

# HOUSING, HUMAN SERVICES, AND TRANSPORTATION COMMITTEE

Council of the County of Maui

## MINUTES

September 6, 2018

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

**CONVENE:** 1:41 p.m.

**PRESENT:** VOTING MEMBERS:

Councilmember Stacy Crivello, Chair  
Councilmember Don S. Guzman (out 2:14 p.m.)  
Councilmember Riki Hokama (in 1:54 p.m.)  
Councilmember Kelly T. King  
Councilmember Mike White

NON-VOTING MEMBERS:

Councilmember Elle Cochran (in 2:00 p.m.)  
Councilmember Yuki Lei K. Sugimura

**EXCUSED:** VOTING MEMBERS:

Councilmember Robert Carroll, Vice-Chair  
Councilmember Alikea Atay

**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.:**

William "Will" Spence, Director, Department of Housing and Human Concerns  
Clyde "Buddy" Almeida, Housing Administrator, Department of Housing and Human Concerns

Jessica Crouse, Housing Specialist, Department of Housing and Human Concerns

Mimi DesJardins, Deputy Corporation Counsel, Department of the Corporation Counsel

**OTHERS:**

Cassandra Abdul, Executive Director, Na Hale O Maui  
Zandra Amaral Crouse  
Additional attendees (2)

**PRESS:**

*Akaku--Maui County Community Television, Inc.*

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CHAIR CRIVELLO: . . .*(gavel)*. . . Aloha and good afternoon. The meeting of the Housing, Human Services, and Transportation Committee will now come to order. It is just about 1:41 p.m. on Thursday, September 6, 2018. And before we begin, may I please request that we all turn off or silence our cell phones or other noise-making devices. At this time, I'd like to introduce our Committee voting Members. I'm your Chair, Stacy Crivello, and Mister...our Vice-Chair, Mr. Robert Carroll is excused. Excused also is Alika Atay. And with us this afternoon is Councilmember Don Guzman. Thank for being here.

COUNCILMEMBER GUZMAN: Good afternoon, Chair. Thank you.

CHAIR CRIVELLO: Excused for now is Councilmember Riki Hokama. With us today is Councilmember Kelly King.

COUNCILMEMBER KING: Aloha and good afternoon.

CHAIR CRIVELLO: Aloha and thank you for being here. And Chair Mike White. Thank you for being here.

COUNCILMEMBER WHITE: Aloha, Chair.

CHAIR CRIVELLO: Thank you. And with us today is a non-voting Committee Member is Yuki Lei Sugimura. Thank you for joining us.

COUNCILMEMBER SUGIMURA: Aloha, Chair.

CHAIR CRIVELLO: Also, from our Corporation Counsel, Deputy Corporation Counsel Mimi DesJardins.

MS. DESJARDINS: Good afternoon.

CHAIR CRIVELLO: Aloha. And from the Department we have with us our Director of Housing and Human Concerns, Will Spence.

MR. SPENCE: Good afternoon, Chair.

CHAIR CRIVELLO: And our Housing Administrator, Buddy Almeida.

MR. ALMEIDA: Good afternoon.

CHAIR CRIVELLO: And thank you for Committee Staff, our Secretary, Clarita Balala, and Legislative Analyst, Saumalu Mataafa. Members, again, thank you for all being here. Hey, I thought...we are at bare quorum so if any of you may have needs that you need to just give me a signal and we'll take a brief recess. Before we get into discussion, let's get started with public testimony. Assisting us this afternoon from the Hana District office is Dawn Lono.

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

CHAIR CRIVELLO: Mahalo, Dawn. And from the Lanai District Office, Denise Fernandez.

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

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

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

CHAIR CRIVELLO: Thank you, Ladies. Should a testifier show up, by any chance, please e-mail our Staff here. Thank you. For individuals who will be testifying in the Chamber, please sign up at the desk located in the eighth-floor lobby just outside the Chamber door. 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 items listed on the agenda today and pursuant to the Rules of the Council, each testifier will be allowed to testify for up to three minutes per item. At two and half minutes the light will turn yellow, which is a signal for you to end your testimony. When testifying, please state your name and the name of any organization you are representing. Staff, I'd like you to ask if you could call the first testifier?

MR. MATAAFA: Chair, the first testifier is Cassandra Abdul, testifying on agenda item HHT-24. She'll be followed by Zandra Amaral Crouse.

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

MS. ABDUL: Good afternoon, Chair, Members of the Committee. Na Hale O Maui strongly supports any affordable and workforce housing initiatives that the Council can produce. And we believe that we all need to work together as partners in order to deliver as many homes as possible in the affordable range for our Maui families and we do support the intent of the First-Time Homebuyers Program. We found that many buyers of affordable homes have worked on their credit. They've improved their credit scores. They have good jobs, they have a good job history, but they just can't save the down payment. Housing prices are so high outside even for rents that there's no way that they can save after paying the rent, buying food, and taking care of their children. So this is really heartfelt gratitude that the Council has looked at this assistance for homebuyers as it is badly needed. We absolutely believe in it and the Hale O Maui produced its own homebuyer's assistance program that I've talked about before. We do the same thing. We have a 15-year lien and we will loan up to \$10,000 per home based on need. So if the homebuyer is short just 7,000, that's what we give them in the grant, not the full 10,000. And to date, we have given grants of 105,000 to our homeowners. And the good news is if they're there for 15 years, the grant is forgiven and they do not have to pay it back. Although they do have to do so if they move out

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and are no longer owner occupants or if they sell their house or if they finance. Although if they finance for lower payments, it's okay with us. So anyway again, as I said earlier, I was really happy that the Council approved \$2 million for our First-Time Homebuyers Program and we do support the program itself. Although in reading through the bill we did have some concerns and we understand the details are crucial, but sometimes we get lost in all the details. The more complicated we make it, the more difficult it is for our first-time home buyers, who are not experienced buyers, realtors, or real estate users, for them to understand. So if we just keep that in mind and we do look forward. I know that you will develop and end up with a well-crafted First-Time Homebuyers Program that will work well for our families. I wasn't going to go into the details of the couple of points that we wanted to point out. They are attached in the testimony we have, but I don't believe I have the time to go through it at this point. So I will just end my testimony now.

CHAIR CRIVELLO: Thank you. So I appreciate what you have written out for us and we'll have this discussion and you can make your notes and we'll take things further into consideration.

MS. ABDUL: Thank you.

CHAIR CRIVELLO: Thank you. Any comments? Ms. King.

COUNCILMEMBER KING: Yeah. Thank you, Chair. Just for clarification because I did read through some of your suggestions. On the first one, your last sentence says, would it apply in a case where an applicant signs a grant agreement but is unable to complete a purchase on one property and wishes to make an offer to purchase an additional property? Did you mean a different property?

MS. ABDUL: Yes.

COUNCILMEMBER KING: Because this is for first-time so --

MS. ABDUL: Yes.

COUNCILMEMBER KING: --okay, just wanted to be clear.

MS. ABDUL: Yes. To clarify, if they were not able to close on the first property, would they have the ability to try for a second property.

COUNCILMEMBER KING: A different property.

MS. ABDUL: A different property.

COUNCILMEMBER KING: Okay, just wanted to clarify that. Thank you.

MS. ABDUL: Uh-huh.

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COUNCILMEMBER KING: Thanks for being here.

CHAIR CRIVELLO: Thank you. Any further clarification or comments? If not, thank you. Thank you very much --

MS. ABDUL: Thank you very much.

CHAIR CRIVELLO: --for being here today.

MR. MATAAFA: Chair, the next testifier is Zandra Amaral Crouse, testifying on agenda item HHT-24.

MS. AMARAL CROUSE: Good afternoon, Committee Chair --

CHAIR CRIVELLO: Good afternoon.

MS. AMARAL CROUSE: --Stacy Crivello and Committee Members. My name is Zandra Amaral Crouse testifying on First-Time Homebuyers Program. I am excited. As a real estate broker whose firm sits with young men and women all day, every day, listening to their stories, my heart goes out to them. Wanting to live on Maui, wanting their own home, most working two jobs, and trying real hard just to be a part of their community. I am very blessed. In 1987, when my husband passed away, I came home. I had nothing. Charmaine Tavares was our Mayor then and we had a lottery at Lihikai School, I believe. There were 200 homes. There were over 3,000 people. I sat with my nieces, my daughter, and my son, and we prayed in harmony that my name would be one of the first four names to be drawn. I was very ill at the time as well. And through the grace of Heavenly Father, my name was the fourth name drawn. Is that a miracle? I don't know. I do know that I was in need and I have dedicated my real estate firm to helping these young men and women because I know. I know what it is to be on your knees and beg Heavenly Father to please help you out. Please shine a light at the end of the tunnel. In working with these young men and women, they can afford the mortgages, most of them, and we see that through the exorbitant rents that they are paying. They just need help. I was blessed again with my son. When Mike Molina and the Councilmembers at that time started...it wasn't called the First-Time, it was just a grant to help young men and women with their down payment. My son, five children, living in a two-bedroom apartment, was able to move into Milo Court. Three bedrooms, but the most exciting thing was and is with these young men and women giving them the keys. Watching these young men and women, these young children, this my room, no, this my room, no this my room, and you sit there as a broker and you cry. Because there is not much you can do but sit with them daily for months on end holding their hands for months and sometimes years 'till they get to fruition of homeownership. This is a real problem. This is not make believe and these are our children. So, Council [sic] Chair in closing, thank you so very much. Committee Members, thank you.

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

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MS. AMARAL CROUSE: Thank you.

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

CHAIR CRIVELLO: Thank you. For individuals who wish to testify that are here in the gallery and you'd like to testify, you may do so by identifying yourself to the appropriate Staff and proceed to the podium. But I guess we have no more testifiers in the District Office and from the gallery, so if there are no objections, I'd like to close testimony.

COUNCILMEMBERS: No objections.

CHAIR CRIVELLO: Thank you.

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

**HHT-24: FIRST-TIME HOMEBUYERS PROGRAM** (CC 17-291)

CHAIR CRIVELLO: Members, we'll start with the one agenda item that we have, HHT-24, First-Time Homebuyers Program. The Committee is in receipt of the following County Communication 17-291 from myself, Councilmember Stacy Crivello, relating to the First-Time Homebuyers Program. Correspondence, dated August 30, 2018, from the Director of Housing and Human Concerns, transmitting a proposed resolution entitled "APPROVING THE FISCAL YEAR 2019 FIRST-TIME HOMEBUYERS PROGRAM." The purpose of the proposed resolution is to approve the First-Time Homebuyers Grant Program and Program Guidelines. The Committee may consider whether to recommend adoption of the proposed resolution with or without revisions. The Committee may also consider the filing of County Communication 17-291 and other related action. So, Members, I'd like to make note that first of all, in 2016 a statewide study on housing planning identified high down payment cost as the top barrier to homeownership for working class families and individuals. At the end of last year, this Committee asked the Housing Department to re-evaluate the previous First-Time Homebuyers Program which ran from Fiscal Year 2010 to Fiscal Year 2013 and create parameters, analyze the needs of possible applicants, and consider a sliding scale to provide equitable funding for households based on income level. In Fiscal Year 2019 Budget discussions, the Council decided to revive the County's First-Time Homebuyers Program to help address the high cost associated with down payments. Today, the Committee will discuss a resolution to re-establish and approve a revamped First-Time Homebuyers Program. Housing Director Will Spence, Housing Administrator Buddy Almeida, and I think Linda Munsell was going to be here, but she's not able to make it today. They are here to talk about the program and answer any questions that we may have. With that, I'd like to turn it over to Director Spence.

MR. SPENCE: Thank you, Madam Chair and Committee Members. Mostly I'm gonna let Buddy go ahead and make the presentation and but also notable with us is Jessica

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Crouse. She is relatively new in the Department and quite a talent. She brings quite a number of skills to the Department and she's one of our Housing Specialist. So this has been her project and I think she's doing a fabulous job. So with that, Mr. Almeida.

MR. ALMEIDA: Thank you, Chair, and good afternoon, Committee Members. Buddy Almeida, Housing Administrator. With that I'll get started with the PowerPoint that Ms. Crouse prepared for us. The Housing Division's program vision is for Maui County citizens to have access to affordable housing of choice by creating affordable housing opportunities through the following: the development of long-term rental housing units, increasing the availability of homeownership opportunities, developing special needs housing with appropriate support services, and assisting lower income persons to secure affordable, safe, and sanitary housing. As Chair Crivello mentioned, these are some statistics from the 2016 Hawaii Housing Planning Study. Homeownership rates at that time was still recovering from the Great Recession. The impact of the slow recovery falls heaviest on first-time home buyers. Twenty-one point four percent of Maui County households reported crowding or doubling up. By crowding we mean based, you know, on two or more persons per bedroom and doubling up more than one family group in a single housing unit. Also, 51.7 percent of Maui County residential sales were to out-of-state purchasers—the highest percentage of all counties. Additional statistics. Only 23.3 percent of Maui County households interested in purchasing a home have an adequate down payment. Only 9.3 percent of Maui County households interested in purchasing can afford both the down payment and the monthly mortgage payments. And 23 percent of Maui County respondents reported the inability to afford a down payment as the reason to not buy a home. Little bit of history on the First-Time Homebuyers Program. It was originally funded from Fiscal Year 2010 through Fiscal Year 2013. The program received 200,000 each fiscal year. The program offered \$15,000 down payment assistance grants to low to above moderate income individuals and families. By this we mean individuals and families who are in the 80 percent to 140 percent of area median income or AMI. The grant included a 15-year lien in favor of the County. This next graph goes over the increasing single-family home prices. It's interesting to note that in 2013, the median sales price was approximately 530,000. However, for the First-Time Homebuyers Program in Fiscal Year '13, the purchase prices averaged \$340,071. So at that time there were some deals out there to be had and people were able to get affordable housing due to the Great Recession and the way the market was at that time. However, presently median sales prices in 2018 were just under 700,000 which is more than double what the average purchase price was for the program back in Fiscal Year '13. First-Time Homebuyer qualifications: they must be a resident of the County of Maui; have a household income of 140 percent or less of annual median income; shall not have a 50 percent or greater interest in fee simple or leasehold property for the last three years; they shall be owner-occupant of the purchased property; and shall complete a homebuyer's education class. These qualifications are consistent with program guidelines during the previous Maui County First-Time Homebuyers Program, as well as other First-Time Homebuyers Program across the United States. For the Fiscal Year 2019 Program, as Chair mentioned, \$2 million has been appropriated to the program. We are recommending increased grant amounts

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due to the increase in market prices. Up to 60,000 for applicants earning below 100 percent of annual median income and up to 40,000 for applicants earning between 100 percent and 140 percent of area median income. The down payment assistance shall not exceed 15 percent of the purchase price or the amount specified above, whichever is less. Housing Specialist Crouse noted in the Hawaii Revised Statutes, 201H-161, is what we patterned this after. This statute states the down payment loan to any one borrower shall not exceed 15 percent of the purchase price or appraised value of the residential property or 60,000, whichever is less. The Fiscal Year 2019 Program prioritizes Maui County residents. All interested applicants will complete the initial application card. Lottery cards will be drawn and applicants with a Maui County residency period of at least one year or more will be drawn first. The grant will be secured by a lien in favor of the County in perpetuity. The terms of repayment are initiated by the following: if the grantee refinances the mortgage with the exception of rate in term refinances; also, to know we do allow for capital improvement refinances where they do home improvements so we can document and we can monitor to make sure that they are done accordingly and the funds are used as such; the grantee is no longer using the unit as the borrower's principal residence; the grantee sells the property; or the grantee provided fraudulent information to obtain funds from the program. We would like to also see repaid funds that come back to the County put into a revolving fund to support future first-time homebuyer grants. This revolving fund will help to increase the program's self-sufficiency. This kind of just gives you an idea with regards to purchase prices and percentages for down payments. It gives you an idea of how \$15,000 went a decent ways back when they were able to get purchase prices in Fiscal Year '10 to '13 that were in the 300- to 400,000 range. However, when you get to the bottom to the higher scales that we're at now, the reason why we're recommending the increased grant amounts are due to the fact that it just costs a lot more to purchase a home nowadays, especially for those that have to put 20 percent down when they purchase a home. This next line is just to give you an idea from our affordable sales price guidelines of how we price per the guidelines what people at a 100 percent or rather 80 percent to 140 percent, what the developer would have to sell the units for. Basically, where the market is now, it's basically exceeding even the 140 percent category for the most part, which is another reason why we support increasing the grant amounts. In summary, this program will reduce barriers to home ownership, will empower Maui County residents, will enable recipients to leverage funds received, and will increase access to affordable housing of choice. The First-Time Homebuyer Program will enable those seeking home ownership to actualize their dreams and will empower residents by giving them the means to make choices that are right for them. Chair, this concludes the presentation and we're available for questions. Thank you.

CHAIR CRIVELLO: Thank you. Before we go any further I'd like to recognize Councilmember Riki Hokama for joining us. Thank you. And non-voting Member, Councilmember Elle Cochran.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR CRIVELLO: Thank you for being here.



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COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR CRIVELLO: So, Members, you had a brief presentation and you...I guess the home buyers grant program guidelines are more detailed. You should have that in Granicus, dated August 30<sup>th</sup> correspondence from the Department. At this time, I'd like to open the floor for any questions that you may have and probably want to further this discussion or actually, if at this time, you'd be ready to accept it or more input from the Committee. Ms. King and then Mr. Hokama and then Mr. White.

COUNCILMEMBER KING: Okay. Thank you, Chair. The two things that came to top of mind was you were saying about the 15-year lien in favor of Maui County. This is a grant, right, not a loan. But is the lien you're talking about the lien against the potential of those things happening on that one screen that said, you know, they sell it or they refinance it? So we are 15...so then we will recover the entire amount? Or is there a sliding scale of how much we will recover if they keep it 10 years instead of 15 years?

CHAIR CRIVELLO: Mr. Almeida.

MR. ALMEIDA: Thank you, Chair. Thank you, Member King, for that question. We've...the original program was 15 years. We are recommending now in perpetuity so as long as they own the home. And you're correct, anyone of those triggers will require the repayment of the whole grant amount. There's no sliding scale. It doesn't get reduced per year. The entire amount would come back to the County.

COUNCILMEMBER KING: Okay. So that 15 year you're recommending change it to perpetuity.

MR. ALMEIDA: Correct.

COUNCILMEMBER KING: Okay. And I know this was probably put together before that report came out from the implementation report on affordable housing so I just had a question for you about the category of 80 to 140 percent because the report recommended...the implementation report recommended tightening that to 120 percent for affordable housing. So is there...what are your thoughts on aligning this opportunity with that and then, you know, like kind of giving more, you know, giving more opportunity to the people at the lower end of the AMI scale?

MR. ALMEIDA: We definitely agree. It's not limited to individuals who are below 80 percent. If they can qualify, they are definitely part of this program. With regards to the 140 percent category, from the Department standpoint we still feel that that is considered workforce, the firemen, the teachers, you know, those households. But we are open to suggestions if this Committee wants to make recommendations to reduce it.

COUNCILMEMBER KING: Okay. I just...I mean I just wanted to bring that up, Chair, because, you know, you could conceivably have somebody who's in the 60 percent and

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doesn't get the lottery and somebody who has 140 percent of AMI they, you know, wins that lottery ticket. So I think it's something for us to think about. Just in line with what was recommended in the report from the experts we hired. Thank you.

CHAIR CRIVELLO: Thank you. Mr. Hokama.

COUNCILMEMBER HOKAMA: Chairman, thank you. I appreciate the item that was just brought up. I'll be candid, Chair. The way this is proposed at currently I am not going to support it. I have some areas of concern and one is, again, why would I look at a \$60,000 grant for a \$700,000 house? I'm into those that are in of greatest needs and those I don't think qualify for a \$700,000 house. So for me, Chairman, some of the things of my concern regarding this and I can tell you I appreciate those who have come to me and our property owners who are going to be paying this bill. I have some issues about us appropriating this kind of monies. So I'll just say as a taxpayer I have an issue too of attitude about just grants in general. But for me if part of this is that I'm concerned about one that I want to bring up is the eligibility. Why are your proposal referring to Federal guidelines when there is no Federal money involved? It's only County money so why wouldn't we just look at our County guidelines or what makes sense for our County or why wouldn't we just look at State tax returns instead of Federal tax returns. Where's the Federal input? This is only County money. So why is the proposal structured that we deal with Federal guidelines or Federal issues because I would like a residency requirement in this.

MR. ALMEIDA: Thank you, Chair, and thank you, Member Hokama. I would have to double check exactly what's reported in State versus Federal. Federal was used initially for the program, the three years, because we want to be able to double check and make sure they haven't owned property, to make sure we have all the schedules present that we can cross-check and make sure that they haven't owned property within the last three years. If the State tax returns provide that information, I don't think there would be an issue with regards to requiring State versus Federal returns.

COUNCILMEMBER HOKAMA: And then, you know, it was only for...some of our requirements you have to be a resident of this County for one year so why wouldn't we put that in --

CHAIR CRIVELLO: Mr. Almeida.

COUNCILMEMBER HOKAMA: --as far as the eligibility you must be a resident of this County for one year.

MR. ALMEIDA: That's exactly...we're recommending that they be residents, yes --

COUNCILMEMBER HOKAMA: So is that what you recommend—one year?

MR. ALMEIDA: --for one year. Yes, they'll be given priority. When the lottery is done, the residency for one year or more will be the priority chosen.

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COUNCILMEMBER HOKAMA: Yeah. Okay. I don't know how we...if you folks have thought about this. So let's say we gave County money to this housing program and let's say we subsidize it by...we paid half of it. Ten million dollar project we pay five million. That was our contribution. Now there's an applicant. So this applicant could use then the lottery, County money, to go into a County housing project we already subsidized 50 percent. Is that doable? Or that can happen that now we gonna use another County pot to take care of what we've already upfront for the project?

CHAIR CRIVELLO: Department.

MR. ALMEIDA: We have not restricted which project they would be able to apply for, but we're open with regards to if you want to limit like if it's a subsidized County project would be ineligible that's something that we're also open to considering. I understand, you know, your concerns in that area. But at the present time they're allowed to basically go to any project or purchase any house.

COUNCILMEMBER HOKAMA: Okay. And then one of the things that was...kind of struck me, again, eligibility, I mean why recommending 18 years of age to be the minimum...one of the eligibility requirements. I mean I don't even know if they even have enough capacity to have a credit rating at 18 years. Maybe some do—I don't know. I'm just trying to figure out how this really works with some of these people that you folks mention as potential eligible participants.

MR. ALMEIDA: We set the limit at 18 for the age to enter in the contract. We realize that it's probably gonna be very few individuals at that age who are gonna be purchasing homes, but we didn't want to limit the opportunity in case they were able to.

COUNCILMEMBER HOKAMA: And then one thing that I need some clarification. I know...I think the Chair brought up in the previous meeting, but let's say, you know, on some of the provisions, I get the lottery, I qualify, I go and secure the home with the grant, I drop dead, it goes to my children, of course I don't have, but let's say it goes to my child. The child is still a qualified beneficiary of the home unit? Does the grant still...how does the grant get impacted? None at all or there's a return of that original grant because the original buyer purchaser is no longer existing or currently owns the property and home? What happens in those situations, Mr. Almeida?

MR. ALMEIDA: That's a very good question, Councilmember Hokama. We have not considered someone passing away with regards to what that would trigger or what the implication would be. The way the program currently set is that it's silent in that matter and would be forgiven in that case, but we can look at restrictions and payback if the Committee would like to add that.

COUNCILMEMBER HOKAMA: Have you folks thought about allocation by districts or residency instead of just income bracket?

MR. ALMEIDA: We focus primarily on area median income with regards to keeping it at...trying to mirror it as much as possible with Chapter 2.96, Maui County Code.

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That's what we're trying to follow to keep it consistent. There are different area median incomes for Lanai, Molokai, and Hana. They're calculated differently. So those would be the applicable area median incomes we would look at if they are trying to purchase a home in those areas.

COUNCILMEMBER HOKAMA: And there's no minimum allocations for the district...by district or anything else?

MR. ALMEIDA: Not by district. Currently, there's not.

COUNCILMEMBER HOKAMA: So actually Lanai can get zero or Lanai can get 83 applicants, right, in the so-called lottery? Molokai can have all 83 or zero for the lottery. Okay, well, you know, one of the things on the increment eligibility on your 2.2, Department. I understand, you know, tax returns from the last three years and then W-2's for the most recent year, but if you check with employers more than likely it will be hard to get the employer's W-2 within the timeframe as I understand it being proposed. Doesn't that come out in like January, February of the calendar year?

MR. ALMEIDA: That's correct.

COUNCILMEMBER HOKAMA: There might be a coordination difficulty, Mr. Almeida, to make this really work. So I just bring it up that it might be more of a logistical issue than anything else dependent upon the availability of that W-2 that you folks are recommending to be part of requirements. So you folks thought that through yet? Not yet?

MR. ALMEIDA: In the previous program we utilized the W-2 for income qualifying. However, we also were open to reviewing their current paystubs if there had been any significant change --

COUNCILMEMBER HOKAMA: Right.

MR. ALMEIDA: --in their income. So we would utilize the most current data if it, you know, benefitted the applicant.

COUNCILMEMBER HOKAMA: Okay. So you talked to Finance that even with this proposal and then we also have the affordable housing fund by Charter, how does this look by our financial advisors or whatnot on creating additional pots of the same thing or similar things? Are we being upfront on how we stash money away is what I'm saying. We already get one affordable housing fund.

MR. ALMEIDA: Mr. Hokama, are you referring to the revolving fund we were suggesting to create for. . .

COUNCILMEMBER HOKAMA: Yes.

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MR. ALMEIDA: Yeah, it was just a recommendation. If the money is repaid presently, it would go back to the affordable housing fund for reuse.

COUNCILMEMBER HOKAMA: Correct.

MR. ALMEIDA: If we want to try and sustain the program, it was just a recommendation to create a fund that would be revolving specific to utilization for this program.

COUNCILMEMBER HOKAMA: Okay. Thank you, Mr. Almeida. Chair, I thank you for this opportunity on this round. Thank you.

CHAIR CRIVELLO: Thank you. You must have my same list. Yes, Mr. Spence.

MR. SPENCE: Thank you for the questions, Councilmember Hokama. If you could clarify just a couple of things for me. Well, first off, you asked one...just want to add one thing to what Mr. Almeida was saying is why are we using HUD guidelines. That's because that's consistent with our other laws 2.86 and 2.96. Those are the...and I'm not arguing with you that --

COUNCILMEMBER HOKAMA: No, no, Director --

MR. SPENCE: --they're applicable or not.

COUNCILMEMBER HOKAMA: --I agree we have the HUD numbers.

MR. SPENCE: Yeah.

COUNCILMEMBER HOKAMA: But on my 20 years sitting on Council we've always adjusted to the Maui County adjusted median numbers because for Lanai it's different, Molokai is different, and Maui island is different. So we've adjusted and that's what we've used after guidance from the HUD numbers. But we don't use basically HUD numbers as my experience has shown. So that was the point I was making, Director.

MR. SPENCE: Right. Okay.

COUNCILMEMBER HOKAMA: Thank you.

MR. SPENCE: And then if I could understand the objection for a \$60,000 loan for a \$700,000 house? Are you looking for that to be adjusted down? I'm assuming you're thinking that should we be financing...helping to finance that level. Or what are your thoughts on that?

COUNCILMEMBER HOKAMA: Well, again, yeah, in previous meetings what we hear from I guess general understanding or consensus of affordable it's \$300,000 more or less is your target number, right. So why would I want to put my tax...my property tax money to help somebody buy a \$700,000 house? I would like that \$700,000 house and I'm helping to pay somebody to buy that with my taxes. Okay, I must be in the

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wrong earning category because I cannot afford that \$700,000 house and I'm paying the tax for somebody to get a grant to buy the house. Something not right, people.

MR. SPENCE: Understood.

COUNCILMEMBER HOKAMA: Thank you, Chair.

MR. SPENCE: Just wanted that clarity. Thank you.

CHAIR CRIVELLO: Thank you. Mr. White.

COUNCILMEMBER WHITE: Thank you, Chair. You mentioned that 23 percent of the respondents to a survey felt that the down payment was a barrier to them participating. What is that 23 percent of? How many people responded?

MR. ALMEIDA: Thank you, Chair. Thank you, Chair White. I don't have that data with me but we can definitely get you those numbers with regards to the statistics.

COUNCILMEMBER WHITE: Yeah, but just a rough idea how many people responded to the survey?

MR. ALMEIDA: Ms. Crouse, do you have that information by chance?

MS. CROUSE: Thank you. There were thousands of respondents so there's a large number of people in Maui County. I don't have those numbers in front of me either today, but it would serve a large number of people here in Maui County specifically.

COUNCILMEMBER WHITE: Okay, that was, yeah, that was really my question, is how many people are gonna qualify for this? I have some of the same concerns Mr. Hokama has with the amount. What was the—I'm sorry I didn't bring my iPad today—but what is the increase in the housing price that you referred to since the last time that was in place?

MR. ALMEIDA: In Fiscal Year '13, the last year that the previous program was in place, the average purchase price for the program was a little more than 340,000 and that's because at that time there were still deals out there. The market, you know, was still soft. However, where we're at now the average median prices are just under 700,000, and so when people get their opportunity to buy, that's the market they're gonna be going into and have to purchase.

COUNCILMEMBER WHITE: Okay. Back when the deals were being made in the program for 340,000 what was the median sales price then? Because I don't see those as comparable numbers.

MR. ALMEIDA: From the PowerPoint, Ms. Crouse, the data she collected, it was roughly 530,000 was the median price in 2013.

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COUNCILMEMBER WHITE: Okay. So if we're going from 530 to 700 and we were having, back when it was 530 and we were having deals at 340, we were giving 15,000. I'm having the same mathematical problem as Mr. Hokama is having with going up...that's 170,000, so it's about a 30 percent increase in the median housing price, but it's a fourfold increase in what we're providing. Can you provide us a little more justification for that?

MR. ALMEIDA: Yes, and thank you for the question. We met with realtors. We met with Mr. Carnicelli when we were adopting and working on the revisions to the program. It's really difficult to find anything...at least single-family that's under those prices right now. Like even 600,000 is hard to find. There might be apartments or condominiums out there that are still reasonably priced that if people can afford with the association fees and such. But it's really hard right now. The market is really tight.

COUNCILMEMBER WHITE: But we didn't...we didn't pay...we weren't subsidizing the entire or as significant a portion of the down payment back then as we are now. I guess that's what I'm really asking about. I don't see the rationale for the significant increase or the quadrupling of the subsidy.

MR. ALMEIDA: Again, it's just a recommendation from the Department. We are more than willing to adjust as this body sees fit.

COUNCILMEMBER WHITE: Yeah, and the reason I withdrew my previous support for the previous program was because I saw it as a lottery that was serving very few people. So by...we've increased the amount significantly that we're...that we've gone from what was it before, 250,000?

CHAIR CRIVELLO: Two hundred.

MR. ALMEIDA: Two hundred thousand, yes.

COUNCILMEMBER WHITE: My recollection was we served maybe 15 people.

MR. ALMEIDA: We could do 13 grants at 15,000 for 200,000.

COUNCILMEMBER WHITE: So we've taken the money and increased it by not quite ten times, but from eight times from 250 to 2 million and we've only increased the number of recipients by 20 at the \$60,000 level. I'm just, you know, I just have a issue with it because if there's thousands of people out there that qualify, then I would rather help more people than just give a huge lottery winning to a few. To me, 33 is a few, if there's, as Ms. Crouse says, there's thousands of respondents, and I don't know whether that's 3,000 or 4,000 or 5,000. Let's just pick 2,000. If 23 percent of those people are saying that it's a barrier and they might qualify, that's a lot more than 33. So I just gotta...gotta spread the benefit out I think a little bit more than that. The other question I had was how many of the previous grants have been paid back, if any?

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CHAIR CRIVELLO: Mr. Almeida.

MR. ALMEIDA: Thank you, Chair. The program over the four years that it ran we did 49 grants and over the time since the program has been completed, 15 have been paid back.

COUNCILMEMBER WHITE: Yeah, that's a...that's a relatively good percentage. Then the other question I had similar to Mr. Hokama's issue is the length of residency. I have a little bit of an issue taking money from taxpayers who in many cases have been here a long, long time and giving it to somebody who's recently arrived. Is there...do we have the ability to say that, and you may need the Federal income tax statements for other qualifying purposes, but since it's County money like the, you know, we require a State income tax form as proof for residency for the homeowner's program. Can't we...if we're doing the requirement for that kind of a subsidy, which it is, can't we require a State income tax for say three years to qualify for your residency in this program?

CHAIR CRIVELLO: Mr. Almeida.

MR. ALMEIDA: Thank you, Chair. I'm not sure if Corp Counsel wants to comment. I'm not sure if there's any issues with regards to putting restrictions on residency with regards to discrimination or things of that nature. If not, we wouldn't have a problem with adding something like that to the conditions if this body, you know, wanted to do so.

CHAIR CRIVELLO: Corp Counsel.

MS. DESJARDINS: If you're gonna restrict it from one year, it doesn't matter whether it's one or three. Any restriction if it's illegal, is a restriction, so I don't think there's any difference. But one thing that came to mind was some families whose children go off to college, for example, and then come back to Maui and try to enroll in the UH system, they have to be here a whole year before they qualify as a resident again even though they were born and raised here. So I don't know if that factors in at all. But I don't think there's any reason why you can't say a year. We can certainly look into it...or three years.

COUNCILMEMBER WHITE: I would appreciate if you'd look into three years or five years.

MS. DESJARDINS: Sure.

CHAIR CRIVELLO: Mr. Spence.

MR. SPENCE: I might also suggest...and I think the point is very well taken for all kinds of reasons. I'd like to point out the definition of resident in 2.96, which is our workforce housing. We could definitely...and I'm not saying this is the perfect definition either of resident, but we could make them consistent between the way we do this grant program and 2.96.



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COUNCILMEMBER WHITE: What's the definition in 2.96?

MR. SPENCE: It's long. Someone who's currently employed in the County, which of course that doesn't include the one year or more that we're talking about; retired from employment in the County having worked in the County immediately prior to retirement; a full-time student residing in the County; a disabled person residing in the County who was employed in the County prior to becoming disabled; a parent, excuse me, a parent or guardian of a disabled person residing in the County; a spouse or dependent of such employee, retired person, student, or disabled person residing in the County; or in the event of death of the employee, retired person, student, or disabled person, the spouse of the dependent of any such person. It goes into a lot more detail. Again, I'm not saying that's a perfect definition, but it does give additional criteria that just...the simple definition for these rules currently have, so.

COUNCILMEMBER WHITE: Yeah, but it didn't include the length of time --

MR. SPENCE: That's correct.

COUNCILMEMBER WHITE: --in any of those situations, so.

MR. SPENCE: That's correct and I do agree it would be best if we can put some kind of time on it. That would eliminate a lot of the, you know, people arriving and oh, hey, now I'm a resident and I qualify for all these things. I believe a time limit would be a good thing to put in if we can.

COUNCILMEMBER WHITE: Thank you. That's all I had. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Councilmember King.

COUNCILMEMBER KING: Thank you, Chair. Actually, I had that same question about time. I was gonna suggest five years just because I know, you know, we've been talking about affordable housing for many, many years and people have been waiting. I'd rather see people who have been residents longer get that first opportunity. And then the other question I had was about this statement that to be qualified you shall not have a 50 percent or greater interest in fee simple or leasehold property for the last three years. So does that mean like you could own a house, you could sell it, and then three years later you could qualify for this program?

CHAIR CRIVELLO: Mr. Almeida.

MR. ALMEIDA: Thank you, Chair. Yes, that's correct. That's the standard formula for the projects across the country that we researched and the previous program followed that model. There's different situations like with regards to people who go through divorces or have other issues that were homeowners and no longer were that we felt that three years was a good time to allow them to get back into the opportunity to owning a home again. But that's the present formula that we use for determining home ownership.

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COUNCILMEMBER KING: Okay. Well, yeah, I guess I have a problem with that because they're calling this a first-time home buyer qualification so obviously it's not just for first time home buyers. So I don't what...how to fix that part, but to me it's a little...it's kind of an oxymoron for the title of this fund. Those are...I mean along with some of the other concerns, those are my main concerns, Chair. Department, thank you.

CHAIR CRIVELLO: Thank you. Ms. Cochran, did I see your hand?

COUNCILMEMBER COCHRAN: Did all the voting Members have their opportunity? Okay. Yeah, thank you for hearing this Chair and Department for being here. I think I'm on...in the same doubtful state of mind here with what you're proposing. So the residency did stick out for me as in what is truly the definition of what that means and because there are instances I've heard where someone comes over here as a construction worker, is on a job, works here a year, they put their name in this lottery, they get the home, but really their full-time home is somewhere else but they came here for a job for at least a year or so. That doesn't take care of that, you know, thought for me. Yeah, I think a timeline needs to be put in. I mean, heck, five to ten years. And then the first-time language that's I think what it needs to reference is a first-timer. And maybe Mr. Hokama recalls, but I think back in the 70's perhaps or maybe even earlier there was a housing wait list...an actual list of people. My husband's name is on that list actually. What happened to it? I have no idea. Was it Cravalho days? I'm not sure, but I'm sure Mr. Hokama recalls. And you know, perhaps we need to start this list again or dig up wherever that list is. I'm wondering if you folks had a chance to meet with the financing industry, mortgage loan brokers, that community?

CHAIR CRIVELLO: Department.

COUNCILMEMBER COCHRAN: You did? You did? Because I'm asking...I'm questioning the amount of down payment that you're saying has to be met. So did you folks have a chance to meet with people who actually do the loans and what the minimum percentage is?

CHAIR CRIVELLO: Director.

MR. SPENCE: Thank you, Madam Chair. We did meet with one person in the lending industry. We're looking to meet hopefully with some others. As you know, there's a bunch of different finance packaging out there. There are no interest loans, there's...not no interest...no down payment loans, there's just a plethora of different loan types out there, and I think we need to better understand some of that before we just blanket give out a certain amount of money. If they, you know, maybe somebody all they need is \$10,000 for closing costs or whatever the case may be for their particular type of loan. I think we need to be cognizant of how that financing is going forward...the individual's financing when they're trying to purchase.

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COUNCILMEMBER COCHRAN: Right. Well, I mean you're saying 10 to 20 percent, but I believe there's 5 percent, you know, out there. So you know, perhaps we should veer people to seeking, you know, the 5 percent.

MR. SPENCE: Sure. There's 5 percent and there is no down payment as well. It does, of course, their monthly payments can be higher. But it depends on what the individual can qualify for.

COUNCILMEMBER COCHRAN: Right. And Chair, another?

CHAIR CRIVELLO: Yes.

COUNCILMEMBER COCHRAN: And so I agree with Mr. White's comments as to the amount, the 60,000 versus currently what the amount is for the first-time home buyer, you know, what we pay out because it doesn't...the amount of people we can help isn't quite the intent of what...why we doubled this amount during this past Budget. Obviously, the increase was to increase how many people we can help and it just to me it didn't hit that mark I feel the intent was during our Budget deliberations in, you know, doubling this. And the other thing I agree with Mr. Hokama in reference to why do we continue to seek...follow the HUD guidelines. They're HUD Federal numbers and they're guidelines, yes, but you know, we as County, we as our Department of Housing, Human Concerns can do way better. Did you folks have a chance to look at the Maui County Data Book—the most recent numbers? Because those numbers are telling us this County's median...100 percent median household income is \$68,000 versus HUD is claiming \$85,000 'ish. So you know, let's get...I prefer to come down to our reality of numbers of our actual income here in Maui County and not look at the Federal guidelines. One hundred forty percent is 96,000 versus HUD 119,000. Big differences here. So I think we can do a whole lot better. I think I've been saying this over and over when that 2.80B comes out that we can follow our numbers we need to truly be following to take care of the people here and not going for this. Do you have a comment? Are you open to that?

MR. SPENCE: I'm open to...totally open to looking at different numbers. Right now 2.86 and 2.96 are tied to HUD. It specifically gives classifications according to their numbers. I am totally open to modifying that looking at the ramifications on all sides of it and adopting something that this Council, you know, decides on. I agree. I agree that needs to be revisited.

COUNCILMEMBER COCHRAN: Chair, and lastly, I believe the verbiage because we've been through that one section with Mr. Ueoka over and over. And it again, they're HUD guidelines—we can follow them or we can do better. It does say, or numbers as provided by Department of Housing, Human Concerns. It says either or. It doesn't say only. So again, I'd like us to take that as a guideline and let's focus on what our true County data is telling us right here, right now that, you know, these are the actual numbers of our people and their income and what they can truly afford.

MR. SPENCE: Okay, and. . .

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COUNCILMEMBER COCHRAN: So that's my comment, Chair.

CHAIR CRIVELLO: Mr. Spence.

MR. SPENCE: Madam Chair, again, I'm just reading right out of our Code. When we're talking about classifying income levels, very low income are those households whose gross annual income...family income is 50 percent or less, blah, blah, blah, as established by HUD or as adjusted by the Department for Hana, Lanai, and Molokai. So it doesn't seem like we have an option for Maui Island, except for Hana. So what we're talking about...I just bring this up because this means Code amendment. I'm not arguing the need for this. I'm just saying this is what our Code currently says and it goes through the different income levels as well.

COUNCILMEMBER COCHRAN: Yeah, thank you.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER COCHRAN: Can try to change to that, but yeah, thank you. Thank you, Chair.

CHAIR CRIVELLO: Ms. Sugimura.

COUNCILMEMBER SUGIMURA: Thank you. So I wonder if...just tying into some of the other questions about Lanai, Molokai, and Hana. Is there a reason why we didn't designate a certain amount to or think about allocating a certain amount to these areas and was it done in the past? Maybe it wasn't done in the past.

CHAIR CRIVELLO: Mr. Almeida.

MR. ALMEIDA: Thank you, Chair. The program is open to all of Maui County—all islands. There's no limits or set amounts for any particular demographics. So it's open to anyone to apply. So we felt that the best means with regards to just offering it to all Maui County.

CHAIR CRIVELLO: Anything further?

COUNCILMEMBER SUGIMURA: Yeah. I'll wait.

CHAIR CRIVELLO: Thank you. Members, any other comments or...Mr. Hokama and then Ms. Cochran.

COUNCILMEMBER HOKAMA: Chair, thank you. I appreciate your allowing the Members to share their thoughts this afternoon, Chairman. I mean I don't think we're arguing the intent of where we'd like to go. Yeah, we like our people to be able to afford homes. We all agree with that. Obviously, unique times have unique challenges so we gotta come up with some maybe unique options. But for me, you know, I still think the

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minimum residency is justified. We can defend it. I mean just our Charter, for us to run for office, we are required to have minimum residency. State of Hawaii, for certain appointment of government jobs, you cannot be considered for appointment without one-year residency. Okay, and that's the State, not the County, yeah, regarding certain government positions. So I don't see an issue with us placing an appropriate residency requirement because isn't this supposed to be about resident benefit that is being paid for by residents? Okay. So you know, I mean I know you understand what we're trying to say. My other point and I've always been harping about compliance of zoning requirements. I was hoping maybe you can talk with your old department, Planning, and Finance, and find out how many of them have opted to use in-lieu contributions as a form of fulfilling their requirements of housing. And if they have chosen that, what is the balances of these funds in what accounts? I am assuming it's a T&A in Finance, in a T&A account right now, and therefore, they should be able to give you. Because why wouldn't then this Committee want to consider that...because I know we cannot build a house for what they paying us, so why wouldn't then this Committee say, if there's "x" dollars in-lieu in this account, what if then we use this as the potential pot for down payment considerations. Because isn't that putting somebody in a house, right? So why wouldn't we look at another way of using what I consider insufficient resource to build a house as a way to finding how to get a resident in a house. I hope you guys can follow me, Members, but I'm just thinking, you know, I'm tired of just whacking the taxpayer over and over, okay, because I pay too. I'm one that pays too. So any thoughts, Department or Division? You have a sense of what may be out there.

MR. SPENCE: I'm not...yeah, I'm not sure what revision we would do to this, but I like the idea that...I know that some developers have paid in-lieu.

COUNCILMEMBER HOKAMA: That's correct.

MR. SPENCE: I don't know how much. I would bet money we have that number somewhere. I like the idea of that being able to be used for down payments. Again, the goal is talking about serving more people and that would definitely be a way that those monies could be used. It's really clear to me I read...when I read over 2.96 as I go on the in-lieu there's no way we can build units for the in-lieu fees. If I was --

COUNCILMEMBER HOKAMA: Thank you for that comment, Mr. Spence.

MR. SPENCE: --yeah, if I was involved --

COUNCILMEMBER HOKAMA: That's been my mantra.

MR. SPENCE: --yeah, there is definite revisions needed for that Section and Code. So, yeah, the in-lieu fees if we could use that for downs or closing costs or whatever that could be a very viable use.

COUNCILMEMBER HOKAMA: Thank you for that. Chair, I would ask if you would please consider under your signature on behalf of this Committee that you forward

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correspondence to Finance and Planning to see if they could provide us with some accurate information, and if it's a sizeable amount, then we can consider to support programs like this, then I'd be very interested. Thank you.

CHAIR CRIVELLO: Staff, if you'll make note of that. Thank you. Any other comments or...Mr. White and then Ms. Cochran.

COUNCILMEMBER WHITE: Thank you, Chair. I'd also like you to request an opinion from Corp Counsel regarding the residency and whether we can, you know, whether it's safe for us to go to three years or five years as opposed to the one-year residency --

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER WHITE: --and require as proof of State income tax --

CHAIR CRIVELLO: Okay.

COUNCILMEMBER WHITE: --that would be due from the homeowner.

CHAIR CRIVELLO: Okay.

COUNCILMEMBER WHITE: Thank you.

CHAIR CRIVELLO: Staff, you got that? Okay. Ms. Cochran.

COUNCILMEMBER COCHRAN: Thank you, Chair. So Director Spence since you're referring back to 2.96, are these funds strictly tied to that? I mean because you keep --

MR. SPENCE: No, they're not.

COUNCILMEMBER COCHRAN: --only referencing, you know.

MR. SPENCE: They're not...these are not tied to that at all. This is a separate program. Just...I mean one of the things we try to do is look for consistency throughout our different programs so you don't have different definitions for this program and something for something else. It becomes massively difficult to administer. I brought up 2.96 just for the, you know, showing the way that our laws are currently written and some of the things we are tied to.

COUNCILMEMBER COCHRAN: Right. But it's. . .

MR. SPENCE: Not to say they can't change.

COUNCILMEMBER COCHRAN: Yeah.

MR. SPENCE: Or they shouldn't change.

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COUNCILMEMBER COCHRAN: Right.

MR. SPENCE: Just what we are doing...dealing with right now.

COUNCILMEMBER COCHRAN: Right. So when you see good things we need to improve on, then perhaps they can be forwarded to us.

MR. SPENCE: You betcha.

COUNCILMEMBER COCHRAN: Thank you.

CHAIR CRIVELLO: Yeah, you're right. I think 2.96 needs lots of work on, yeah.

COUNCILMEMBER COCHRAN: Thank you, Chair.

CHAIR CRIVELLO: Mr. Hokama and then Councilmember King.

COUNCILMEMBER HOKAMA: Real quickly, Chair, and thank you again for recognizing me. One question, please, Department because again this practice has various successes or non-successes. But I was asked because this person came from California if this County ever thought about caps or rent control measures that can, if anything, help bring down the price of affordability to something reasonable and acceptable? Is that something you folks have discussed internally and whether or not that should be a consideration of policy to this Committee or Council?

MR. SPENCE: I would say that it has crossed discussion before but not in any kind of depth. You would be looking at an entire new section of County Code to implement rent control. Those are just...back in the 80's when I lived in California I know there was a litigation over rent control. So I don't know what lessons they've learned or haven't learned over through all that, the attorneys and everything, but it's something we're gonna look at.

COUNCILMEMBER HOKAMA: But San Francisco is usually used as the poster child, but you know, that's an expensive housing, okay.

MR. SPENCE: It is.

COUNCILMEMBER HOKAMA: We know that.

MR. SPENCE: Yeah. You learn a lot of lessons through litigation.

COUNCILMEMBER HOKAMA: It's the reality of that city.

MR. SPENCE: So we can have that discussion.

COUNCILMEMBER HOKAMA: No, I'm just trying to see if there's a tie so that it makes sense eventually on how we address purchasing from renting.

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MR. SPENCE: That could be.

COUNCILMEMBER HOKAMA: Because my father had a hard decision when he was approached. Would you rather buy the house you're renting because your mortgage is less than your rent. That's how it was proposed to him, and he said, do I need to think about this. Of course I'm buying if my mortgage is less than my rent. So again I just trying...I wish those days were back because I know what people paying for rent. They could afford mortgages --

MR. SPENCE: Yeah. Absolutely.

COUNCILMEMBER HOKAMA: --and a unit that they can qualify for.

MR. SPENCE: Yeah.

COUNCILMEMBER HOKAMA: You know, so again, part of it is just another approach from me if that makes sense that we look it from a rent control or rent --

CHAIR CRIVELLO: Rent to own?

COUNCILMEMBER HOKAMA: --or something, you know, again just trying to see if there's other ways that we don't always get stuck with the 20 percent down, Chair. And that seems to be the big bogeyman—20 percent down. But I like...I agree with Ms. Cochran, why can't we work with the financial entities and see if we can change the down payment number to something that's doable, especially if the asset or the collateral is still more valuable than the total outstanding loan. What's the problem? Because we know where the value is, it's in the land, not the house. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Who was it? Councilmember King.

COUNCILMEMBER KING: Thank you, Chair. And I think just to add on to that, I guess we could consider affordable rentals a form of rent control and why those are so necessary so people can actually rent at a reasonable rate and save money for a home. My last comment was gonna be 'cause I agree with everything that everybody here said, I think we need to do some relooking at this and in doing that is there a possibility of speaking with the group that we, you know, we contracted to write the affordable housing implementation plan because this is kind of to me part of that. It should be part of the implementation plan. I don't know if it was looked at as part of that plan, but certainly for looking at trying to get people into homes by helping to subsidize their down payment. That should be part of what was...either could be looked at now or should have been looked at as part of their...the plan that we contracted. So just wondering if we could get some assistance for that from the experts that we've been talking to. And then, you know, just...my general feeling of what's going on with our concern here is getting more local people who have been waiting for homes for a very long time into these homes and possibly on the lower end



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of the income who are looking at reasonable homes, you know, reasonable not...yeah, I have a hard time with that \$700,000 top end too. So hopefully we can get some kind of a policy that...because I look at this as something that will help guide us too in the future if we can come up with parameters that we agree on. Maybe we need to change that ordinance that doesn't allow us to come up with our own numbers for Maui, but just the outlying areas. Maybe we have different numbers than HUD does and we need to be able to address those numbers according to our...what our economy is doing. So that's...thank you for bringing this forward. I think it's been a good discussion. A lot of things to think about in trying to help our residents get into homes, but certainly, you know, I would hate to be somebody who's been here for maybe a lifetime but maybe looking for the last ten years to try to get into a house and then see somebody who just moved here a year ago win the lottery and get, you know, get a down payment for a \$700,000 house when you got nothing, so.

CHAIR CRIVELLO: I think to maybe some consideration. So we have developers that build 100 percent affordable and of course there's a different scale but maybe that is kind of where we can focus maybe if that can be taken into consideration. Because if a builder is willing to build a 100 per cent affordable, then maybe that is how we can also help that particular project to have the home buyers in.

COUNCILMEMBER KING: So . . .

CHAIR CRIVELLO: Did you have something, Ms. King?

COUNCILMEMBER KING: Yeah, I just remembered the other question I was gonna ask. When you're looking at whether it's 15 or 20 percent down payment that's required, when you're looking at the percentage that's required and the amount that's allowed, are you going to qualify that by income? So you look at someone's income, and you say, well, you know, you have a 15 percent or 20 percent down payment saved, but you from your income should be able to cover half of that so we're gonna give you, you know, 30,000 instead of 60,000, if you use your numbers here. Is there any qualification or you just go you won a lottery so you get the full 15 percent?

CHAIR CRIVELLO: Director.

COUNCILMEMBER KING: Do you understand what I'm asking you?

CHAIR CRIVELLO: Mr. Almeida.

MR. ALMEIDA: Thank you, Chair. Thank you for the question. I understand perfectly what you mean by the, you know, that point. It's hard with regards to trying to analyze case-by-case, but we are trying to be, you know, as focused as we can with regards to need and priority. And the research that Ms. Crouse did, there's not many programs that go into that depth, which is why we follow the HRS 201H statute with regards for a guide, but again, we're open to recommendations and suggestions from this body with regards to ways you want to modify or possibly change that.

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COUNCILMEMBER KING: Okay, because you know you're financing through a financial institution, you know, probably a bank. That's what banks do. They look at your income and they say, you know, you can afford this much or you can't afford this much. So I think the advice...the, you know, the opportunity is there for that kind of scrutiny if we need the financial institution to look at it.

MR. SPENCE: I...Madam Chair?

CHAIR CRIVELLO: Thank you. Go ahead, Director.

MR. SPENCE: I would agree with that. I think we need...there are cases when lotteries are perfectly appropriate. There are times when they are not. And there's a number of things that have been brought up today that I think we need to go back and look at. Some of it is, you know, what a number of the Members have brought up, including Ms. King, that maybe it shouldn't just be a lottery. Maybe it should be looked at, if possible, on a case-by-case basis. I don't know what that's going to mean as far as resources within the Department, the time constraints and everything, and if we could help individual purchasers, there's a lot of considerations for that. But yeah, I agree, it shouldn't just be an across-the-board number that you win the lottery and you get this much money. There's a whole lot of variables for each individual and what kind of financing they can get for a house. So we'll have to consider that.

COUNCILMEMBER KING: Okay. Thank you.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER KING: Thank you, Chair.

CHAIR CRIVELLO: Members, any other comments or further discussion? Ms. Cochran? Ms. Sugimura?

COUNCILMEMBER COCHRAN: Sorry, Chair, just back to the drawing board please. Thank you.

CHAIR CRIVELLO: Well, thank you, Members. Obviously, if there are no objections, the Chair will defer this item and we'll be having Staff send all the questions that we have, including from the testifier with the written testimony.

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

**ACTION: DEFER PENDING FURTHER DISCUSSION.**

CHAIR CRIVELLO: So I'd like to at this time thank you, Members, for being here this afternoon. I'd like to thank the Department and thank you for your presentation, as well as our Corporation Counsel, and especially I want to thank our Legislative Analyst Saumalu Mataafa and our Secretary Clarita Balala. And Members, we have completed today's agenda. Mahalo. . . .(gavel). . .

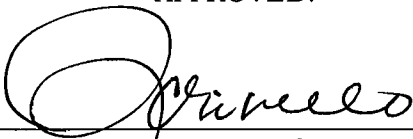
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**ADJOURN:** 2:56 p.m.

APPROVED:

A handwritten signature in black ink, appearing to read "Stacy Crivello", is written over a horizontal line.

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

hht:min:180906

Transcribed by: Clarita Balala