topic that's really dear to my heart, not as a staff member of Councilmember Cochran, and not as a member of staff that staffed the TIG a couple of years ago. But as a community member that is really feeling this crisis personally and the people and friends around me that are just hurting in a way that I don't know if you guys really understand on a deeper level. The report that you guys have in front of you is not, is exactly what I and so many people in this community did not want. It's a good report. But we did not want another report. We wanted action. This is a \$250,000 report and we have plenty of those. As a staff member of the TIG, I actually feel strangely validated that we produced the same information that's in this report that cost \$250,000. I'm proud of the community members and the other staff members of that TIG that came up with this information two years ago. As a community member, I am really frustrated, bordering on the verge of angry because I feel like the last two years this body has failed its community. The TIG report came out two years ago, at the end of the last session in the same time right now where we had outgoing Councilmembers and everything and nothing was done. And those items sit now in standing committees of this body now. And two years later, at the same time at the end of this session, we have another report to deal with as we have outgoing Councilmembers and an outgoing Administration, with the same to-do list. And where are we going to be next year, in two years? So many of the items in this report are this exact same as the TIG, right down to the County-owned plots that we recommend building on in Honokowai and Kilohana. And nothing has happened. The major conclusions are the same, off-site infrastructure costs and the permitting process need to be addressed. And two years later, we have made zero, or maybe, you know, a smidge of progress on any of these. It's business as usual. And in the meantime, thousands of people in our community, myself included, have spent years of precarious, sometimes unsafe time in living conditions that we shouldn't be in. Many people have moved away. People can't come back from college. Everyone in this room should be ashamed of that situation. Not to mention, there's no mention in this report of the short-term rentals and the number of rentals that are being occupied by visitors. I have to say, the consensus in the community, people at the beach, at the supermarket, in my child's school, is that nobody cares because their homes are not profitable. And I've been arguing with them for years that we do care, that we are trying. And I can't argue with them anymore. When they tell me, the leaders don't care about us because affordable housing isn't profitable, I tend to agree with them because the solutions are in front of us and we've done nothing. And we continue to be presented with these for-profit, excuse me, developments for people that are not affordable. So then, we keep being presented with these projects that are not meant to solve the problem. And we are forced into this up or down choice. We're not thinking outside the box. I'm sorry, I'm out of my notes and you get what I'm trying to say.

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CHAIR CRIVELLO: Thank you.

MS. NESS: Our community really needs you to take action.

CHAIR CRIVELLO: Any questions or rephrasing that you want to have for the testifier?  
Mr. Atay?

COUNCILMEMBER ATAY: Thank you, Chair. Thank you for being here. So, you refer to a  
TIG. Can you explain to me what is the TIG, what does that stand for?

MS. NESS: The TIG was the temporary investigative group that was formed under the  
Planning Committee during the last Council session. It was, the Members were  
Councilmember Couch, Baisa, and Councilmember Cochran was the Chair. And it  
was staffed by myself, Sarah, and Greg. And we did not come up with the answers in  
that TIG. I actually, I've said before, I feel really strongly about the report that was  
published in October of 2016 out of that TIG because they were not our answers. We  
spent hundreds of hours with people in the community, professionals, from the  
development community, the finance community. And they told us what the problems  
were, which were different than what I thought the problems were in the beginning,  
you know. And it's essentially, I can give you copies of the TIG report, it's the exact  
same thing in a shorter version as what's in the report in front of you.

COUNCILMEMBER ATAY: Yes, I'd like to get a copy of that.

MS. NESS: Yes.

COUNCILMEMBER ATAY: So, the TIG was a temporary investigation on the housing crisis  
two or three years ago?

MS. NESS: It was, the Committee was formed in like the summer of 2016 if I'm remembering  
correctly. And the report was published in October of 2016 and adopted by the  
Council, by the, you know, by the body.

COUNCILMEMBER ATAY: Right, right. And that report, how much did it cost?

MS. NESS: Free.

COUNCILMEMBER ATAY: It was free?

MS. NESS: Overtime, I mean, a lot of blood sweat and tears, late nights, all that, but...

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

CHAIR CRIVELLO: Any further questions?

MS. NESS: Thank you.

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CHAIR CRIVELLO: Thank you for being here. Our next testifier?

MR. MATAAFA: Chair, the next testifier is Tasha Kama, testifying on HHT-32.

MS. KAMA: Good morning, Council Chair Crivello and Members of the Housing Committee. My name is Tasha Kama, and I'm here representing myself. I want to thank you, first of all, for holding this meeting this morning. But one of the things in this report, and I don't want to echo everything that Autumn has said, but it hurts to know that I was there at the TIG, I'm here again, and the \$250,000 that we're talking about that we spent on this report was because of some of the movements of Faith Action for Community Equity. And we're looking for solutions, not another report. So, in this report, it tells us all that we already knew. I don't think I learned anything new in this report except this, my community wants to be able to buy and purchase fee-simple homes. They don't want to be in apartments. I think that's great for some people. But our people really are land people, we're aina people. It's difficult for island people to live in apartments with no land under our feet, with nothing to connect us to the land that is ours. And so, I just want to ask this body to take this report out into our community and get some manao from them. I also would like you to consider not putting so many rentals that we can't find local people homes that they can afford to purchase. I think it's important that we meet the needs of our people and I realize that housing is a crisis. But I think our people really want to put their feet and their hands into the land. This past storm that we had, when we weren't able to bring in any shipping containers, the shelves were empty, that should remind us of how important it is for us to get back to the land, for people to have small plots of land so that they can at least plant their favorite garden variety foods, lettuce, tomatoes, corn, whatever that might be. But we can't always be so dependent upon the boats and the planes bringing in food that we have to take care of ourselves. Housing is critical, but so is being able to live the quality of life that we deserve, that our ancestors knew what was best for us. And so, we too need to know what is best for our people, land, housing they can afford, and a quality of life. Thank you.

CHAIR CRIVELLO: Any questions?

COUNCILMEMBER KING: I have a question, Chair.

CHAIR CRIVELLO: Ms. King?

COUNCILMEMBER KING: Thank you, Chair. Thank you for being here, Tasha. I have a question for you because, you know, when you're talking about people preferring to buy homes, I've been hearing so much from other, and in these reports, it even mentions that there's this thought that the next generation, the millennial generation, which I call the next generation 'cause my kids are millennials, would rather rent than buy. And so, there's like this, you know, kind of heavier focus on building rentals. So, I just kind of wanted to get your thoughts on that.

MS. KAMA: I think our young people...

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COUNCILMEMBER KING: Is it generational?

MS. KAMA: I think our young people are young. And they're not, they're, we have to help them to figure out the future isn't always about renting, but it's about having your own property, your own piece of land. And one of the other things too, and I don't want to not answer your question, but when you are a homeowner, you have to pay tax on that property, and that's what keeps this County moving. And if we're going to be building all rentals, then how do we get the finances we need from our homeowners to be able to pay for the functioning of this County? Because that's how we use, but getting back to our millennials, I think we have to help them to understand that while they may think that they don't want the responsibility of being a homeowner and taking care of their land and having to take care of all of that stuff and pay property taxes, that part of us who we are as native peoples is getting back to the land. And while the millennials may feel like that, I think that we just have to be able to help and to support them to realize that putting their hand and their feet into the land is what's going to be their future, not necessarily living in an apartment building.

COUNCILMEMBER KING: Okay. Thank you for that answer.

MS. KAMA: Thank you for the question.

CHAIR CRIVELLO: Thank you, any further questions? If not, thank you for being here.

MS. KAMA: Thank you.

CHAIR CRIVELLO: Do we have another testifier?

MR. MATAAFA: Chair, the next testifier is Kathy Kaohu, testifying on HHT-32.

MS. KAOHU: Good morning, Councilmembers and Committee Members. This is like a random spur-of-the-moment thing. A couple things that came to my mind while I was screening through this report...

CHAIR CRIVELLO: Excuse me, can you give us your name?

MS. KAOHU: I'm sorry.

CHAIR CRIVELLO: Thank you.

MS. KAOHU: My name is Kathy Kaohu, and I'm here to testify on my personal behalf and those of my future generations that come. One of the very fundamental things that we need to decide is balancing the ratio of in migration versus out migration. So, that's totally out of whack to begin with. Another thing that fundamentally we need to define is the definition of local. We keep saying we want housing for our local residents, and the definition of residents. From what I understand, there's a long list with our senior housing, for our senior housing, and folks on the mainland enter onto the list. And

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when their name gets pulled, they come here to retire. Is that a resident? I don't know. The only differential I know of as far as residents is the example of colleges. When you go away to a college there's the in-state residency fee and the out of state residency fee. I know there's the Federal right to travel. That's a barrier for us. There's also the commerce clause that was a barrier for our polystyrene and sunscreen legislation. But we identified that the public need was more compelling than these laws. And we acknowledged it and put prohibitions in place. It's, even though we encourage visitors to come here, it's not Maui County's kuleana to house the world. And that's kind of what we're doing right now. And the other thing is that Maui leads the State in offshore sales. So, there is a lot of second home, Maui supplies a lot of second homes to folks to come and vacation. And we're leading the State, so, it's still affordable for them to do that. So, we should be taxing them and that extra money going into the Affordable Housing Fund. And the last thing is don't hold our park lands hostage in lieu of affordable housing. I would discourage the conversion of our park lands for housing and that's some of the stuff that's identified in this report. Thank you.

CHAIR CRIVELLO: Thank you. Any questions or clarifications from the testifier? If not, thank you for being here.

MS. KAOHU: Thank you.

MR. MATAAFA: Chair, the next testifier is Lawrence Carnicelli, testifying on HHT-32.

MR. CARNICELLI: Good morning, Chair, Members.

CHAIR CRIVELLO: Good morning.

MR. CARNICELLI: Lawrence Carnicelli, speaking on behalf of the REALTORS® Association of Maui, and also a member of the TIG. And a lot of the ideas that are in the TIG we have been talking about and are present in this particular report. I really appreciate the County doing this. I know that, you know, there's challenges to spending the money that we did to do it. But to get outside eyes I think sometimes is needed. But the irony is, is kind of what Tasha talked about and what Autumn talked about is really the group sitting here probably isn't going to do anything with this. You know, we've only got like six months left. So, each one of you sitting here except for Chair White really, will probably be back and will have an opportunity. So, you know, the phrase, jack of all trades, master of none, kind of comes to mind in that there's a lot of different things that we can do. So, the thought was, maybe what we do next, you know, the next Council, the next Mayor, let's pick two, three at the most, something like that and say, that's what we're going to do, rather than say we're going to do this, we're going to do this, and we got all these different things. And we can have a hundred testifiers show up and a hundred testifiers are going to tell you what we should do. And it's all going to be different, right? We're all going to say, this is what's important to me, and this is what's important to me, and this is what we should do, and this is what you should do. We are a republic. We're not a democracy, republic, representative government. So, we're going to choose nine Councilmembers

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and a Mayor to represent the 165,000, 170,000 of us. And you guys will be tasked next session with picking a couple things and say, let's do that. Let's be a master of these two, three things, whatever it is that you decide to do, rather than saying, hey listen, you know what, we're going to shotgun and try to do everything. So, I know I'm not speaking specifically about anything in the plan, because again, I could give you my opinion, and it'd be a whole another one that you guys could intake. But what I'm going to say is the nine of you, or the ten of you that will be here on the 8<sup>th</sup> and 9<sup>th</sup> floor next year, let's do one. Let's do two and let's be good at it. So, thank you, Chair. Thank you, Members.

CHAIR CRIVELLO: Any questions for the testifier?

COUNCILMEMBER KING: Chair, I have a question.

CHAIR CRIVELLO: Yes, Ms. King?

COUNCILMEMBER KING: Thank you. Thank you for being here, Mr. Carnicelli. So, I know you're not prepared to tell us right now. But at some point, I'm assuming that you will be, you know, reviewing the report and then giving us your opinion on what those two or three top priority items should be according to RAM?

MR. CARNICELLI: Uh-huh.

COUNCILMEMBER KING: Okay.

MR. CARNICELLI: Yeah, for sure.

COUNCILMEMBER KING: Because I think that's really important is we need to, with this report, you know, list out the items that we could do and then go out to the community and get community input. And so, I know that you've always been very thoughtful in your testimony to us and you do your homework. So, I do appreciate if you have an opinion on, or if your group has an opinion on what those top priorities should be.

MR. CARNICELLI: Thank you, Member King. And yeah, you know I'm never short of an opinion.

COUNCILMEMBER KING: Right.

MR. CARNICELLI: So, I'll show up with one or two.

COUNCILMEMBER KING: Okay.

MR. CARNICELLI: Thank you.

COUNCILMEMBER KING: Thank you.

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

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

CHAIR CRIVELLO: Thank you. Have you heard anything from the outer districts?

MR. MATAAFA: No testimony.

CHAIR CRIVELLO: No testifiers? So, thank you. So, is there anyone in the gallery or district, or would like to testify, please identify yourself to appropriate Staff and proceed to the podium or the District Office as the case may be. Members, as there are no further individuals in the Council Chamber or District Offices wishing to testify, without objection, I will now close testimony.

COUNCILMEMBERS: No objections.

**. . . END OF PUBLIC TESTIMONY. . .**

**HHT-32: AFFORDABLE HOUSING POLICY AND IMPLEMENTATION ANALYSIS (CC 17-448)**

CHAIR CRIVELLO: So, I'd like to start with our agenda item, which is HHT-32, Affordable Housing Policy and Implementation Analysis. So, the Committee is in receipt of the following: County Communication 17-448, from myself, Stacy Crivello, relating to the Council's appropriation of \$250,000 for an affordable housing policy and implementation analysis; correspondence dated August 15, 2018, from Faith Sereno Rex, President, SMS Consulting LLC, transmitting a report entitled, County of Maui Affordable Housing Policy Plan Final Report; correspondence dated August 15, 2018, from Faith Sereno Rex, President, SMS Consulting LLC, transmitting a report entitled County of Maui Affordable Housing Implementation Plan Final Report; correspondence dated August 15, 2018, from Faith Sereno Rex, President, SMS Consulting LLC, transmitting a document entitled, Maui County Affordable Housing Policy Matrix. The Committee may receive a presentation from SMS Consulting LLC relating to the findings and recommendations from the Affordable Housing Policy Plan Final Report and the Affordable Housing Implementation Plan Final Report and discuss related matters. No Legislative action will be taken. So, Members, as we may all recall, the Council appropriated \$250,000 in the Council Services Program Fiscal Year 2018 Budget to be used for an affordable housing policy and implementation analysis. In April, the Council Chair contracted with SMS Hawaii to conduct an affordable housing policy analysis and develop an implementation plan to address the housing needs in the County. Today, the Committee will receive a presentation from Jim Dannemiller and Faith Rex from SMS Hawaii on their findings and recommendations to increase the housing inventory in Maui County. Housing Director, Will Spence, is also here to answer any questions that you may have. With that, I would like to turn it over to Mr. Dannemiller and Ms. Rex for their presentation. Members, we have two presentations. We have the implementation and the policy. I would like to allow the

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presentation to go through at least with one portion of it and then open up for questions or further discussion. And after that, we'll continue with the next plan and then continue on with our discussions. So, at this time, SMS, it's all yours. Thank you.

MR. DANNEMILLER: Thank you, Madam Chair, to you, and thanks to the Councilmembers, and to the rest of the gallery here today to listen to some of whom were important members in terms of getting our job done. I thank you very much for the opportunity to present the results of the work we've been doing over the last four months. There's much to cover. And so, if you don't mind I'm going to dive right into this presentation. The project that we're working on here, I'm talking about the policy plan was, it's goal, had a goal to amend Maui housing policy so that we produced more units. There were several objectives, they're written there, all of which are important. But four in particular were, occupied most of our time, one is identifying barriers, one is finding incentives to keep, have developers show up with more projects to work on. Another was to sort through everything that we put together here and come up with policy recommendations. And above all, across all of it, to be collaborative, to let everyone have a say. That was difficult to do in four months, and I'm not sure we accomplished that completely. But we have the project for you today. To do that, we were involved in seven major tasks, four of them, the first four are, data collection, putting things together, and the last three are analytical. The first one then is we did a policy review which means we looked at the literature and the studies, including the TIG by the way, that was an important one, policy documents, all the plans, and particularly the Maui Island Plan, all the housing statistics produced by the State, actually the nation, the State, County, and what sums that we produced, and to review even some Council minutes along the way to see how policy is put together in action. We did some, a lot of stakeholder interviews. There were about in the neighborhood of about 40 of those people contacted. And some of them were contacted several times, more than once, and many of them delivered data to us and produced pieces of information that we could incorporate into the study. We also talked to advocates for housing and administrators, legislators for, at the State and the County level, environmental types and other people interested in housing in Maui County. We also did a, what we refer to kind of as a management audit, which really means that we looked at the organizations of the County government that are dedicated to producing housing. We looked at personnel and job descriptions and human resources, pieces, and facilities, and resources to see if indeed, the County had the resources that it takes in order to get the housing built. And the last one, the four up there we actually borrowed from the implementation plan. It's difficult to separate out the two plans, by the way. The tasks were overlapping in many ways. But the study of incentives was actually in the implementation plan, as well as the historical and projected housing unit numbers. So, what happened in the past and what's projected to happen in the future. With those pieces of information under wraps, we put all the data together in a policy analysis, we produced a policy matrix, all the policies that we thought might be applicable or actionable in this particular case, and discussed those with Council Staff, or Council Services, and changed them once...a couple times. Produced a list of recommended changes to, and a set of policy recommendations, which I'll discuss in greater detail in just a minute, and finally, to present the findings to you today. That

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being the tasks, first we had to take a look at what Maui County housing policy is. Now, let me tell you, four months isn't even long enough to read it. But I'm going to try in this few minutes just to tell you what I think might be things that we should keep our eye on in terms of evaluating policy alternatives. In the first place, Maui housing policy is inclusionary. That is, it looks to development requirements to produce affordable housing. So, if somebody comes in with market relevant housing, we impose exactions on them to produce affordable housing units. In that sense, by the way, it's a passive policy. It's the kind of policy that says well, if somebody comes in to do something, to have a development, then we can begin action. That's not a bad thing necessarily. But when it comes down to some, what the community is saying, we need action now, this is a difficult policy to work with because it's sort of, it's just this passive policy. And what we need to do is make it actionable. It's very highly regulated, as we can discuss later. But basically, the rest of the research shows that the State of Hawaii is the most regulated state in the country, maybe the most regulated place in the world. Although, somebody did remind me of Singapore. And Maui, among the four counties is the most heavily regulated, has the largest number of regulations in any case. Developers here are responsible then for all the costs and have to deliver these market-rate housing units within that structure. In fact, what happens is the new owners of the projects pay the bill. So, I've hinted already that it's complicated, it's lengthy, it's complex, it's difficult. I don't think that's necessarily bad, but it would be a good idea if it were a little easier to use. It shows up primarily as MCC, the County Code Section 286 and 296. But also, it covers in Titles 14, 18, 19, 20, and some more. Overall, we came up with findings that were similar to Orion's findings about Title 19 and I'm sure most of you are familiar with that report. And in that one, they suggested, with respect to Title 19, the Zoning Report, that we under, that Code undergo a comprehensive review and revision. The Council...the policy recognizes three kinds of housing that are useful to talk about and I'm going to call affordable housing those units that are developed to serve households with incomes less than 80 percent of the area median income, workforce housing which runs from 80 to 140 percent of AMI right now, and market-rate housing, which is everything over 140 percent. It does not sometimes deliver the types of units that we need. By that I mean, if we ran the policy perfectly, there were no hitches at all, that we would produce units that had the characteristics of the Code. Twenty-five percent of the new units that we develop would be affordable, and 75 percent would be market. The ownership units would be divided 30, 50, 20. The rental units would be divided 33, 33, 33. And we would have that as the composition of our new units. The composition of the housing units that we need are unlikely to show up in that exact configuration. So, one of the problems with this complicated housing policy that we have is it doesn't hook up with reality in any sense of the word. It demands, as we've said before, it demands that, or sorry, the inclusionary policy demands constant attention and a lot of studies to make sure that we're hooked up to the world in which we live. It's highly regulated now. And it has been highly restrictive in the past. And every time we go in and every time we talked to all the stakeholders that we talked to, they would repeat this to us over and over again. And we looked in the Code and we says wow, look at all those codes. And we found out that that was true. But Maui housing policy is really quite flexible. Every time we found a regulation, not every time, nearly every time we found a regulation, we also found exemptions and waivers,

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and postponements, many things that we could use in order to get around this. So, we have this policy which actually isn't too bad to work with. It, some people would look for a policy like this. We have one that has all the regulations in the world that we can use to stop things that need to be stopped if they need to be. And we also have all the exemptions that it takes to let them go if we want to. So, the Administration and the legislation in Maui County have the ability to make this happen. Just quickly, one last one, we have to remember, I am reminded by several of our stakeholders, that all these exemptions cost Maui County money. The nicest thing about inclusionary policy is you don't have to pay for it. Or at least that's what everybody believes. So, if we impose all the restrictions then that might be true. But every time we give up an exemption, it costs something. Somebody says we can offset that by increased property taxes. But I don't think that ratio is exactly what we want to work with. And finally, exemptions are expected to increase feasible projects and affordable housing. So, the tradeoff is, when you need the housing units, you can get the housing units. But you probably will have to pay. The tradeoff is you give some you take some, yeah? And last, as you all know, recently this policy we're working with hasn't done what we want it to do. Total production is down, and there's very few available units. Let's skip that one for now. Looking at that, we built the recommendations that I'm going to show you right now to be supportive of the inclusionary housing policy. We built them, I'm sorry, to be, to change the policy to eliminate barriers to affordable housing. Those are, we want a manageable number of changes. We started off with 197 items in the policy matrix, by the way. At one point we boiled it down to 42 thinking these might be particularly useful. And then after talking to Staff, we boiled it down again, and I think I'm going to deliver to you 12 this morning. And I guess we want to get it down to two, yeah? We favored changes that can be made quickly if that's possible. And we figured changes, favored changes that make policy more active and flexible. We want to be able to control this thing. We want it to be active, and we want it to, proactive that is, and we want it to be flexible so that we can use it as we want. And then, we separated the changes here into rules, changes to rules, and changes to operations. Why? The one thing we heard over and over and over again from stakeholders on both sides of the fence, if you will, is that it's not the rules, it's the process. It is not the regulations, it's the way they're applied. Okay. The rules changes, as you can see, I'm going to deliver six of them this morning and I'll just go right straight head. Notice that rule changes are easier than process changes most of the time, but they may not give you what you need in the short run. And that the arrow up there behind those, which you can barely see, behind those blocks, goes from easiest to the difficult as we can see. So, streamlining is pretty easy to do, funding is a bear. Streamlining, there's two, one is to fast track, and the other is to stop, or one-stop departmental review. Streamlining State and local regulations that affect housing production has been part of every project we reviewed, and there was a lot of them, and especially in Hawaii. All stakeholders mention it, and everybody said they wanted it, the items listed here are already happening in Maui County. They're already in review. What we would suggest if you want to actually change policy, is that we recognize that and make it part of the Code, streamlining by fast tracking, one-track departmental review will provide you with more units in a shorter period of time. Maui County Code 2.96 is the policy which we're primarily interested in here. And we recommend, we're recommending two changes to that Code right now to lower

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the affordability requirement by a little bit and to have tighter income ranges. By the way, on that first one we're willing to say that, to agree that it's a tradeoff. If you take that number down, you'll have more projects go through, but you'll have fewer units. You can change it up, you get more units and fewer projects go through. Tighter income ranges are probably a good thing to do. Those come from the fact that proponents of inclusionary housing policy at work today and in Hawaii suggest that these are so. And if you look at the major proponents of inclusionary housing policy, they say the reason Maui hasn't been able to make this work is they had the wrong numbers, not because the policy is wrong, but because we're dealing with the wrong numbers. So, these policy recommendations are highly recommended by the proponents and they were recently enacted for Honolulu. So, we're offering them up there for your review and approval, yeah? On zoning, we're looking for...I think all we can ask for is proactive zoning. Proactive zoning essentially says why don't we go ahead, take a look at what we think are going to be zoning changes that need to be made in order for us to get housing units done and make those changes before the requests actually come in. We're essentially going to fix things before it happens. It's a process or a strategy that avoids the time-consuming solution by eliminating the problem in the first place. It's fully active, it increases flexibility, it's consistent with inclusionary housing policy projects, and it makes projects, more projects possible so more units gets produced. Okay. Sustainability, basically we're giving you a community land trust here. The sustainability argument has been charged by the proponents as a non-argument, saying that the developers who say this is too hard, we won't be able to sell the units are just wrong and that you can sell the units. And they also said that on the other hand, if you talk about sustainability in perpetuity, it's simply scary. It's talking about housing without appreciation, which is an idea that people don't take to very well. They also say that you can get as much out of a 30-year deed restriction as you can out of perpetuity. So, with respect to sustainability itself, we don't really need to take an action, or so they say. 'Cause we're already at 30 percent. On the other hand, having a community land trust that would allow us to take the other way out of the sustainability problem, and that's, take those units off the market entirely, just take them out of the market and make them affordable housing units that belong to the County, in this case, belongs to the County's chosen community land trust is a good idea. So, we recommend that. Infrastructure, now we're into the tough ones. We're talking about offsite infrastructure development here, you should know that first. And what we're saying is that we can...we are recommending proactive infrastructure development and the funding of infrastructure. So, the County would take responsibility, saying let's use infrastructure to guide development. Let's say ourselves, I'm going to say right now where the water's going to go and we're going to go put it there. We're going to pay for that water, we're going to find a way to pay for it, and we're going to put the water where we're going to, where we decided it ought to be, and then let people develop where that is. And if they choose to develop where there isn't any water, well then, we haven't been in their way, have we? We've removed the barrier. And if we can fund it and we say we think there are more and more abilities to fund infrastructure all the time because infrastructure is becoming recognized as that's the real issue. So, what we need to do is take an active or proactive role there in terms of funding this thing and have somebody working on funding all the time. Infrastructure is the big issue,

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it's a divisive one, it kills projects and reduces affordable housing production. More than that, in some ways it's hard to take because of the way that we implement it. It's anti-partnership, if you will, and causes some severe attitude problems. Infrastructure is in the rest of the world, a county responsibility. I invite you to look up the National Association of Counties and see what they brag about. Most of the counties across the State...across the United States brag about producing infrastructure and how much we produced this year. Planning documents admit that the County is responsible for and encourage them to be creative about the development of infrastructure. Funding infrastructure is a major issue and needs to be addressed. Okay. And the last one then is funding affordable housing. The Affordable Housing Fund is our major source of funding for affordable housing development in Maui County. It receives funds from in lieu fees and 2 percent of property taxes and some other methods. It had \$29 million in it last year, which is about enough to fund, fully fund, 65 units unleveraged. The four sources that are listed there on the board have been used elsewhere and they seem to be amenable to the government's power to taxate, to tax, and would produce significant funds. By the way, we considered also changing the percent of the property tax from 2 percent to 4 percent but left that one behind now. But I think that's absolutely open, should the County decide that it's important, more important to produce housing than it is to do some other things that the County is equally responsible for. And I move quickly to the changes in the process. Remember that process is the problem, not the rules. But process is a lot harder to accomplish and they're also more long-range and less immediate. One is we need a housing plan. We went to look for the housing plan because it's hard to get the right thing done with no plan. It's the ultimate in pro-action. It's hard to hold anybody accountable for something if there's no plan, no goal, no target to measure their performance against. It's impossible to evaluate what is working and what is not working without a plan that describes what it is that we're trying to accomplish. So, we went looking for the plan, and there is no plan. And that's not too bad because there's no requirement that there be a plan. So, nobody did anything wrong in not having a plan. And if we did, if there was somebody who did it wrong, we wouldn't know who it was, because no agency is responsible for making the plan. So, we're suggesting that the plan be enacted and that we make somebody responsible for that plan and get that done first. Okay. With respect to personnel, two things that come up, one is the job qualifications for the Director of DHHC, and two, is the job qualifications for a new position which is created there, and we believe that position is a right thing to get done. Probably with Director Spence's appointment to that position we have that problem solved for right now. But the Code is not, has not been solved. So, putting in rules either at the department level or at the level of the Code, it's going to be important to make sure that that's true. If we don't have somebody who understands development, not just about 2.96, we're probably not going to get a lot done. And the job qualifications for that new position, what that new position really is, is you could call that the director of development. It's actually a proactive role to develop something at the County level. We can also...and we also noticed that that job is one of negotiator, a negotiator, and a negotiator is something that we need in order to get these agreements made, the residential workforce housing agreement. Partnership, we'd like to encourage public-private partnerships. And I don't find anybody who disagrees with this, like everybody says of

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course that's true. And we do it and but in some sense, every developer's application for a workforce housing agreement is an opportunity for partnership. There isn't any such thing as unilateral housing development anymore on either side. So, if there's no cooperation between government and private sector, those things don't happen. So, partnership is a thing, the thing that we have, and how we apply it is another story. Most people feel there is, we need to develop a spirit of partnership, if you will. I can't figure out how I can recommend to you a policy that gets changed to get a spirit of partnership. But I can say, that in MCC there is no rule that allows for partnership or describes what the role of partnership might be. And that's something you could do at the Code level to focus on making space or rules for partnership. This is the one we all just really wanted to talk about. Maui County Code 19, Section 19.510.050 sets the definition of the power of the Council for conditional zoning. And that power is formidable. It's very, very broad and it has not been limited in any way that we can find. HRS 201H-38, which is the 201, the State's ability to get developments made gives you pages and pages of exemptions from regulations that can happen that way. And if you look at the second and third rule or something like that, it says we can only consider projects that have been approved by the County. So, it's, it is an option, but it tends not to take away, there's one, the power of the Council, the County, but the Council and the Mayor, okay, to apply conditions. And God, I don't think you want to say we don't want to have conditions be allowed because it is the Council's responsibility to protect the health and safety and livelihood and welfare of the people of the County of Maui. So, that's going to stay there. But how it gets applied, we might take a serious look at. I'm going to let that go for now because I'll bet I get a question on it. Okay. And move to data, isn't it true that a guy who runs a research company is going to come in and say that you need data in order to get this done? I think so. But look, when we went in, we discovered that we had to develop our own databases in order to get this project done. So, and I think when, I could probably talk to the people who did the TIG and probably find out the same thing, that getting the numbers is not always easy. Now, guess who owns the numbers? The numbers are produced either by, that we want, the numbers are produced by the County departments or they're produced by the developers who are partners in a residential workforce housing agreement. So, the numbers are here, that's where we'd go to get them. So, what we're recommending is that these databases be produced, and I think produced by Code so that the numbers are there because we're not going to get any useful changes in policy unless we provide the data to support the analysis of those things and the recommendations that we need. And finally--what happens if I press this button--we looked...to summarize everything I said 'cause that was complicated even with audiovisual. There is no single center department in charge of housing. There is no housing plan. There is no housing data to assess policy alternatives and processes. We've given you Code changes that we think we'll use to fix that. Okay. The policy is restrictive, but the exceptions are there to use if we need them. The process is the issue and we've given you the second piece of possibilities for policy change that you could use to fix those. You've elected an inclusionary housing policy. We've tried to support that policy, not undermine it but it demands constant attention. You have to watch the changes in the housing market. You have to play it differently at different times, points in the economic cycle. When things are on the way up, demand is high, the developers are chomping at the bit, use your restrictions and get

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units. When the demand for higher priced housing slows down, use your exemptions and get workforce housing units when you can. Low-income housing is likely to require building on County land using a developer RFP and probably workforce or housing fund resources, yeah. And with that, I'm going to stop and entertain questions.

CHAIR CRIVELLO: Thank you. Before we open up the floor for further discussion and questions, thank you for being here, Vice-Chair Robert Carroll. Thank you. So, Members, as we try and digest all of this I am going to open the floor for questions or further discussion. Mr. Hokama?

COUNCILMEMBER HOKAMA: Chairman, thank you. And I'm sure all the Members have concerns or questions. So, I'll limit it, you know, I've got like seven, but I'll limit it to two and I'm sure you're going to go multiple rounds if time permits, Chair.

CHAIR CRIVELLO: Yes, of course, thank you.

COUNCILMEMBER HOKAMA: So, just let me say, you know, I anticipate some historicals as part of the study of how we got here from the, basically the '50s, '60s. Okay. When we had the housing. Of course, we had different type of industries. That era the employer built the housing. That's how we got Dream City. Okay. That's how we got houses on Lanai and Molokai because the employer knew with no housing there's no workers, so, how do you do a business? And then, again, the history of our County, why we have so much adjustments or requirements is because again, I was looking for comments on enforcement and compliance of Council's decisions because if we had compliance of our conditions of our various up-zonings in the past, this County would've realized at least 3,000 more units already constructed. Okay. So, it's not that from the policy or the legislator's standpoint, in my opinion and experience, it's been a lack of the Council's foresight in trying to mitigate and ensure that we have appropriate supplies is I think, again, part of the issue for me is enforcement and implementation of compliance. And as a past president of the National Association of Counties, I can tell you, don't look at Hawaii's four counties like the other 3,065. We are not the same. I can speak on that very clearly on the national and the differences of our county structures. So, I wouldn't compare us to the 48 states on the mainland, 'cause we are not like them at all. We're an island state with island needs for, and we need island solutions. My question is, you know, is there another component where you have some more, at least additional financial numbers for us to look at? Because everything you shared with me is going to cost money. So, somebody's going to pay the bill. And if it's the County, we already know that the State is looking at taking away from our primary source of revenue, our ability to raise money to pay for things that you are asking us for consideration that we may approve. So, is that forthcoming or that's not part of your contract to provide this Committee?

MR. DANNEMILLER: The question is about the financial issues? Faith has some things to say about financial issues. As I say on the, I think ours is limited to the funding of units through the Affordable Housing Trust [sic] Fund. The, there's another piece, if you'd take a look at, also in depth there when we looked at partnership, that rather

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than saying look for a way that the County could pay for all housing, to look to partnership to do that. And we sort of sided with that particular way of looking at it, that is that if we began the negotiation of a residential workforce housing agreement without which nothing occurs that I can see, yeah, that, oh I'm sorry, anything less than ten units could go through, that if we began that with a pro forma that is this is what the project will produce, and this is the money. This is what it costs to produce this, and this is the distribution of the funds that are net, that that pro forma, which is a standard thing to use in business, was used as a basis for workforce housing agreement negotiation. Then we may actually be able to make things pencil out, as they say in the game. So, I wasn't looking for the State to provide money, although like I said, there's plenty...

COUNCILMEMBER HOKAMA: I'm more interested in what you anticipate the County to put up.

MR. DANNEMILLER: Pardon?

COUNCILMEMBER HOKAMA: I'm more interested not about the State. The State is not in my world right now. But it's what is being asked of the County to provide financially. Okay. 'Cause like even in your Kauai, in your handout you show the Kauai project. And under the county, the county provided land and you put no cost. Well, there's a cost for that land whether it's in kind or there's a value to that land. Because if it wasn't County land and it was private land, somebody had to buy something to make the project work.

MR. DANNEMILLER: Yeah.

COUNCILMEMBER HOKAMA: Okay. So, you know, my thing is, I need the real number. I don't need the things at no cost or because it's the government, you know, this or that. 'Cause, you know, for me, your comment again on, you know, and from a conceptual makes sense, right? Plan ahead, up zone, well, I don't know if every private property owner would consider an up-zone 'cause they may have had other ideas for their property. So, can the Council just up-zone private land without the private owner's approval and consent? 'Cause if they go, that's not what I want with my property, that was not my plan when I bought it or it's to maintain it in Ag, I don't want housing on my agriculture land. But the County is zoning it Residential. Is that something that more than likely will be a claim against the County where the property owner doesn't agree with the up-zoning or the rezoning, I should say? Corp. Counsel?

MS. DESJARDINS: Yeah, they, I mean, just generally speaking, of course the County can't just absorb land. There's whole processes involved in doing that. So, no, that's not a possibility.

COUNCILMEMBER HOKAMA: Okay.

CHAIR CRIVELLO: Director?

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MR. SPENCE: That's a very good question. And I concur with Corp. Counsel that we can't just willy-nilly go up-zoning people's property. However, we have community plans and Maui Island Plan that have taken many, many years with a considerable input. We've identified where we want housing to go. All we would have to do is ask those particular property owners, would you like your property up-zoned. And there may be some that say no. But I would bet the majority of them would say, yes please.

COUNCILMEMBER HOKAMA: If they're in Interim, I agree with you, Director, 'cause they don't want to stay in Interim either, in my opinion.

MR. SPENCE: More than Interim, they're...it would save the hundreds of thousands of dollars. Say on Lanai, it would save the hundreds of thousands that the County spent to up-zone ag land from Agriculture to Urban, and then, you know, with the State Land Use Commission, that all reduces...reducing those kinds of costs is what reduces the cost of housing. And I think that's what the, both the TIG and this report are referring to, doing something proactive and it makes the housing more affordable, it provides the opportunity to build housing.

COUNCILMEMBER HOKAMA: Maybe that's something doable after we review our comprehensive Title 19. Because the last time we did comprehensive zoning was, what 15 years --

MR. SPENCE: Nine years.

COUNCILMEMBER HOKAMA: --ago when we did the agriculture, cultural lands after the ag policy with that sliding scale.

MR. SPENCE: We did quite a few up-zonings from Interim, if you remember the Interim projects in the '90s. You're right, we did that agriculture...

COUNCILMEMBER HOKAMA: That's how far, I'm going back to the '90s, Director.

MR. SPENCE: Oh yeah, no, I agree.

COUNCILMEMBER HOKAMA: Okay. That's what I'm going back to.

MR. SPENCE: And I think we should be, this should be a matter of course for this County where if want to provide housing, we should be providing that opportunity. So, and in accordance with our community plans. But...

COUNCILMEMBER HOKAMA: Yeah, thank you for that comment. Chair, I'm done for now 'cause I'm going to come back to Lanai.

CHAIR CRIVELLO: Thank you. Councilmember King?

COUNCILMEMBER KING: Thank you. Yeah, I think there's like so many questions. I was narrowing it down to what we want to...one of my questions kinds of follows on

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Mr. Hokama's question about infrastructure and how we decide if we are going to take responsibility for putting in infrastructure, which, you know, I think that's pretty reasonable. Like you said, nationwide across our country the counties are taking responsibility for that. But how to decide where to put that and I didn't see it, anything in your presentation here about the community plan process because there has to be a decision made on where we're going to put that infrastructure. And then, I just kind of wanted to find out if you were suggesting that agreements be put in place that if we do build infrastructure in certain areas, because we're talking about, a lot of it's private land as well, that if we're going to try to encourage private developers, then do we put in agreements first for affordable housing before we build the infrastructure as a County? Or are you suggesting we just put in infrastructure around County lands that could be identified or have been identified? And bear in mind too that our community plans are almost 20 years old and they need, you know, they're sorely in need of review and updating.

MR. DANMILLER: Yeah, I'd put those two together in a pod, that's for sure. I think an agreement that the County would be responsible for proactive development of infrastructure would require that there was a plan there. Now, I know there was a procedure for updating those plans. But I know that procedure sometimes falls behind its schedule and that sort of thing. Maybe, it could be that the action of the County in terms of setting some infrastructure guidelines could move that process forward. So, I think for sure that would require a plan. Okay.

COUNCILMEMBER KING: Okay. Well, I just was wondering what you, if you were recommending that, that that, you know, go in line, because I, you know, I would hate to try to say that's going to go in line with our community plan updates where we're so far behind and we have, you know, we have to revamp that process as well because that's a very slow-moving process. The other...

MR. DANMILLER: There is elements on the General Plan and the Maui Island Plan and the CPP that suggest that the County take that leading role and shape those decisions about infrastructure at the top. And admittedly, I think that has, those have implications for the planning process. But I think it's possible to cite those particular backings for County action on infrastructure as a starting point, yeah, rather than say we have to go back and readjust all the community plans first.

COUNCILMEMBER KING: Okay. Okay, thank you for that. And then just, I just have one more question and then I'll yield the floor for now. On the Housing Department, I mean, there was some really good recommendations made on needing somebody to be responsible which we haven't done because we've got this broad department that is Housing and Human Concerns. And so, if you were able to look at our County Charter, I'm hoping you were able to look at our County Charter that describes the departments. And we don't have an opportunity this election season to get something on the ballot at this point to change that, to describe a separate department. But do you have recommendations for how to, you know, how to house that person that would be responsible in Planning or in the Housing Department? Or, you know, I mean, I think the Mayor has the, also the authority to create a position in the Mayor's

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Office if they want to. So, did you make a recommendation on how to get there? Because I think it's a good recommendation, we do need that point person which is kind of what the testifiers were saying was one of the original intents of the community coming forward and asking for this \$250,000 was to have that person in place. And so, we, now we have a recommendation for having that position. But where do you see it going under our current Charter?

MR. DANNEMILLER: Our recommendation right now is that it goes into the Department of Housing and Human Concerns. We discussed, considered and discussed many different operations or possibilities for how that might be contained. The trouble is, it means that we have to sort of restructure government, which means we have to go back for Charter amendments, or we may have to go back for Charter amendments. And because we wanted to avoid that action, we took the action, we chose instead to make it work through the Department of Housing and Human Concerns.

COUNCILMEMBER KING: Okay. Alright, thank you, I'll yield for now. Thank you, Chair.

CHAIR CRIVELLO: Anyone else has any other questions or...Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. I'm interested in following up on your mention of adjusting the required amount of affordable housing from 25 percent to 12.5 percent. Were you able to come up with any municipalities that had success at either 25, or 12, or 0?

MR. DANNEMILLER: There are many municipalities that use inclusionary housing policy to handle affordable housing. And we obviously couldn't look at them all. I have followed the literature, and particularly the literature of the proponents of the policy. And they are saying right now that those numbers are really crucial to the success of whether or not you get the job done. Right now, the center, the major person involved, and that's Rick Jacobus, and Rick says that we should be looking at requirements around 20 percent. By the way, he's talking about 20 percent of all the units. The Code for Maui County says 25 percent of the market-rate units. And of course, if you run that out it's about 20 percent. Twenty percent is where Oahu right now is sitting. And that's important because they use Rick Jacobus to set those marks and he has said I think it's better even to go lower than that. And they are now, I don't know whether it's actually in or whether it's just being considered taking a sliding scale 10 percent, no or 20 percent, 15 percent, and 5 percent or something like that. So, if somebody's going to be developing 100 percent affordable rental units, they're going to give you 5 percent or something like that. I can't say that I know for sure that's going to work 'cause those are relatively recent developments. I do know that I think the lower numbers would definitely work if you're talking about having more projects go through. But then I say if we have to reduce 9,000 units for below 50, that's going to take us a lot of development to get that done. So, it's really hard to figure that one out and I don't have the answer for you today. We have chosen the numbers we've shown you here and I think those would probably move in the direction of getting done what we want to get done. But it's a tradeoff and you're going to have to run that. I think it's probably better to allow you to produce what you want to produce and then take a

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look at that on a case-by-case basis. This is a particular useful project for us, we really need to get it done, it's large, it's going to give us a relatively large number of affordable units, let's put it through at this lower level. Another one you could say no, we don't need that it's smaller, so let's keep the recommendation as we have it. Okay. Play it by ear.

COUNCILMEMBER WHITE: Yeah, I think the, I think we all recognize that the term affordable is kind of an odd term to use because what we're really talking about is subsidized housing --

MR. DANNEMILLER: Yes.

COUNCILMEMBER WHITE: --because if the County is assisting a developer, a nonprofit developer out of the Affordable Housing Fund, then the County is subsidizing it. If it's a private developer who's required to do 25 percent, then it's the other 75 percent of the buyers of market rate houses that are essentially paying about 25 percent more than they would because they're subsidizing the 25 affordable units. And I also feel that if we're talking about high end condominium developments, or high-end resort type housing, I don't have a problem with a higher, you know, with the higher percentage because there's a much larger margin there. I think you just mentioned that there are areas where there are graduated scales?

MR. DANNEMILLER: Yes.

COUNCILMEMBER WHITE: So, would you recommend that we look at a sliding scale where it's maybe 25 percent for high-end building and I don't know exactly how you would come up with that, whether it's a price point or some other geographic evaluation. But it seems to me that if we're building in Wailuku for essentially workforce, you know workforce housing, then that, the requirement on them should be less. It should maybe 10 percent or 5 percent because the, I think the problem is exacerbated by the fact that housing, the housing cost for any market unit goes up significantly. So, we're just simply not building as much as we need to satisfy the demand. Is that a correct assessment?

MR. DANNEMILLER: I believe so. And if I can take a couple of points out of that, number one, with respect to graduated scales, that seems to be the consensus of opinion today. The experts seem to be saying that's the best way to go. I can't point to any piece of research that have been done to say see how much better it works, it hasn't been written yet. With respect to how you decide what those are, what the prices are supposed to be and what the levels we change those, that harkens back to Councilman Hokama's statement about the financials. And we haven't done any financial work at all, not just in Maui County, but as far as I know, anywhere in the State in terms of figuring out exactly what the cost of that housing ought to be, what we should charge for subsidized units, if there is a charge, and what we should charge for in lieu fees. Those decisions seem to be made on kind of an ad hoc basis and I've not been able to find any solid research behind how we set them. So, that's again, like

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I say, when I say inclusionary housing policy carries with it the responsibility of knowing what the market is doing, that's our, one of our major problems.

COUNCILMEMBER WHITE: Yeah, yeah, lack of data.

MR. DANNEMILLER: Pardon?

COUNCILMEMBER WHITE: Lack of data.

MR. DANNEMILLER: The right data too.

COUNCILMEMBER WHITE: Yeah, the right data. The other question I had for you was whether or not, you know, we've always had discussions regarding supporting the notion of affordability in perpetuity or as long as we possibly can make it. One of the ideas that was suggested to us a number of months ago was that when there is a subsidy provided by the County, or a subsidy provided by a private developer, and the, I think the example that was given to us was two houses side by side here in Wailuku, one sold at market, and I don't remember what the number was, but the amount was \$225,000 for the market house more than the affordable unit. So, when the person buys the affordable unit, he's got a \$225,000 gift essentially from all the other folks that bought in their subdivision. Some of us feel that the affordability in perpetuity could be significantly enhanced if the folks that got the subsidy, either from all the other buyers in the neighborhood, or from the County in other projects, would have placed on their property a second mortgage that is payable to the County in the amount of whatever their subsidy was initially. And that would go back into the Affordable Housing Fund. Did you have any chance to look at something like that, or whether that's in place elsewhere?

MR. DANNEMILLER: I don't know that it's in place anywhere. I have heard that idea before. I think what we did was move closer to the idea that when you begin with subsidized housing, County, government's been producing subsidized housing for as long as any of us can remember. We've called it public housing in the past, and basically the way we control the cost of it and its perpetuity is we take it off the market. The public housing that we have built here in this County and in the other counties doesn't have a market value. It isn't on the market. There is no market, right? You can't bid it up, say I'd offer you more than that, you can't do it. It's just whatever the price is. It's dealt with outside the market. That's why we're saying if we could move these units that were being required to work out perpetuity agreements with, away from the market itself by giving them to a community land trust or a housing trust, then we can sort of have that process taken care of. Now, those people who will be professional, non-profit, long-term employees whose job it is to take care of that problem can work out the best solutions for everyone. But they don't come back to us. They don't get sold back into the market at any particular point in time. Okay.

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

CHAIR CRIVELLO: Mr. Atay, any questions?

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COUNCILMEMBER ATAY: Thank you, Chair. Yeah, I have a lot of questions.

MR. DANNEMILLER: I bet.

COUNCILMEMBER ATAY: But I think it would be too premature, but I want to say, thank you. Thank you for the report. Initially, I was thinking oh, kind of poho, waste of time if there's similar reports was already delivered to us two years ago. However, thank you for the report and the confirmation that I just received. I've sat in this Committee for 18 months and I've asked a couple of times, what is the housing plan, yeah? And you just confirmed there is no housing plan. So, I think our Committee, I would hope, that we push forward and ask that a true housing plan --

CHAIR CRIVELLO: We have.

COUNCILMEMBER ATAY: --you know, be created. 'Cause I sit here thinking, wow, what is the problem? The problem is the studies say earlier, two years ago it said we need to be building 12,000 homes. Now, your report today says we need to be building closer to 13,000 homes, right? But what have we gotten towards, closer towards a solution of addressing that? I've seen some of the maps and the suggested locations and all of that, you know, but that's for questions for later. I think for me, it's clear that we gotta move forward, press forward. I also know that no one community here on our island is going to house 12,000 or 13,000 homes. We need to have a plan of divvying up where these homes will be. And so, with that, I agree, you know, what's the infrastructural plan, you know? Where, what's our long-range plan? Where our infrastructures will be of our future investments, yeah, towards our island? I look here, yeah, there's subdivisions with people with money to come in. That's not what I'm here for. I'm here for the people who live here and the people that are currently being displaced to make a choice to no longer live here and they jumping on a plane, these young families, Maui families, choosing to go to places like Las Vegas to live. We are in a crisis. We need to take care of our Maui people and figure out what is the housing plan to take care the Maui people, or Maui County, e kala mai. Thank you, Chair.

CHAIR CRIVELLO: Thank you, Mr. Atay. I would like to recognize non-voting Member Yuki Lei Sugimura. Thank you for being here.

COUNCILMEMBER SUGIMURA: Thank you, Chair.

CHAIR CRIVELLO: So, before I move on to either Ms. Cochran, or Ms. Sugimura, anyone else has any further questions? Mr. Hokama?

COUNCILMEMBER HOKAMA: No, no, no. I'm happy to let the others. . .

CHAIR CRIVELLO: Okay. Alright, thank you. Ms. Cochran?

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COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you, very much for bringing this up. As you heard through testimonies and obviously the study here did vet through the TIG's findings. And I actually have copies that I'd like everybody to have also. So, a lot of this, and I do echo the frustration because as testifiers who were actually in that TIG, Mr. Spence, and others were there, and we spent our own time. It cost some pizzas here and there, but you know, we vetted through from all levels of this community, different demographics. They came to that table and we figured out and came up with this version. And many of it is in here. So, it frustrates me to sit here and continue to hear the same discussion, the same information that's been tossed around, around and around and around. At the Housing Summit, you know, experts on the inclusionary zoning were there. They talked about the percent, not just lowering the percentage of the affordable, the rate, the percentage of affordable housing, but also the AMI. That I think is extremely key. Because when we bump up to the 140 AMI, that's 500, that's half a million dollars. That is not affordable. And yesterday we just approved a supposed 201H fast-tracked project, giving them exemptions and everything you're saying in here to help the developer. And yet, most of them are \$500,000 bracket and there's a possibility they flip into market rate within 10 years. So, now we're starting from square one again. So, I don't see anything here that's addressing that. Those are some really key issues I believe why we're in this crisis, just the process itself of being able to flip affordable supposed homes right into market. And now, we're starting back on square one. So, the numbers you give us here, I'm wondering, how many of those, yeah, are illegal rentals, how many of those are going to flip out of affordability in how many "x" amount of years, so, that's going to change the amount of supposed affordables we need. I don't agree with those astronomical numbers actually, and it, yeah, I sit here being extremely frustrated. But again, if this is what it takes for us to re-bring out the information that we talked about two years ago and from then until today, to make some action happen and implement solutions that are already been spelled out in black and white and discussed over and over and over, then so be it. But I know a lot of these TIG items are sitting in many respective committees here at this Council. I, my office also even tried to create a special committee just in of itself to start working on these TIG items, and that was shot down by the Chair. Was not allowed us to, Chair of the Council, not, and you know, I mean, we just wanted to find any which way to start implementing these. So, to talk, talk, talk is not it. And I just, you know, how, I want to walk away from this meeting, actually, Chair, great, love all the stuff because I've seen it and heard it before, I love that you did pinpoint some extra land that I didn't get in my reports I asked for from Department of Housing and Human, Finance Department, and people. If we can just walk away with, as Mr. Carnicelli said, one, two, yay if three, items to just move forward and take action on. That's all, I mean, one, please just one, you know, at this point. 'Cause zero has happened in two years, zero, and we continue to fall behind every day. And we continue to pave our land over with more, yeah, supposed affordable. You know what, in the end, like I said, they flip right out of it. So, I, you know, I have a bazillion questions and obviously you hear my frustrating thoughts, and I just, let me grab your...did you folks, first off, did you even entertain the thought about the illegal rentals of some of these houses that you have numbered here?

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MR. DANNEMILLER: Did we think about that?

COUNCILMEMBER COCHRAN: Did you look into it? Did you question it? Did you...

MR. DANNEMILLER: It's on the, it's in the policy matrix. And the one thing I, we've said about that is in terms of raising money for the Affordable Housing Fund, we said we should tax the living daylights out of those units because that's about, I think the way we can control them, I don't think we can gather them all up and say we're going to take them back or something like that. So, how we actually make affordable housing units out of that issue I think is by, through the power of taxation which this body controls.

COUNCILMEMBER COCHRAN: And the other one, secondly question, the "Show Me the Water" Bill, was that because we hear it every day from any, every developer, that's what's hindering them from moving forward. So, did you look into that?

MR. DANNEMILLER: Yes, we did. That's definitely down there. That's, we approached that by saying rather than looking at water, and particularly although that's a famous one, we're looking at what we should do about infrastructure. And our answer is there, I think we're going to have to take responsibility for infrastructure before we're able to do anything about infrastructure. Because if we say we're going to shift that responsibility to the developers, then the developers are going to say, well then, I can't develop there. And is that what we want? Well, I say I think not. So, we look in a slightly different direction. But the "Show Me the Water" Bill definitely had an impact. You should know by the way that when we asked developers, and we chose a bunch of developers whose projects didn't go through, and we asked them, what was the reason your project didn't go through, they didn't say because we couldn't provide water. Now, one did. Okay. And that project is now digging a well. Okay. So, that's going to get done. But most of them don't say that. Most of them say instead that there's funding issues or that to get through this process of constant review and approval and re-approval and all that sort of thing, and particularly conditions opposed at the last minute is what essentially killed the project. So, they didn't say it was water.

CHAIR CRIVELLO: Thank you.

MR. DANNEMILLER: I know water is a problem.

CHAIR CRIVELLO: So, Members, we have another presentation. So, if, do you have any other questions for this particular portion of it? Ms. King, and after that, Mr. Spence, wants to say...

COUNCILMEMBER KING: I don't know, Mr. Hokama, was all ready to go first.

CHAIR CRIVELLO: Mr. Hokama?

COUNCILMEMBER HOKAMA: Just quickly, Chairman, and I appreciate you want to get to the implementation presentation. My only issue, and I'll state it that way, is as it

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regards to your recommendations, yeah. I understand the demand on Maui island. And Maui island is where we generate the revenues, I understand that. But, you know, to state it in a sense that this should take precedence over those on Molokai and Lanai, your company just did a housing assessment for Lanai. We have a unique situation, one landowner, one employer. Okay. It's oppressive if not done right. They have land up-zoned already for residential development that they choose not to build. So, now it's...and we have land, 115 acres, that we own, that we're planning to build. We are adjusting the project scope so that it makes greater sense, both in funding and the ability to construct and get those units to our island residents. So, I just making an issue that it is a priority for Lanai. The community wants it, it's something that the community, the County got the land, what 40 years ago, 30 years ago, and we're still waiting? Okay. So, there's, again with Pulama Lanai an attitude shift that the employer now doesn't need to build employee housing. It's the County's job to build housing for their workers. I get one issue with that as a past corporate person of the island. And, you know, let me just say this, this way, I think we can focus on more than a couple of projects provided, and again, part of the comments we got from SMS regarding the last-minute conditions, well part of that is the communications from the developers. And the developers shouldn't expect the department, or the Housing Division to provide them with their answers or do their work in their applications. Okay. I have a hard time when the department is asked to do this and that for the developer. Okay. That's what they pay their consultants for, and their professionals for, and they're licensed. If they cannot do the job, fire them and get somebody who can. But it's not the department's job to do their work. And I am going to support the department that they strongly follow that and not do developer work. Your job is to review the application and process it as fast as possible if it's worthy and send it to us for decision. But they don't talk to us. So, when we come up and we're reviewing it, we have questions, we put conditions to mitigate what we believe is important community issues, whether it be traffic mitigation, drainage. Okay. Every developer should know that what is the issues of this County, drainage, traffic, and right now, very critical for this island is sand. Okay. And until we get that sand thing, construction's going to be impacted in this County. So, whether you want to call it, NIMBYs, no growth, or whatnot, I think the island residents are speaking loud and clear about how we all looking at development. We shouldn't be building housing for those who want to get here. We need to build housing for who are here already, as the others have stated. And so, my question is, where did your 14, and again, you know, I'm going to round it out, Mr. Atay said 13, but it's like 13,900. So, these 14,000 new units by 2025, is that what the State expects this County to provide? Or is that your number as far as your assessment of the data you got from our department?

MR. DANNEMILLER: It's actually both of the first two that you mentioned. That's about the number that DBEDT said was going to be needed in their assessment. And that was a 2015, 2016 number. And SMS did a follow-up study then for the housing study itself in 2016 and adopted those numbers and adapted them for each county but said we'll stay with those numbers. Kind of like many of the numbers that we use in the State that sort of numbers are the truth by agreement. And we just got notification that we're been awarded the contract for the next study. And of course, we'll readjust

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those numbers again for 2019. But that's basically what pretty much everybody agrees is going to be the case. We'd be interested in just...

COUNCILMEMBER HOKAMA: Not people like me though, I can tell you that. Okay. I don't agree with the State on their projections for our County. Okay. So, that is just, it's just, that's the way it is with me. You know, and when you got your contract was after, pretty much session was concluding, the Legislative session. So, you already knew about the discussion about the property tax and the amendment to the Constitution. Okay. Have you, was that a factor in how you looked at the infrastructure and the way we're going to finance the County's side of providing our partner end of the agreement, the housing?

MR. DANNEMILLER: I'm sorry, I don't think I understand your question, my apologies.

COUNCILMEMBER HOKAMA: The Legislature was already ending their session when you got your contract.

MR. DANNEMILLER: Yeah.

COUNCILMEMBER HOKAMA: So, already the discussion of the Constitutional amendment to take away revenue from the counties through property tax for education was pretty much decided by the House and Senate. Was that a factor in how you looked at the infrastructure component of your assessment and what you're presenting to us? Because for me, it's going to affect how we fund.

MR. DANNEMILLER: That was not, you know. We looked at the money that was then devoted to housing by the State and looked at those funds. But I didn't use the education fund issue as the, as part of our study.

COUNCILMEMBER HOKAMA: Okay. Because that impacts us. It doesn't impact the State. It impacts us. Okay. And our ability to fund, and our ability to provide what our Charter requires this Council to provide for, that's my concern, you know. How are we to pay for all of this if we cannot even pay for the required mandated services at current levels if this thing possibly passes? I'm not going to look like Honolulu who came up with a, I think, conceptual increase of 50 percent in tax rates to raise that money. You know, that is crazy. We're going to have a tax revolt in the State. Well, I get all my other issues, but again, Chairman, nothing is free.

CHAIR CRIVELLO: Right.

COUNCILMEMBER HOKAMA: Nothing is free. Somebody pays the bill. And if it's this County's going to pay the bill, it comes from our property tax base. Okay. Homeowners are not the big taxpayers in this County. Okay. Homeowners, by our policy over the decades, we've supported and basically helped subsidized homeowners when you look at all tax rates. That's why every year at budget I show you the differences, right? About \$6,500 in General Fund subsidy to homeowner's, subsidy for what we providing basic Charter services. Okay. So, my concern is, how we going

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pay the bill? Or how do we advance and pay for all this infrastructure upfront when now, I don't know if we can even borrow that kind of money to make it happen potentially. And what is going to be our credit rating after this thing, if it passes, what will it be and what kind of interest we will pay? So, I'm very concerned about this type of analysis, Chair, because to me, it comes down to how much it's going to cost, and who has to pay the bill. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Councilmember King?

COUNCILMEMBER KING: Thank you, Chair. I'll try to make it quick 'cause I know you got another presentation and we probably have a break in between, but --

CHAIR CRIVELLO: Right, we'll have a break after this.

COUNCILMEMBER KING: --on the tighter income ranges, you know, I was happy to see it lowered to 120 percent. But did you consider lowering the floor from 80 to either 60 or 70 percent? Because if we're going, if we go along with some of these other recommendations too, that are making things easier, you know, putting more of our County funding into infrastructure, the last thing, some of the other restrictions and making more exemptions, then, you know, we should be able to also expect a little bit better return as far as addressing our lower income folks. And the project that we just approved yesterday in committee, they went down to 70 percent. I had a conversation with them afterwards and they said they would've liked to have gone to 60 but they didn't think they could do that. But that lowered that, the bottom, the 15 percent of those homes to below 300,000 which I thought, you know, finally that sounds affordable. But even that 80 percent is very difficult for most of our residents to call that affordable housing. So, I'm just wondering if you looked at the balance between some of the other recommendations and the potential to lower that AMI income range for affordable housing to either 60 or 70 percent instead of 80?

MR. DANNEMILLER: We, our rationale moving from 140 to 120 was that we're told by the experts, but also by the rest of the counties here, that they're all having trouble qualifying those, or getting people to be interested in those units because they're sitting there right on the --

COUNCILMEMBER KING: Right.

MR. DANNEMILLER: --border of being able to afford market-rate units. So, they're going to hold out as long as they can. That's going to...hard to sell those people in some ways. And so, you're going to have a real fantastic package for them to accept it. On the lower end, and this is something that we have studied, and we've had 20 or 30 years worth of data on it, we suggest that if you try to move down to widen the gap by, widen the class by moving down, is people aren't ready. So, we say there's going to be this number of people who are qualified by that income. But when we go out there in the field, you discover many of those people have that income earmarked already, right? They already going to use it for something, maybe they have debt, or maybe they have education that they want to spend it on, that sort of thing. So, it's real tough to widen

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the gap going down, widen the class going down because those people can't afford those units.

COUNCILMEMBER KING: Okay. Well, yeah, I kind of understand that. But I think we also have more, you know, I've talked to several groups on the island that are doing more financial education for these groups. And in fact, I talked to Mr. Frampton from that project afterwards about some kind, that kind of education that they're trying to do as well to try to get people in those income levels to save the money, you know, to, you know, spend, you know, save for this sum potential for having this level of affordable housing. And so, but, you know, it's my concern because I think especially with our heavy focus on the tourism industry, we have so many people who are on that lower income level that in order to get up to this, you know, the 80 percent, they have to work 2 or 3 jobs and, you know, they're trying to raise families and they're trying to, you know, enjoy life as well. So, it makes it really difficult. So, anyway that's a concern I had, and I thought it was very telling that they were actually able to go down to 70 percent, and to start at 70 percent because they recognize that need.

CHAIR CRIVELLO: So, Members, I'm gonna ask that we take a five-minutes break, so we can get ready for the next presentation and we can wrap it up further after this presentation to continue the questioning. So be back in five minutes. Thank you. . . .(gavel). . .

**RECESS: 10:55 a.m.**

**RECONVENE: 11:05 a.m.**

CHAIR CRIVELLO: . . .(gavel). . . Thank you. So, Members, our meeting will now resume for the Housing, Human Services, and Transportation Committee. So, we now have with us, Faith Rex that will do the presentation on the implementation plan. All yours, thank you.

MS. REX: Thank you, Chair. Thank you, Committee Members, for inviting us today. We're getting short of time so I'm going to do my presentation similar to how Jim did which might be a little fast. But based on the questions I think you've had an opportunity to review it. This section of the project was looking at implementation, how do we actually move forward and in what directions. So, the presentation is designed to go over our goals and approach, the process we undertook, look at affordable units needed in Maui County. We did inventory database and analysis, identified some priority parcels based on the information we had, we made recommendations for implementation and next steps. So, the goal was to establish a strategic road map to meet current and future needs of Maui County residents by looking at past and current affordable housing projects, looking at the history and needs of the people of Maui County, collaborating with housing stakeholders and coordinating with other administrative agencies, and developing an outline for a plan to provide affordable housing units in Maui County. The process was to estimate the number and type of affordable housing units needed in the County, develop an inventory of properties suitable for development, identify development and funding alternatives for these

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properties, look at types of incentives that can be applied, and outline a master implementation plan. Now, this is the slide Ms. Crouse actually referred to, and Councilmember Hokama has looked at the numbers. These are the housing, Hawaii Housing Planning Study numbers from 2016. This column looks at the different categories of market segments for housing based on the HUD breakouts of area median income. So, on the top is what we call market to luxury, 140 percent and higher of AMI, area median income. The next column is what kind of unit is made, is developed to suit this market, kind of market to luxury type of unit, and how many is projected to be needed on Maui by 2025. The estimate at that time was about 1,300 market-rate units. The next category down is workforce housing. And that's income levels from 80 percent to 140 percent. The type of unit tends to be rental or for sale, lower price for sale. The rentals tend to be lower priced, multi-family dwellings just because the costs tend to be lower. Together, the anticipated need for this workforce category is about 3,000 workforce units. Below 80 percent is the group I call low-income groups. It's the people who earn less than 80 percent AMI. The types of units are definitely subsidized rentals. At the very low end is the less than 30 percent AMI. And really, for that one you're talking public housing Section 8 type people. This is really, to me, the largest need within Maui County of about 9,500 low-income units as Ms. Crouse indicated earlier. So, I'll skip to the next, if all planned and pending projects are constructed by 2025, we'd still would need about 9,500 affordable and low-income units. Now, you could probably argue these numbers plus or minus 1,000, or even 2,000. But it's still a significant number that would need to be provided. And remember, these were 2016 numbers, so likely to have changed by the time we do the next housing study. So, what we, SMS went about doing is developing an inventory. We created a database of parcels that had, ended up having about 4,300 total TMKs that included vacant lands, parcels in the island plans, parcels in projects permitted, all different types of parcels that we could get our hands on with related to information. We use public information and added TMK owner, parcel size, land value, improvements, location. And then in part of the analysis, we actually went into who owns this, to Mr. Hokama's point earlier, is it private, is it County, is it State? We looked at that. The PITT code describes the tax use, is it currently in residential or is it government or parks, vacancy, vacant lands you don't have to pay for demolition so it tends to be a higher score, located within the urban growth boundary already designated. The stakeholders made recommendations for parcels, is infrastructure close by? Can it be accessed easily to minimize offsite investment? County zoning code, are we...if it's already zoned to the points earlier, it just moves faster through the process. Is it located near a business center to afford residents the easy access to jobs, to groceries, to medical services? Is it located in Special Management Area? We prefer it not to be located in an SMA because that would reduce the size. Is it indicated a flood hazard, and what are other factors that could be involved? I'm sorry to say, but there was no perfect parcels identified. There was nothing that got the max score for all these categories. I put this slide in just as a reminder. The red and the blue pieces are those that are zoned Urban and Residential in the County. So, you can see how small an area is actually already zoned for these factors. The rest is zoned Agriculture and Conservation. So, we refined the scoring process to look at specific processes...parcels excuse me, more closely with the goal of finding, being able to do more affordable units at the lowest cost to the County with the shortest

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timeframe and fewest impediments. So, County owned was best because that would minimize cost. In or near urban growth boundaries because then it would already be included in the plans. You wouldn't need to make a change to that. Vacant, so you don't have a cost. Prefer it to be located outside of the SMA. Zoning that already allows for residential development. Located near or with adequate infrastructure and utilities. And as I mentioned, earlier, near jobs, grocery stores, medical facilities, and other basic services. Based on this scoring, we identified six properties for you to take a look at. Now, I just want to remind everybody, the data we used for our database were publicly available data. So, there's more datasets that need to be added, such as infrastructure. Those things are, my understanding is they're not released publicly because they could be, someone could use that information in an adverse way. So, they don't release it. But so, this database will still need to be enhanced in the future. It's not the final. So, two of the properties we looked at, one is the Kihei Fire Station, about six acres owned by the County on the corner of Piilani Highway and Kilohana Drive. It's designated Urban by the State, public by Maui County. And we think it should be near infrastructure 'cause there's developments all around it. There appears to be no flood issues. But it is within an SMA. To the right is the Kihei soccer field, a little over four acres. It is currently used as a soccer field. There was a comment earlier about that. It's located between Piilani Highway and Liloa Street [sic]. It's designated Urban by the State, project district by the County. It's within an SMA but does not have flood issues. I have to note that the Department of Planning has looked at this parcel and they're concerned that there might be grading issues that would make development more expensive. And that's the kind of information that I'm saying the database will have to be supplemented with that we didn't have access to, is that County actually has more information that would make the development of a parcel more or less expensive. The Lunalilo property is located in Wailuku, between Lunalilo and Liholiho Streets. It's very close to the business center, designated Urban by the State, and Interim District by the County. It's likely close to infrastructure and utilities. Right now, there's a single structure on it leased to Na Leo Pulama O Maui. And then, there's the Honokowai property, four acres along Honoapiilani Highway. It's owned by the State, leased to the County. It appears it is or was a parking area. The State has designated it as Ag. The County has designated it as Ag, A2 apartment, and R3 residential. So, it's a mixed zoning. It's close to an area that has already been developed. So, we believe infrastructure is available close by. But it's not near a commercial district. However, when we talk to stakeholders and we said well, where do you really need affordable housing? Many of them mentioned the west side. And so, we made an extra effort to look on the west side for that. Also, on the west side is what we call the Napili Airport property. It's over six acres mauka of Honoapiilani Highway, the State zoning of Urban, Maui zoning of Ag. It may be near infrastructure. But it's not real close to community facilities. It may have some grading issues because it appears that the site was at one time a streambed. But there's also opportunities around that area for the airport property. There's some DHHL land not too far from that also. There may be opportunities to partner with DHHL on some development. The Piihana property is an example of a privately-owned parcel. It's nice 'cause it's 25 acres located along Kahekili Highway. It's designated Urban by the State, project district by the County. It's near other developments so it's very likely that infrastructure would be close. And it is close to major commercial areas,

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recreational facilities, et cetera. So, these are just six of a lot of different parcels you can take a look at. We've given, as one of our deliverables, the whole database has been transferred to the County, provided to the County. So, you can work off of the database over time if you choose, supplementing it with additional information available to your different departments. And as we know, every database is only as good as how current it's maintained. So, it still needs to be maintained and to be supplemented over time. Okay. I'm going to take a breath. We talked earlier, there's different implementation strategies based on the type of units you're being developed. So, if you look across the left grey unit is the housing segments we looked at earlier. The pink unit is type of units, the purple is the type of developer that would build those types of units, and the right-hand column is the strategies, or action steps we'd recommend. Here again, market to luxury housing is the very top, the type of developer is luxury market-rate developers. For the most part, they come to you when the market is hot. They want development, and so, you should impose 2.96, get your workforce housing requirements in as much as possible. The next group down is workforce housing, 80 to 140 percent. We're talking rentals or for sale. There's a type of developer that worked as workforce housing developments. It's usually a mix of market and affordable housing, multi-family or smaller single-family dwellings, rentals, or for purchase. And this one we recommend the 2.96, workforce housing. And as Jim was talking about partnering with the developer actually negotiating to maximize the number of affordable units relative to market units. This may require providing exemptions and/or incentives. We recommend the developer share pro forma with the County, which will remain confidential to ensure that County waivers are not resulting in excessive profits. I think that's always been a fear that if you give too much, the developer will just pocket it and take it home. But in fact, by sharing the numbers upfront, you can be able to see what's occurring. As I mentioned, it's the next group down that was the biggest challenge which is your low income and very low income. And this one you're talking subsidized rentals, probably multi-family. I understand what Ms. Kama was saying earlier that people prefer single family. It's just the costs are getting higher and higher and it gets a little trickier to afford that. For the most part, the type of developer is a low-income housing developer working with the State and the County. It often requires donated land. The process that appears to work best is the County provides the land, goes through the permitting process, and issues an RFP seeking a low-income housing developer to oversee development and management, will likely require fee waivers, infrastructure exemptions, or costs, and some incentives. There are Federal and State subsidies for units targeting less than 60 percent AMI. At the extremely low level, you're talking Section 8 public housing, type of developer, really, it's the State and the County. Very few developers will come to you and offer to build extremely low-income housing. So, the strategy here would be to identify County and State parcels, work with Hawaii Public Housing Authority to develop the projects, and issue as many Section 8 vouchers as possible. Okay. So, what are the development considerations for less than 60 percent rentals? So, this is an example. If you're going to develop a unit for households with AMI less than 60 percent, you're almost always talking about multi-family low-income rentals. And we estimate for each acre of land, you can build approximately 13 units. That's based on the average for Kulamalu, Kaiwahine developments on Maui County. I'm hesitant to say the next block. The next one is

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we've estimated that the average cost for this type of unit is about 400,000 to 500,000 per unit. And that's a mix of one, two, and three-bedroom units, including the cost of land acquisition. So, if you're looking at one acre with 13 units, you're talking about \$5.2 million, not insignificant. In doing this kind of development, developers consider rate of return, they feel they need a minimum rate of return. Even nonprofits require a minimum rate of return to consider. They look at time being a cost, so shorter the time the better, and certainty to get the financing they want, and they need, and to get the people behind them in the project, they need to know that if they go through the process, to your point earlier, as it's laid out, that in fact the project will be improved. Incentives, exceptions, can include the 201H really, and the 2.96 helps to reduce time and improve rate of return by maximizing the number of exceptions. Using County or State land can further reduce development expense. Residential zoning in place and minimal offsite and onsite infrastructure requirements further reduces time and expenses. So, what are your funding options for affordable housing projects? You have the Affordable Housing Fund grants. From 2010 to 2017 they gave out about 49 million funded, about \$6 million per year on average. Community Development Block Grants are issued, it's a formula project. In 2018 it was 1.9 million. The HOME Investment Partnership Program, it's HUD money provided to the County. It targets rental housing for households with under 80 percent AMI. Maui County receives funding every three years of approximately 3 million. Likewise, the National Housing Trust Fund Program is provided by HUD, rental housing targeting less than 30 percent AMI, and Maui County receives funding every three years of about 1.5 million. So, these are funding options available to the County and overseen by the County. State and Federal funding options, State managed funds include the HHFDC, the Rental Housing Revolving Fund where at least 50 percent of the units are for units targeting households of less than 80 percent AMI and 5 percent for units targeting households less than 30 percent AMI. And all the units have to be at least under 100 percent AMI to qualify for this fund. And the HHFDC also has the dwelling unit revolving fund. One point I would like to make for these is, for all these funds, these are competitive funds. You actually have to submit a project to them and to apply for funding to see if you can actually get the project moving forward. So, you can't just go in and ask for funds. You have to have a project that's far enough along, so it can be described, and budgeted, and timed. And Will will probably tell you a lot more. The Rental Housing Revolving Fund and Rental Assistance Revolving Fund tends to fund gap and interim construction grants or low-interest loans. And State and Federal low-income housing tax credit is a financing tool for developers of low-income rental units. Councilmember Hokama referred to this example. I decided to use a non-Maui example. So, you can just kind of stay away from any specifics. The process was led by Kauai County Housing Agency. The timing, 2015, the parcel was identified, RFP issued, but it didn't break ground for infrastructure until 2018. So, best case scenario, even with the County leading it and moving it as quickly as possible it took three years to break ground. And they're not expecting to complete build out until 2020. So, best case scenario you're talking about a five-year process. And that's pretty good. Some of the people we've talked to have said it can go up to ten years. So, ideally it could be shorter, but in this example, it actually took five years. The way they financed the project was about 39½ million, about 300,000 per unit. The State gave them low income tax credits of about 4.1 million that secured 35 million of

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private financing. The Kauai Home Investment Partnership Program contributed 2.25 million, and the Kauai National Housing Trust Fund put in 2.7 million. The county-owned parcel of land, to Councilmember Hokama's point, it is not at no cost. There was a value to the county. And given that the average cost of development is at least 400,000 per unit, I would venture to say the county land, likely waivers, and exceptions likely came out to an additional 14 million in different buckets other than just housing. So, what are recommended next steps? As I mentioned earlier, the database that we have used publicly available information. It would still need, the properties still need to be reviewed by Water, Environmental Management, Public Works, Planning, Housing. They need to supplement the database with additional evaluation factors and scores. You know, what is the infrastructure, like goes to the parcel adequate. Or what improvements would need to be made, and so on and so forth. And then, you'd probably reevaluate and reprioritize the parcels. We recommend continuing the process for comprehensive rezoning. We've heard that's already started and we support that continuing because it reduces time. As Jim mentioned, we recommend identifying a lead development coordinator who has the authority and responsibility to be proactive in future low income and workforce housing projects. We'd recommend issuing a request for qualifications earlier, rather than later so that you can have a list, or a file of qualified housing developers on Maui or perhaps elsewhere in the State so when you're ready to go out for an RFP, you've already had a chance to review the qualifications that companies have sent and provided to you. As Jim said, we encourage you to maintain and enhance the parcels database. And I think actually there's some nice GIS databases coming up. So, maybe the information we have can supplement some of the GIS work underway. And as everyone has talked about, we recommend developing, going ahead and actually doing the plan for affordable housing, including budget and timetable and areas to consider. Thank you.

CHAIR CRIVELLO: Thank you. So, Members, I'm going to open up the floor for questions and further discussion. I'd like to take this opportunity to ask, you know, I'm going to come right off and ask because I've heard frustrations and testimony, so, if you can help me to clarify, how does your report differ, or is it exact to the TIG that I'm sure you reviewed? Jim?

MR. DANNEMILLER: Okay. First place, really, I don't want to come off as negative to the TIG. I mean, when we discovered the TIG, which was pretty early in the project, we said, boy there's something that would be the pattern for this whole project. This seems like it's the right way to go. Okay. I don't think there was any doubt about that. And we have things in there and we have cited the TIG in our work and that sort of thing. So, I think that's, you know, I've had nothing negative to say about the TIG. It's a great piece of work and it took half the time that this one took, and considerably less money, I agree 100 percent. They're not exactly the same projects. They didn't turn out exactly the same stuff. With respect to the recommendations that we made, they're very similar. As a matter of fact, if I took the 47, or the 42 group of housing recommendations that we would make for the County, probably we had most of what's in the TIG. I know that some of the others that are in there, we have sort of moved out because we felt that they wouldn't be done, be able to be accomplished fast enough, or

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maybe not contribute enough to the bottom line in terms of numbers of units that would be developed in a short period of time. So, we have a slightly different viewpoint. But they're very similar. I think the major difference is that one of the findings of the TIG was that we should do this project, or at least you could interpret it that way, that it says that we need to review the Codes to find out what can be changed to improve the development of affordable housing. And I think that's what we were asked to do by this, at least one of the things. That takes care of the policy piece and there, the piece to look at specific parcels and say which ones would you develop first and how would you do that, and why would you do that, and how would you fund those things. That wasn't really in the TIG either. So, I think the study that we produced does go beyond the TIG as it was supposed to do. And if it didn't go beyond the TIG, I think that would be non-responsive to the RFP that we had. But I don't look upon that as being any reflection, any negative reflection on the TIG, that's for sure. It was a nice piece of work.

CHAIR CRIVELLO: Yeah, I'm not look for anything negative.

MR. DANNEMILLER: Yeah, yeah.

CHAIR CRIVELLO: I'm just trying to get the clarification on --

MR. DANNEMILLER: Yeah.

CHAIR CRIVELLO: --our expenditures versus what was brought forth before us earlier. So, I think you've clarified that for us. So, thank you. Questions on, you talk about Affordable Housing Fund to increase housing for the...what methods can be used to replenish or revolve money back into the fund after usage? That's part of your implementation presentation.

MS. REX: Yeah. So, we recommended several things, one was thinking about increasing the percent of the taxes that actually goes into the Affordable Housing Fund.

CHAIR CRIVELLO: Right, yeah.

MS. REX: Yeah, reconsidering the price of in lieu funding, you know, when a developer just says, no, no, I'm going to just give you the money, and you go and do the housing. We consider how much that price is. Is it reasonable? Could you really produce that number of housing for the price they say? Will's shaking his head. But that would be, that fund would go into Affordable Housing Fund.

CHAIR CRIVELLO: Is that a consideration for replenishment?

MS. REX: For ongoing growth. I'm not sure, see that's the tricky part with affordable housing, particularly when you're talking below 80 percent. I'm not sure if people actually...the income levels of the people who are actually living in those houses are already quite low. The way HUD sets it up, what they can afford for housing, they'd

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shoot for one-fourth to a third of their household income in how they set it up. The odds of them actually...

CHAIR CRIVELLO: Okay. So, Members, I have one more question then I'll open up the floor to you. So, the County currently owns 51 lots at the Fairways at Maui Lani. Did you consider those properties in your implementation plan? And can you touch on that please?

MS. REX: Yes, we looked through all the properties that were there. We identified some that would be nice for development but for various reasons didn't work out. For example, there's some really nice acreage along the beach that would be great, that the County owns. But we recognize...

CHAIR CRIVELLO: Maui Lani, I'm talking about.

MS. REX: Yeah, it would be highly unlikely that residents would agree to put affordable housing along the beach, make the access. You know, so there was, we went through, as you'll see in the report, in the appendix, several properties were evaluated before we decided on the ones, we, of the six we wanted to present to you. For various reasons, things were not, we chose not to, or the university dorms --

CHAIR CRIVELLO: Thank you.

MS. REX: --property was also...

CHAIR CRIVELLO: Yeah, Maui Lani is, I'm asking about the Maui Lani properties --

MS. REX: Oh, Maui Lani.

CHAIR CRIVELLO: --not the beach. There's no beach.

MR. DANNEMILLER: I think that we...

CHAIR CRIVELLO: We have 51 parcels.

MR. DANNEMILLER: Right, and there were some, I know in the TIG, by the way, 'cause I just reviewed it, there was a recommendation that those be sold and used, for some other way. And I think when we found properties that should be sold, we were looking for ones that we could actually develop. And so, we put those aside. So, we didn't, we don't recommend that that be further developed. Okay. But we wouldn't, we don't have a, we wouldn't mind selling them off and using it for something else. I think that it could be hard to develop, yeah.

MS. REX: And the challenge with those lots also, thank you for jogging my memory, is that you'd spend a lot of time with community pushback with those lots if you were going to put in affordable housing. So, we recommend selling the properties and putting it in Affordable Housing Funds. But that's because we are looking at what incents a

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developer, or what can make affordable housing happen in the near term. And time is often an issue and not in my back yard frequently is a, eats up a lot of time to offset it which is okay. But the properties we identified would likely have less feedback, less concerns about them.

CHAIR CRIVELLO: Okay. Thank you. So, Members, Mr. Hokama, and then Ms. King.

COUNCILMEMBER HOKAMA: Chairman, yeah, thank you. You know, one of the things about the implementation I'm going to ask you about is our County forefathers, foremothers, about 35, 40 years ago already has placed in our Code Chapter 16.28. Did you guys review that? 'Cause that is under experimental housing where we can reset standards, and then and for that, that is requirement of a site approval first, and then plans and specifications that we would set. And that would be the new standards for housing within the parameters of the experimental project itself, whereby we wouldn't need to deal with exemptions this because we would reset standards. And we've used this on Molokai in Kualapuu. You know, the Council has already exercised the provisions of this Code. So, why aren't we being recommended, either by the Department, or you as our consultant, that the County has tools and that maybe we should utilize this tool instead of looking at how to give additional exemptions or other things?

CHAIR CRIVELLO: Mr. Spence, you want to comment on that?

MR. SPENCE: Sure, that's, I was, when I was Planning Director that's not a part of the Code I ever had to deal with. Now, as Housing Director, I was very excited to find that particular section of the Code. One thing we've been talking to some members of the community in Kihei about is very, very low-cost housing project to start maybe housing some of our homeless families in the South Maui area. And that experimental housing provisions would fit right in with that. That we would be able to do alternative kinds of housing instead of building single family or whatever. We're going to be exploring some different types, and those provisions in that Code would provide for that. Of course, we would come back to the Council. There's other possibilities around the County that we could certainly look at. And I know that a long time ago Ms. Cochran expressed an interest in like eco villages and those kinds of things. This also would lend itself maybe for an agricultural community or something. So, there's some possibilities that we can use that part of the Code for.

COUNCILMEMBER HOKAMA: So, the departments never thought about utilizing what Council has placed in the Code until now?

MR. SPENCE: Certainly not.

COUNCILMEMBER HOKAMA: I mean, this has been in the Code from what, late '70s --

MR. SPENCE: Yeah.

COUNCILMEMBER HOKAMA: --early '80s?

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MR. SPENCE: No, I look at the opportunities in the Department. And as Jim previously said, mostly we've been waiting for developers to come to us. I see opportunities where we can now go out and look for these places and proactively go find opportunities to provide housing. And that's...so this section of the Code let's take advantage of it. So, there's a different role, but I'm happy to go look for those opportunities and this report provides, points out some properties we can definitely take a look at and go after some things.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER HOKAMA: And then, my last question is, does it make sense that the, maybe with the State we look at splitting this subsidized housing program that maybe the County takes responsibility for 90 to 120 percent and the State does 90 and below. And that's all we, we focus on specific areas only instead of try to capture the whole spectrum of subsidy?

MR. SPENCE: Yeah, I don't know. I hadn't thought of that. We can certainly explore that idea.

COUNCILMEMBER HOKAMA: Okay. Yeah, I would have hoped you guys would have given us some comment about...

MS. REX: Well, and that's where HHFDC funding tends to target, is all the under 80 percent.

COUNCILMEMBER HOKAMA: Well, they're not a good State agency to bring up to me since --

MS. REX: Oh, sorry.

COUNCILMEMBER HOKAMA: --we have to help bail them Maui County money, okay, on one of their projects. So, I get issues with that agency, yeah.

MS. REX: You should've warned me.

COUNCILMEMBER HOKAMA: Thank you, Chair.

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

COUNCILMEMBER KING: Thank you, Chair. Yeah, I was happy to hear the discussion about the experimental housing because we've been working on this idea of tiny homes for that. And we do have developers that are involved in this project who are motivated by the desire to provide affordable housing rather than a desire to make additional profit. So, it's, you know, it gives us a lot of hope in South Maui. One of my concerns with the properties that you were presenting as potential, you know, County-owned properties, one is, you know, the concern that one of our testifiers had about using parks. You know, you put a soccer field in there that's being used as a

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soccer field and greatly appreciated by the community. But the other thing is did you consider looking at an overlay from the climate change adaptation report of, you know, the inundation zones? Because we're trying to, in fact, tomorrow in the Planning Committee we're going to be reviewing, we did a review of that report. But we're going to be looking at a resolution to adopt that report. But one of my concerns is we're looking at managed retreat and trying to move away from these areas and put building further mauka. And there was nothing mentioned in your report, and maybe it's too far off the scale because it's too far, it's mauka of the highway, but you know, there's over 100 acres there of County property around the police station. And I know that there's, you know, terrain there because it is up the hill, but it's still, you know, I mean we have to start looking at moving away from these areas where sea level rise is going to, you know, make that look silly in 20 or 30 years. And so, I'm just wondering if you were able to utilize that report because they do have a, they have an overlay that you can see with the effects of one-and-a-half feet sea level rise, at three-foot sea level rise. Some people are saying that that's too low of an estimation, it's actually going to be higher than that. So, if you look at those areas, and you realize we want to stay away from building close to those areas. I think that's one of my issues. I mean we, I've been talking to the Kihei Fire Station guys about how, you know, eventually we need to move them further away from the ocean. So, to hear that we're considering that for affordable housing is a little bit concerning. So, I don't know who wants it, Mr. Spence?

CHAIR CRIVELLO: Any comments on that, Ms. Rex?

MS. REX: I think for purposes of this project, we were looking for closeness to infrastructure. And unfortunately, which is the problem you've identified, most of the development already is along the coast within potential inundation areas. So, we didn't take...we didn't eliminate parcels because of that because the advantage is the ones we identified we believe are close to current infrastructure. So, it's a Catch-22. But because if you go further mauka, then you run into requiring more offsite infrastructure to connect to existing infrastructure and that would raise the cost. But your point is well taken that you still have to build in that cost today versus tomorrow.

COUNCILMEMBER KING: Well, and the expense of going, you know, building additional infrastructure that's going to be lost in 20 or 30 years. So, yeah, Mr. Spence has, I think has a...

MR. SPENCE: Madam Chair? Thank you. Just to note, in their report they refer to the Kihei Fire Station as what most of us know as the Wailea Fire Station. So, this property is further mauka and it's out of the flood zone.

COUNCILMEMBER KING: Oh. Okay.

MR. SPENCE: And this is, yeah, this is one of the properties that we want to take a look at.

COUNCILMEMBER KING: Okay. 'Cause the Kihei Fire Station, we have two fire stations in South Maui, so.

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MR. SPENCE: Yeah, like down by the library is it, what, it's not Waipuilani, but it's yeah, it's really flat, it's down by Kalama Park and it's...

COUNCILMEMBER KING: Right, so, that's not what they're talking about?

MR. SPENCE: No, that, they're not talking about --

COUNCILMEMBER KING: Oh, okay.

MR. SPENCE: --that one.

COUNCILMEMBER KING: 'Cause I looked at that on the report and it looked like it was the one in Wailea but then, when I saw in this report it said --

CHAIR CRIVELLO: Right, yeah, I think we've clarified that --

MR. SPENCE: Yeah.

COUNCILMEMBER KING: --in Kihei, so.

CHAIR CRIVELLO: --point. Thank you, Mr. Spence.

COUNCILMEMBER KING: Maybe we can rename that.

MR. SPENCE: Yeah, no, this is a good site. This is an excellent site to go look at.

COUNCILMEMBER KING: That's actually the Wailea Fire Station so maybe we can rename that in the report. Thank you for that clarification.

CHAIR CRIVELLO: Any further questions or any...Mr. Carroll? Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. You know, I think the stunning number is that roughly, of the 13,000-something units that we need, 12,600 appear to be subsidized or requiring a subsidy. Was there any calculation made as to what that number might look like?

MS. REX: I'm sorry?

COUNCILMEMBER WHITE: You know, I don't know, when I look at this, like the Section 8 housing option, to what degree...well those are basically rentals, so, they're almost, they almost have to be fully subsidized by either private sources or government sources. But in the areas where we are reselling the properties, did you make any calculations as to what the level of subsidy would be required for each of those categories?

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MS. REX: No, sorry, we didn't do that. But it's something we could estimate. The biggest challenge in the number would be close infrastructure, what is going to be the cost for infrastructure to actually do it. But I would venture to say within the, if you take the 400,000 to 500,000 number and multiply it out by units needed you're growing to throw me out of the room any minute. But that's going to be your rough because you'll have to fund it by not just the housing bucket, it'll be the infrastructure budget, the roads --

COUNCILMEMBER WHITE: Right.

MS. REX: --all those things will require it. So, I think that'll give you a good ballpark unfortunately.

COUNCILMEMBER WHITE: And, did you happen to look at any private parcels, you know, understanding that we have the ability to do a Council initiated changes in zoning. And those changes in zoning could also come with specific requirements for them, you know, for them to perform in a certain timeframe. Did you have a chance to look at any private parcels?

MS. REX: Yes, so, included in our recommendation is the Piihana property, which is...I'm going to turn to Will, but I think it's close to Waihee, that area.

MR. SPENCE: Yeah.

MS. REX: That would be...and that one doesn't need rezoning. We've also looked at some of the future community developments that are coming up that are trying to get zoning and approved in the middle areas. But they tend to be further away from infrastructure at the current time and some of those projects have been put on hold or pending future developments, market-rate developments so that the infrastructure costs could be less when they actually go in with the affordable housing units. So, yeah, and in fact you'll see in our appendices several different properties that we looked at that would benefit. And I think Will has identified some ag properties, right, that would do, could be up-zoned?

MR. SPENCE: That's correct, and to Councilmember Carroll's credit and also that this was one of the recommendations out of the TIG, he requested that the Planning Department produce a list of properties that could be up-zoned. And we have, the Planning Department looked at a number of properties a little bit broader than this particular study does, that it looked at properties that the entitlements would be under the County's control. For instance, if it was a piece of agricultural property, it would also require district boundary amendment, which would be under, anything under 15 acres would be under this Council's control. So, you could potentially, community plan identifies property for single family residential, it's State Agriculture, maybe County Agriculture, you could up-zone that thing in accordance with the community plan, you would have a piece of property ready to go. So, I know that the time is kind of short for this particular Council. But that is something that's in place that the next Council could pick up and start running with. I mean, and it kind of

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goes along with Councilmember Atay's earlier comments that the, you know, we don't...where should these things go, where should the housing go? Community plans, even though they are old, have said this is the proper place in this community for housing to go, this is the proper place in this community where these things should go. So, to the extent that those things are still appropriate, and I think those designations for housing are appropriate still, we could take action on a number of properties and help those things forward.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER WHITE: Yeah, thank you.

CHAIR CRIVELLO: Thank you. Any more questions, Mr. White?

COUNCILMEMBER WHITE: No.

CHAIR CRIVELLO: Thank you. Mr. Atay, any further questions from you?

COUNCILMEMBER ATAY: Thank you, Chair. Okay. So, Page 4, your report on need, following along the same, similar line of question from Member White, you know, 12,600-plus homes that will involve some form of government subsidy in building that home. However, 9,500-plus homes out of that 12,000 would be in the low-income unit production area which is also an area where most housing developers would not want to be involved in. And so, most definitely, that is the biggest area where the residents of Maui demand housing from --

MR. SPENCE: Yeah.

COUNCILMEMBER ATAY: --and yet, we, I believe, we the County, must take a proactive role in being involved in that development, either being the developer or being a partner as a developer 'cause no other housing developer, they're all focused on the higher end. We've done it in the past. Our forefathers and mothers have done this as Member Hokama earlier mentioned from the '60s. Sixties we had the sugar plantation, we had the pineapple plantation. And as partners, they built subdivisions. We've got current subdivisions that exist. We've got Skill Village, we've got Haiku project, we've got Napili Hau. We, the County, were all involved in those kinds of projects. And I think that's the kinds of housing projects we gotta get back to in taking care of our people. We're not...it's the tail wagging the dog if we're waiting for developers to come.

MR. SPENCE: Right, exactly. Yeah, exactly.

COUNCILMEMBER ATAY: I think, that's why I'm saying, what is the plan, and I'm waiting for that plan. If I turn to Page 5 and thank you for your offer because I want to use that offer because you say you have an inventory database of all the vacant lands of Federal, State, Department of Hawaiian Homes, Maui County owned land parcels. I made that a request 12 months ago and I've asked for all of those lands, especially the County-owned lands, the State-owned lands, the lands that are controlled by HHFDC,

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these are all crown lands that they cannot sell. But they can lease to us and we can develop housing. I've asked that request and I've yet to receive the locations.

CHAIR CRIVELLO: Mr. Atay, in respond to that, we have Staff that is working on uploading, or downloading the database on a CD and every Member should, will be getting a copy.

COUNCILMEMBER ATAY: Thank you, because that's what I see here. She's offered that, and I said, I want access to that --

CHAIR CRIVELLO: Yeah. So --

COUNCILMEMBER ATAY: --you know.

CHAIR CRIVELLO: --Staff is putting it together so that --

COUNCILMEMBER ATAY: Okay.

CHAIR CRIVELLO: --every one of us will have a copy of the CD --

COUNCILMEMBER ATAY: Okay.

CHAIR CRIVELLO: --with all that information.

COUNCILMEMBER ATAY: Thank you, because I think that's where we gotta begin.

CHAIR CRIVELLO: Yeah.

COUNCILMEMBER ATAY: And that's the lowest hanging fruit. Your recommendations, some of your parcels that you recommended, I was kind of surprised at the ones that you selected. You know, one of course you chose a soccer field and I don't know, I think a lot of the kids and a lot of the parents going say, oh you cannot, you know, it's like you're taking away a park for housing. But, you know, you minusing and plusing one end. But one of them was like out in Napili, you know. That's a storm drain, you know. That's where, when get big water up there, I don't think that's a location. But I was kind of surprised not to see, if you're saying housing demand was identified for West Maui, I was surprised not to see a proposed location adjacent to the Leialii locations of where the Lahaina Civic Center is because we have D...HHFDC's lands that we could lease for, and it's adjacent to infrastructure. It has water, it has power, it has all that. And so, you know, I was kind of surprised of why that was not considered, especially if some of the criterias was employment density. You would want to be building homes close to where people work. So, you know, I mean, Chair, thank you for the opportunity because this is what I wanted to get, was where are all the properties. We also talked, I remember last year in Chambers here we talked about trying to solve the housing issue for our homeless population. And there was concepts of taking some locations and turning it into overnight parking for those homeless working, you know. But we gotta move.

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CHAIR CRIVELLO: Yeah.

COUNCILMEMBER ATAY: We gotta move forward and I think, Director, welcome onboard and the, I'm looking towards, you know, moving forward. Thank you, Chair.

CHAIR CRIVELLO: Thank you, Mr. Atay. Member King, Member Hokama, any more questions in regards to the presentation? And after the both of you I'll open up the floor to Ms. Cochran.

COUNCILMEMBER KING: Chair, I would just say that, you know, I mean, it looks like, I think we are moving on some of these recommendations in the TIG. I was just looking through it and item number four is exactly what you're talking about with that experimental housing zoning. So, you know, it might be good to get a cross reference of what things are in the TIG that we are, and maybe, you know, through the Department that we are actually working on that we might be moving on right now. And also, what, you know, when we start to look at priorities, what items would be actionable sooner because I don't think that we have to, I don't think it's just going to be two or three things that we could do. I see a lot of potential that we can move on and that we have like specific codes that we can address like the, changing the parameters for 2.96 to lower that from 140 percent of AMI down to 120 percent. So, those kinds of things I think we can move on simultaneously. We don't have to just like pick three things and go one, two, three, you know. But if we could get from the Department maybe an analysis of the codes and what committees those would go to so that those of us who are chairing, like Planning, Land Use, and whatever, what we could look at the things that we could move on faster. I think that would be helpful. And because I, because, you know, the parameters of the Planning Committee changed when I took over as Planning Chair. And so, some of the things that were previously under that Committee were out of my purview after that. And it would be good to identify which things for all of us, you know, that we could work on throughout the rest of the year.

CHAIR CRIVELLO: Right.

COUNCILMEMBER KING: I think that would be helpful. And I appreciate the opportunity. I really, I appreciate Mr. Spence, too, stepping in and working with our South Maui community on these issues and understanding the urgency of what we're trying to do there, so.

CHAIR CRIVELLO: Thank you. Mr. Hokama?

COUNCILMEMBER HOKAMA: Thank you. Under implementation, I'm going to ask for some really brief comments. You know, for us to think, look long range, think more regional than very narrow per project approach to housing, I think one of the things that hinders this County is the limitation by the State that we only can look up to 15 acres for reclassification. Under the late Representative Nakasone looked at least a minimum of 50 acres. But at this point in time where we are, and that's why I'm

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happy we're going to vote on a Constitutional convention question, is, is there still a need for a State Land Use Commission? Okay.

MR. SPENCE: Do you really want to ask me that question?

COUNCILMEMBER HOKAMA: Oh yeah, because I mean, if that's one of the issues of process and everything else --

MR. SPENCE: Yeah.

CHAIR CRIVELLO: Right.

COUNCILMEMBER HOKAMA: --because they go through that then they're going to come to the County and go through another process. So, we keep seeing in the two presentations, process, process.

MR. SPENCE: Yeah.

COUNCILMEMBER HOKAMA: Right?

MR. SPENCE: The...I'll keep this short, the Office of Planning a couple of years ago, we went through a whole evaluation of our processes and, not County processes, but more along the State lines and one of the things that stuck with me was Land Use Commission was established to, more for the plantations to help preserve them, and likewise control where urbanization takes place. But at the time they were formed, the county planning departments did not have the expertise to do what the Land Use Commission and Office of Planning were supposed to do.

COUNCILMEMBER HOKAMA: I think none of the counties were chartered yet when we went to the comprehensive classification in the '60s.

MR. SPENCE: Okay. But the thing is, is now the State comes to the counties for information, and GIS, and all kinds of things that we have a level of sophistication that we're perfectly capable on our own to take care of. My opinion is either one, I don't think we really need the Land Use Commission, that's my personal opinion, or two, like you were referencing, Representative Nakasone upped the 15 acres to 50. I helped introduce legislation a couple years ago to do that very thing again. And it went nowhere. It received a lot of, honestly it received a lot of pushback from the Land Use Commission.

COUNCILMEMBER HOKAMA: Understood, understood.

CHAIR CRIVELLO: Thank you, Mr. Spence.

COUNCILMEMBER HOKAMA: But again, Chairman, yeah again --

MR. SPENCE: Yeah, I think it's great to give the counties...

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COUNCILMEMBER HOKAMA: --if the process then, they gotta know they're part of the picture in the formula.

MR. SPENCE: Yeah, the County should have more authority, bottom line.

COUNCILMEMBER HOKAMA: Yeah, 'cause we're not in the '60s anymore.

MR. SPENCE: That's right.

CHAIR CRIVELLO: Right.

COUNCILMEMBER HOKAMA: Thank you, Chair.

CHAIR CRIVELLO: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And just refreshing my memory on the TIG, your first question to the, to our consultants here, over half of those could have been implemented. They had zero barriers and they range from 2 months to 18 months at the max to implement and complete. And they all would have...the reason for the TIG was increasing inventory of housing. That was the charge, that was why we got together, and that was the outcome. So, nine top ones, there was multiple, we had to narrow it down, obviously, and we did it to nine. Five of those could have been done by now as we sit here. Anyhow, hopefully the next Council will. So, my one question is, you are saying average cost per unit, 400,000 to \$500,000 to build? Who or where, how did you get those figures?

MS. REX: Thank you. The figures were provided to us by developers who are actually undertaking the projects. They were actually...and we also got the same ballpark figure from HHFDC that their, in their experience that's what it was running right now is total out-of-pocket costs, including land acquisition. So, that's the starting, and if you can start reducing that, that would be great.

COUNCILMEMBER COCHRAN: Well, okay, yeah 'cause I don't agree with those figures as we spoke to people on the ground, too, during the TIG at 250. And I also have a current developer who's building an entire town down the road here who also states that figure. So, I was just curious who gave you your number there. And your, the one thing with these figures and building, I, like the Kauai example, I just want to know how much...I guess one of the main ones too is in the funding mechanisms, all the monies that this County provides or gets in order to specifically build affordable, how many, how much money have we expended, how many units, structures, dwellings, whatever, has been built, and how many are still until today in affordability? Because like I said, I've been here eight years and I've seen so many of these supposedly affordable projects, but by now, they're no longer. So, I don't see any of that factored into any of your figures and all that. But did you look into how much we've expended as a County for affordable, and now actually how many have we built, and how many are still left in affordability?

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CHAIR CRIVELLO: So, Ms. Cochran, I will have the Committee write up your questions and --

COUNCILMEMBER COCHRAN: Oh, okay.

CHAIR CRIVELLO: --submit that to the consultants for us to expand further on the, your respond to Ms. Cochran's questions.

COUNCILMEMBER COCHRAN: Yeah, and lastly, Chair, I do like the point about proactive zoning and looking into underutilized properties, and buildings, old office space, I mean, look at Marketplace right, where Lowes and Sports Authority, Savers, Kmart, in Lahaina we have Anchor's Square. That particular property was the Travelodge. So, you have these like livable dwelling-type units already. I mean, these are, they're just, the list goes on and on. And I have the same concerns looking at your maps and your proposed properties in West Maui. The top, our top two properties in the TIG you also identified, which is the fire station in Wailea, and the Honokowai property. The other, I believe, is part of already a project called Pulelehua. You don't have that in here. That one is a mix of affordable, yes market, rentals, trying to get rentals, things of that nature. Kaanapali 2020, I don't see it here. That's Puukoolii Village, Wainee Village, that just got bought. I mean, and I think the one project that is no longer on the books you're saying to not build is Kaehu Bay, which we purchased as an open space protect, culturally significant area. So, why that was even in here, I have no idea. So, the 55 lots, Chair, that you mentioned in your, one of your first questions is very key. And the only thing I see that hinders this County from building upon those for affordable because it's in their CC&Rs they can, are the ones that have the backfill that have been lifted up with that big wall and that's why we got these lots is due to a settlement. The ones along the golf course can be built, all could be built. But I think the ones along the golf course can at least get some kind of insurance. I'm not sure about the ones that are on that backfill, that's the scary part. So, but I think all infrastructure is laid out. I've been there. I mean, I don't think you folks really looked into a lot of these places you're recommending to us. You know, I don't, unfortunately, Chair, I don't feel like this job was thorough enough. And I also don't feel like we truly got our money's worth, here. So, I know you took time and energy to come here and do this. But I feel a lot is lacking. That's just my straight-up thoughts.

CHAIR CRIVELLO: Thank you, thank you. So, I'm going to ask Staff to work with the consultant in regards to what you've just addressed with properties. And I too have concerns with the inventory that was taken for us to have the ability whether it's to work with the private landowner or State, as a matter of fact, and I'm going to ask Committee to work further with the consultant to come up with something more...I guess a better inventory of what is presented to us. So, Members, I believe your report should come out to us with what you've presented to us, is the actionable items and the actual steps that we need to take. So, Members, if we can go over that thoroughly. I wanted to just touch base on Member Cochran's comments on the Marketplace, as well as what you mentioned, the Anchor in...on Front Street. I have had meetings with our Department, as well as commercial realtors that have oversight over those

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buildings. So, there's something...conversation going on, you know. So where it goes we just hope we can do something with that. So, I guess we need more analysis. But, Members, I really want to thank you for being here. Often we work with a bare quorum. It's a little bit better today but thank you very much for being here. Thank you for being here, Ms. Cochran and Ms. Sugimura. So, I'd like to especially extend a special thank you to my Legislative Analyst Saumalu Mataafa. I'm sure the consultants will agree that he was totally empowered to run with this and I'm gonna call this his baby. So I'm sure he's gonna be dissecting it a lot with you folks further...his hard work and dedication to this. Also, thank you to our Secretary Clarita Balala and Mr. Spence and your Housing Department, as well as Corporation Counsel, Mimi DesJardins, and of course our consultant, SMS. Members, if there are no objections, the Chair will defer this item.

**COUNCILMEMBERS VOICED NO OBJECTIONS.** (Excused: AA, DG, and MW)

**ACTION: DEFER PENDING FURTHER DISCUSSION.**

CHAIR CRIVELLO: Thank you. So, Members, we have completed today's agenda. Thank you again. Meeting is adjourned. . . .(gavel). . .

**ADJOURN:** 12:12 p.m.

APPROVED:



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

hht:min:180829:mt

Transcribed by: Marie Tesoro

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CERTIFICATE

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

DATED the 18<sup>th</sup> day of September 2018, in Wailuku, Hawaii

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

Marie Tesoro