

**HOUSING, HUMAN SERVICES, AND TRANSPORTATION
COMMITTEE**

Council of the County of Maui

MINUTES

October 4, 2018

Council Chamber, 8th Floor

CONVENE: 1:44 p.m.

PRESENT: VOTING MEMBERS:
Councilmember Stacy Crivello, Chair
Councilmember Alika Atay
Councilmember Don S. Guzman
Councilmember Kelly T. King (out 2:13 p.m.)
Councilmember Mike White (in 2:12 p.m.)

EXCUSED: VOTING MEMBERS:
Councilmember Robert Carroll, Vice-Chair
Councilmember Riki Hokama

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)

ADMIN.: Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel
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

OTHERS: Autumn Ness
Zandra Amaral Crouse
(2) additional attendees

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

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CHAIR CRIVELLO: . . .*(gavel)*. . . The meeting of the Housing, Human Services, and Transportation Committee will now come to order. It is about 1:44 p.m. on Thursday, October 4, 2018. Before we begin, may I please request that we all turn off or silence our cell phones or other noise-making devices. Thank you. At this time, introducing our Committee voting members, myself, Chair Stacy Crivello. Our Vice-Chair, Robert Carroll is excused. With us today is Councilmember Alika Atay.

COUNCILMEMBER ATAY: Good afternoon, Chair.

CHAIR CRIVELLO: Good afternoon. Councilmember Don Guzman.

COUNCILMEMBER GUZMAN: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you for being here. And Councilmember Kelly King.

COUNCILMEMBER KING: Thank You, Chair. Good afternoon.

CHAIR CRIVELLO: And joining us shortly will be Chair Mike White. Excused also, is Member Riki Hokama. I'd like to at this time introduce our Corporation Counsel, Jeff Ueoka, our Deputy Corporation Counsel, thank you for being here.

MR. UEOKA: Good afternoon, Chair.

CHAIR CRIVELLO: And from our departments, Director of Housing and Human Concerns, Will Spence.

MR. SPENCE: Good afternoon, Chair.

CHAIR CRIVELLO: Aloha and mahalo. Housing Administrator, Buddy Almeida.

MR. ALMEIDA: Good afternoon, Chair.

CHAIR CRIVELLO: Thank you. And our Housing Program Specialist II, Jessica Crouse, thank you for being here. And of course our diligent Committee Staff, Committee Secretary, Clarita Balala, and our Legislative Analyst, Saumalu Mataafa. Members, thank you for all being here, we're at bare quorum right now and we'll be that way I guess the rest of today. And before we get into discussion, let's start with public testimony. Assisting us this afternoon from the Lanai District Office is Denise Fernandez.

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

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

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

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CHAIR CRIVELLO: Thank you, Ella. For individuals who will be testifying in the Chamber, please sign up at the desk located at the 8th floor lobby, just outside the Chamber door. If you will be testifying from the remote testimony locations specified on the meeting agenda, please sign up with the Council Staff at that location. Testimony will be limited to the items listed on the agenda today. Pursuant to the Rules of the Council, each testifier will be allowed to testify for up to three minutes per item. At two-and-a-half minutes the light will turn yellow signaling 30 seconds remaining. At three minutes the light will blink red, which is a signal for you to end your testimony. When testifying, please state your name, and the name of any organization you are representing. Staff, please call your first testifier.

MR. MATAAFA: Chair, the first testifier is Autumn Ness testifying on agenda item HHT-2(3).

CHAIR CRIVELLO: Thank you.

. . .BEGIN PUBLIC TESTIMONY. . .

MS. NESS: Aloha, Committee. Thank you, Chair, for bringing these bills up. I apologize I didn't have as much time as I would've liked to look through them, but I just made a couple notes of things that I wanted to put out there while you're considering. I'm testifying about HHT-2(3), the incentives and exemptions one. Just a couple of things, on Page 2, where it says the for sale units shall be subject to deed restrictions for 10 years, I feel like it might be a really productive discussion to talk about making that longer for something like 30 years because 10 years is what it will be in affordability, some other times it takes longer than 10 years to make these projects come into fruition. So I think the longer we can do the deed restriction, the better, and I know, I've seen in documents from so many different agencies and states and counties that do deed restrictions on affordable housing that up to 30 years is really, really doable. Perpetuity is a different thing, we have all these questions up in the air, but a lot of different municipalities use 30 years as their benchmark, and people are able to get financing, and mortgages, and everything, no problem. So I feel like that would be a really good part of a discussion. And for rental projects, I think 30 years could go up to 50 or whatever 'cause look at what's happening with Front Street, I mean people finally, we have this good community of affordable rentals in Lahaina, and it's about to go, you know, away, and people are freaking out. So 30 years I feel like could be extended. And I know, I just came back from the Global Tourism Summit on Oahu where I talked to representatives from Vail, Colorado, and they are, right now, their community is a lot smaller, so for them 100 units a year is a big deal, but they are right now in the middle of 100-unit-a-year plan to put deed-restricted housing on county owned...city-owned land, and you have to prove that you are employed within the city for 30 hours plus a week to be able to live there, and they're doing it, it's all legal, it's an active program right now. So if there's room in this thing to require something like that, that these kind of projects, especially for things that are being built on County-owned land, you have to either be employed for 30 hours a week or more in the County, or have been before you retired, or something like that. It's totally

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doable, I can give you the paperwork that I have. And the last thing, on Page 6, Section F, where it says, like, all the taxes and everything that you are exempted from if you don't fulfill your commencement of construction within a certain amount of time, you're liable to pay that back. I really, really love this, and I hope that there's a way to make developers liable for all the exemptions that they get upfront if they don't fulfill their, whatever, their units. So, for everything, for their water fees, for their impact fees, everything that should all be a bill that's in, that's waiting for them if they don't pony up. Anyway, I would just like to add that clause to every other exemption in here. Thank you very much.

CHAIR CRIVELLO: Thank you, any questions or comments for the testifier?

MS. NESS: Mahalo.

CHAIR CRIVELLO: None. Thank you for being here, Ms. Ness. Staff, any more testifiers?

MR. MATAAFA: Chair, the next testifier is Zandra Amaral Crouse, testifying on HHT-24, HHT-52, and HHT-2(3).

CHAIR CRIVELLO: Thank you.

MS. AMARAL CROUSE: Good afternoon, Committee Chair Stacy Crivello, thank you for having us and having these items on the agenda. As you know, as I've testified before this body for so many years, affordable homes, first-time homebuyers is very dear to my heart, therefore I stand in support of correspondence dated September 27, 2018, to the Department of Corporation Counsel, transmitting a revised proposed resolution entitled Approving the Fiscal Year 2019 First-Time Homebuyers Program. The purpose of the revised proposed resolution, as it states, is to approve the First-Time Home Buyer's Down Payment Assistant [sic] Program and Program Guidelines. As a real estate broker whose firm deals with predominantly first-time homebuyers, and I sit with them daily, many of them can afford the mortgage because they are paying these prices in rentals. It's the down payments and the assistance that they need with down payments, and my son was blessed with a grant from the County of Maui, not one given to him, he had to earn an equal share, he had to save before he became eligible, but I think that with the assistance of our government, more of our children can stay home, making it easier for us to keep our babies close to us so that they can take care of their kupunas. And I'd like to now go on to the next item, and that would be HHT-23. It states correspondence dated September 28, 2018, to the Department of Corporation Counsel, transmitting a proposed bill entitled A Bill for an Ordinance Amending the Maui County Code Relating to Incentives and Exemptions for Workforce Housing. The purpose of the proposed bill is to amend the Maui County Code, to set forth a process in which developers of 100 percent residential workforce housing projects may seek to fast track development of their projects by applying for County exemptions from the County Code. Again, my arguments would be the same, the more we can do to support the developers, and as I've heard you say, Committee Chair Crivello, sometimes is...it's gotta pencil out. And we all know that even for the non-profits the housing projects gotta pencil out. So it's either we find ways working

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collaboratively together, with both the private, and public entities in making affordable homes truly affordable for local people, or it won't happen. And that's about all I have to say on that item, and I'd like to move on to the last item. And these all really relate to the very same thing. And that is, I'm sorry, that would be HHT-52. Correspondence dated September 28, to the Department of Corporation Counsel, transmitting proposed bill entitled A Bill for an Ordinance Amending the County Code...did I just read that one? No, I didn't. Yeah, I did? Okay, well let's go on to HHT-2(3).

CHAIR CRIVELLO: No, you're on HHT-52.

MS. AMARAL CROUSE: HHT-52. Five-two? Oh, I am so sorry, thank you. Thank you. Correspondence dated September 28, 2018, to the Department of the Corporation Counsel, transmitting a proposed bill entitled A Bill for an Ordinance Amending the County Code Related to Fast Track Permitting. Again, it relates to the same thing, affordable homes. All three of these items goes to support our young men and women in getting affordable homes, so that they may stay here. I humbly ask all of you to look into the actual resolutions. I look forward to your discussions, and I look forward to you supporting, in every way that you can, our young men and women, in being able to stay home, and buy a home. Mahalo.

CHAIR CRIVELLO: Thank you. Any clarification or comments for the testifier? If not, thank you for being here.

MS. AMARAL CROUSE: Thank you.

CHAIR CRIVELLO: Next testifier?

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

CHAIR CRIVELLO: Thank you. Have we heard anything from the District Offices, if there are any testifiers?

MR. MATAAFA: No.

CHAIR CRIVELLO: There being no further testifiers at this time, I'd like to, if there's no objection, close testimony. No objections?

COUNCILMEMBERS: No objections.

CHAIR CRIVELLO: Thank you.

. . .END OF PUBLIC TESTIMONY. . .

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

CHAIR CRIVELLO: So we'll move on with our first item on the agenda today, HHT-24, First-Time Homebuyers Program. The Committee is in receipt of the following: County Communication 17-291, from myself Council Chair [sic], and Committee Chair, Stacy Crivello, relating to the First-Time Homebuyers Program. Correspondence dated September 27, 2018, to the Department of Corporation Counsel, transmitting a revised proposed resolution entitled Approving the Fiscal Year 2019 First-Time Homebuyers Program. The purpose of the revised proposed resolution is to approve the First-Time Home Buyer's Down Payment Assistance Program and Program Guidelines. The Committee may consider whether to recommend adoption of the revised proposed resolution, with or without further revisions. The Committee may also consider the filing of County Communication 17-291 and other related action. Members, a revised proposed resolution was received from Corporation Counsel on September 28, relating to this item. The Committee is in receipt of correspondence dated September 14, 2018, from Corporation Counsel, transmitting its position on establishing a durational residency requirement. The Committee is also in receipt of correspondence dated September 21st, transmitting a revised guidelines for the First-time Home Buyer's Down Payment Assistance Program. The Housing Department is here today to talk about its revisions and answer any remaining questions the Committee may have about the program. Mr. Spence, would you like to provide opening comments, and talk about the revisions of the program?

MR. SPENCE: Sure, thank you, Madam Chair. At our last meeting, you know, the Councilmembers had a lot of questions, okay, how can we make this money go further, have you talked to financial institutions, those kinds of things, and, yes we did. We took all the questions of the Council, asked very seriously, we addressed those within our letter dated September 21, 2018. I would point out that we have Jessica Crouse with us this afternoon, she did like 99 percent of the footwork on this, and is here to answer, certainly answer for the details of responding to the questions that the Council asked. What we really want to do, so we could, and we'll address all the questions, our goal today is to get this passed out so we can go ahead and start administering these funds and helping the homebuyers for Maui County. The first question that the, one of the questions that the Committee asked was, did you deal with...did you talk to the people in the financial industry, you know, what would be the best way to administer the funds, what's the biggest need, and yes we did, we held previous to the last meeting, we had held meetings with mortgage brokers, and bankers. This time around we met, I should say staff met with six additional finance organizations, whether they're banks, or brokers, and then some other agencies to see what would be the best way to do, the best way to handle these funds. Their opinion all across the board was the most meaningful service we could provide, would be to give grants towards the down payment. In that discussion we went ahead and said, okay, as we're before, I believe that our minimum, or the maximum we were gonna, we were going to provide was 40,000, we've reduced that to 30. And, part of the thing too, with the financial institution, you don't want to just, I mean, on one hand, yes, you do want to give away money, but on the other hand, you want the buyer to have some skin in the game. You want them to be responsible where it's not just giving away

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money, and they have no responsibility with this. So that was part of the discussion. There was a lot of discussion on the durational residency, you know, how long do you have to be a resident, we talked with Corporation Counsel, and I know Mr. Ueoka is raring to go on this, but the way that this came out, it's hard to legislate on the basis of how long you've lived here. We do know that in the process of our research on this, you know, part of the thing is that they can't have owned a home in the last three years, that's, you know, so it's still, it narrows the field down that maybe it doesn't address the duration of residency, but it does address, you know, you really do have to be pretty much a first-time homebuyer. The Members of the Committee also expressed concern about, you know, that this kind of funds would be available for homes up to \$700,000, you know, that seems for a lot of us, that seems upper-end. The research that we did and part of the packet that we provided for the Committee, it's a couple of charts like this, well we looked at what was available on the market right now, the chart at the top just looks at everything under \$1 million. Those are, you know, in the 700 range, below 700, that there's not a whole lot of listings. The 8 to 900, there are some, but then if you look at the chart below, most of the listings of houses for sale on Maui are over \$900,000 and over, 900 to 2 million, and then above 2 million. That, this research, and I did ask, does it take into account, you know, the new projects that are coming online, because they don't generally go on the MLS, but does it account for developers, new projects being marketed, and I was assured that it was. So to me this is shocking, that the vast majority of properties, homes available for sale in Maui, are over \$900,000. At...that's really astounding, so the, where these funds are supposed to go, are for 700 and less, set for home prices 700,000 and less. There's not, the inventory for sale is not that large, but that still means we're going to be aiming at the, our, the market for our residents. This is the area where there is going to be the most need so we certainly looked at that. To me, those numbers are simply amazing. The Members also asked about using HUD guidelines, and the, instead of the Data Book, it turns out, so we looked into where do they, where does HUD get their data, where do the, where does the Data Book get their data, it's all gone from the Census, both sources use Census data, the HUD adjusts for inflation. So they take a couple other factors into account, and that's why their numbers are a little bit higher than what the Census book shows but the base data is the same. The...there's also question about the use of the lottery system. The finance industry thought this by far was the fairest way to be able to administer these funds, and the idea would be, and when we got a pot of applicants and we conduct a lottery, but then as peoples, as people find homes and are requesting funds for down payment, what we would do is then take into account the actual need, not just handout \$30,000 at a pop, but go, okay, what do you need for your actual purchase that, for this property, or that property. So the awards amounts may vary, it's not going to be just an automatic \$30,000. But the...again, addressing the lottery system, that was thought by the finance industry to be the fairest way. Another question came up, who has opted for in-lieu fees, rather than providing which developers paid the in-lieu fees instead of providing the actual housing, and in our research, nobody has opted for in-lieu fees at this point. I know there's some people that are discussing it, but those are on the horizon right now. So, Madam Chairman, and then the calculation, if you look at the very last page, there's a calculation for those in-lieu fees. And, Madam Chair, with that, those are our responses to the Committee, with regards to

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what you had last, all the questions that were asked last time. So we are trying to make these funds stretch, it's, I think it's extremely generous of the Council to put \$2 million in the budget for this program, and we hope to touch a lot of families with it. So, thank you, Madam Chair.

CHAIR CRIVELLO: Thank you, Department. At this time I'd like to open the floor for further discussion with the Department, or if you have any questions, or would like to have more discussion on the actual program. Councilmember King?

COUNCILMEMBER KING: Chair? Yeah, Chair, thanks for that explanation, Mr. Spence. I'm still, I still don't feel like I got a satisfactory answer for why we're keeping the requirement that you can't have owned a home for the last three years, rather than making it longer. I think we'd mentioned last time, Councilmembers were leaning more towards five, maybe even ten years, just because, you know, if you owned a home three years ago, you're not a first-time homebuyer, you know, you're a second-time homebuyer, or you know. So it would allow you to keep buying homes every three years, if you, with this program, so what is the thinking behind three years?

MR. SPENCE: Well, I know Buddy has some comments to that. I would note that they would also have to go through the lottery every time, so it's not just an automatic, that somebody would be able to buy a house every three years, but I'll let Buddy comment.

CHAIR CRIVELLO: Thank you. Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. And thank you for that question, Member King. In our research, when we originally launched the program, and we followed up with that, with regards to this go around, and the update of the program guidelines, the three-year requirement is industry standard, with regards to that particular requirement. There's situations that come up with regards to individuals who are displaced through divorce or other means, who had owned a home, and they no longer could for whatever reason, so with the three-year window they're allowed to get the opportunity to do so again. So we want to follow, you know, the industry standard with regards to that guideline, and that's why we made the recommendation to keep it at three years. Thank you.

COUNCILMEMBER KING: Industry standard for a first-time homebuyer program like one that we're trying to create?

MR. ALMEIDA: Yes, that's correct. First-time homebuyers programs, all the ones we researched had a three-year requirement for the gap between the last time they owned property.

COUNCILMEMBER KING: Okay. Still, I'm not satisfied with that. Thank you, Chair.

CHAIR CRIVELLO: Mr. Guzman, then Mr. Atay.

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COUNCILMEMBER GUZMAN: Thank you, Chair. I was just looking at that section. It appears that you do have that language, that if they are determined that they're a single parent, and living in a home, let's see, so the Director has the discretion to waive it if the homemaker is a single parent and living in, not in suitable habitation. Okay, I see that. So you're saying that if they, for example, if you lost your home through bankruptcy, and three years later, you're coming in for a first-time buyer type of funding, that would be...the other thing I'm looking at is the residency. I know that we had spoken about that, but on the, just to refresh my memory, the residency for Maui County is three months, or is it one year?

CHAIR CRIVELLO: Mr. Ueoka?

COUNCILMEMBER GUZMAN: Zero, we have no...yeah.

MR. UEOKA: Thank you, Chair. Yeah, Mr. Guzman, it's just you have to be a resident of Maui County at the time the application is submitted, so you just have to live here. Any durational residency requirement is frowned upon for constitutional reasons by the courts --

COUNCILMEMBER GUZMAN: Yeah, yeah, that was...

MR. UEOKA: --so we, our advice to the Department was to stay away from time limits in regards to residency. Thank you, Chair.

COUNCILMEMBER GUZMAN: So, basically, as soon as a person gets off the plane, and declares domicile, the intent to live here, they have residency? I have a, I might have a solution, or a proposal, can we not change this to, be a resident of the County of Maui at the time of application is submitted, so let me see, be a resident in Maui, County of Maui, and have been employed in the County for three years at the time the application is submitted.

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. We advised against that also, because it's the constitutional right to travel. Someone should be able to move to a state and immediately, you know, be, have all rights available to other residents of the state the moment they get off the plane. So I believe there was also a question regarding State of Hawaii income tax returns for the prior three years, and we also advised against that, in regards to residency, 'cause that could also be interpreted as a durational residence requirement. While both of them are not clearly durational residency requirements, we feel that if we were taken to court over this, we don't feel it's as strong of a position that the County would have, so we advise against it. Thank you, Chair.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR CRIVELLO: Thank you.

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COUNCILMEMBER GUZMAN: Oh, can I --

CHAIR CRIVELLO: Yes.

COUNCILMEMBER GUZMAN: --have one follow-up? So, Mr. Spence, can you show me exactly where some of the amendments were made in the document? Were, or is this basically the same general provisions that we've had in the past?

CHAIR CRIVELLO: Mr. Spence?

MR. SPENCE: Okay. Thank you, Chair. What I'd like to do, Jessica Crouse is the one that wrote the provisions and everything so she can more, she can address that in more detail.

CHAIR CRIVELLO: Thank you.

MS. CROUSE: Thank you, Chair. So some of the revisions that we made was one, reducing the maximum award amount that anyone would be eligible to receive to \$30,000. So that was one of the biggest changes.

COUNCILMEMBER GUZMAN: Can you reference the page?

MS. CROUSE: The page?

COUNCILMEMBER GUZMAN: Yes, please.

CHAIR CRIVELLO: Page 3.

MS. CROUSE: Sure. Yes, 3, 1.8A, references the maximum grant amount.

COUNCILMEMBER GUZMAN: Okay.

MS. CROUSE: And then, flipping forward to...

COUNCILMEMBER GUZMAN: May I ask a question?

CHAIR CRIVELLO: Yes, of course.

COUNCILMEMBER GUZMAN: So specifically on, not to exceed 30,000, so that's your cap, and I did hear the explanation from Mr. Spence about having meetings with various financial institutions. Was this something that they recommended for reducing it to 30,000, and what was the rationale behind that? Is that to allow more people to avail of the funds since it's a lower amount, or is that just like a standard amount that someone could put to contribute for a down to start the financial process?

MS. CROUSE: Thank you, Chair. So that's a great question. Thank you for asking. It was recommended by financial experts. Some of the rationale behind it was that the

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minimum that most clients need in order to get a loan for a house is a 5 percent down payment --

COUNCILMEMBER GUZMAN: Five percent.

MS. CROUSE: --and if the average sales price for homes is \$600,000 or above, 5 percent of that would be 30,000. Some mortgage brokers commented that there's families who might qualify for loans as small as 3.5 percent, but in order to qualify for those they have to meet more stringent standards in terms of their credit score, income, credit...like lots, there's a lot that goes into it, right. So the 30,000 was well received by all experts, and I asked for additional suggestions, and they all stuck with the recommendation for the 30,000 as an appropriate benchmark to serve both a lot of people, and also in a meaningful contribution that will help them become homeowners.

COUNCILMEMBER GUZMAN: Okay, is the range of, I guess, the range of institutions that were recommending the 30,000, was that range also involving like, Sally Mae, and all the...Freddie Mac, and all the bigger guys, versus the, let's say the credit union type local institutions?

MS. CROUSE: I spoke with both the major financial banking institutions, as well as credit institutions, as well as independent mortgage brokers, and it was consistently viewed as a needed threshold to shoot for.

COUNCILMEMBER GUZMAN: Okay, very good, thank you.

MS. CROUSE: Thank you.

COUNCILMEMBER GUZMAN: If you would proceed, please.

MS. CROUSE: Yes, another change was made on Page 7, to 2.1A2. So in our previous proposal we had suggested only drawing a certain number of the lottery cards based on the anticipated use of funds. As we expect to serve a lot more people, and the lottery system is to create that waitlist, to distribute funds we proposed drawing all lottery cards, and that was the other significant edit. Thank you.

COUNCILMEMBER GUZMAN: So, when...if I may, Chair?

CHAIR CRIVELLO: Yes, go ahead.

COUNCILMEMBER GUZMAN: When you're doing the lottery, so the application lottery cards, they're pre-approved, the applicant is pre-approved, they go into a lottery-type system, so you're talking about the, what exactly, can you rephrase that, I didn't quite catch that --

MS. CROUSE: Sure.

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COUNCILMEMBER GUZMAN: --on the change?

MS. CROUSE: Sure. So the point of the lottery, for us, is to really establish an ordered system for equity, so that anyone who falls within the qualifying income, and has that pre-letter, is able to have a fair shot at being selected to receive the funding. So the lottery system is really just to determine which order we contact the applicants to distribute the funding, and then because we want to make we sure that we have a substantial waitlist, as we anticipate serving significantly more people, we're going to draw all cards to establish a full list of the applicants.

COUNCILMEMBER GUZMAN: Okay. And then, in that process of drawing cards, is that, how is that physically done? Is that something that you put in a hat, and you pull them out, or what? How does that technically happen?

MS. CROUSE: If I may defer to Buddy, who did this in the previous years.

CHAIR CRIVELLO: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair.

COUNCILMEMBER GUZMAN: I'm just curious.

CHAIR CRIVELLO: No, good, good questions.

MR. ALMEIDA: Thank you, Member Guzman. We typically hold the lottery in a public forum, venue, that we advertise and so all the people can come out and it's a nice event. We have created a glass box that we spin, and we put all the cards inside, and then we have a delegate usually there who'll pull the cards, will announce, and oftentimes the families are there. So, and then we pull all the cards so we can establish the waitlist for determining the order that they'll be served. Thank you.

COUNCILMEMBER GUZMAN: Very good. When do you anticipate this will be done or at least this final process?

Mr. ALMEIDA: If we gain approval to move forward with the program, we're gonna start immediately with advertising and trying to get this launched.

COUNCILMEMBER GUZMAN: Okay, very good.

MR. ALMEIDA: Thank you.

COUNCILMEMBER GUZMAN: Thank you.

CHAIR CRIVELLO: Any other revisions?

COUNCILMEMBER GUZMAN: That's it? Okay, thank you, Chair.

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CHAIR CRIVELLO: Okay. Thank you, Mr. Guzman. Mr. Atay?

COUNCILMEMBER ATAY: No questions.

CHAIR CRIVELLO: Thank you. Any further discussion? You're good? Thank you for being here, Chair White. Thank you.

UNIDENTIFIED SPEAKER: Chair?

CHAIR CRIVELLO: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. I'd like to make a request please, with regards to the revised resolution, Exhibit "A," there is an Appendix A that's attached to it on the last page, I'd like to recommend removal of that from the program guidelines, in reference to it.

CHAIR CRIVELLO: So all of 1A, B, and number 2, and number 3 on Page 14?

MR. ALMEIDA: That's correct, Chair.

CHAIR CRIVELLO: Complete deletion? Okay. So, Members, you have that? Would you like to explain your rationale?

MR. ALMEIDA: Yes, thank you Chair. That was added, that's more of an internal document that we use, and it was added to the guidelines. It shouldn't have been so just for clarity's sake, we'd like to have it removed so there's no confusion. Thank you.

CHAIR CRIVELLO: Any further discussions or questions? At this time, Members, if there are no further discussion...oh, yes, Mr. Guzman, of course.

COUNCILMEMBER GUZMAN: Popped in my head.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER GUZMAN: So if you go through the process of selecting through the lottery, and so happens the...something falls through on one of the accepted applicants, what do you then do? Do you then move on and do another lottery?

CHAIR CRIVELLO: Mr. Almeida?

MR. ALMEIDA: Thank you, Chair. At the time of the lottery we'll pull all the application cards and establish a waitlist. The maximum that we can do based on a \$30,000 award, which is the maximum, we'll do it based on need and our evaluation. But if we have to go beyond the capacity, we'll work off of the waitlist in pulling the applicants for consideration.

COUNCILMEMBER GUZMAN: So, you'll also pull the waitlist --

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MR. ALMEIDA: Yes.

COUNCILMEMBER GUZMAN: --as well?

MR. ALMEIDA: Yes. We'll basically, yeah, we'll establish a waitlist, yeah. Basically, from 67 on would be technically considered the waitlist for this particular program, and we'll work through it if anyone falls out or if we have additional funds based on the previous applicants not needing the full grant amount.

COUNCILMEMBER GUZMAN: Okay, very good.

MR. ALMEIDA: Thank you.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR CRIVELLO: Thank you. Any further questions or what have you? So, Members, if there are no further discussion, I would entertain a motion to recommend adoption of the revised proposed resolution entitled Approving the Fiscal Year 2019 First-Time Homebuyers, and then I would need to I guess have an amendment to remove the Appendix A on Page 14.

COUNCILMEMBER GUZMAN: So moved.

CHAIR CRIVELLO: Do I hear a second?

COUNCILMEMBER WHITE: Second.

CHAIR CRIVELLO: Second, thank you. So we have a motion to remove Page 14, Appendix A, completely out of the program, that's attached to our resolution.

COUNCILMEMBER WHITE: Chair, I move to remove the section as noted by the Department.

CHAIR CRIVELLO: Thank you. And do I have a second for that?

COUNCILMEMBER ATAY: Second.

CHAIR CRIVELLO: Thank you. So, Members, before we go to the main motion, I have a motion to remove Page 14 from Exhibit "A" of the resolution. Any further discussion? All those in favor.

COUNCILMEMBERS: Aye.

CHAIR CRIVELLO: Any opposition? So today we have two, three, four "ayes" and three excused, Ms. King, Mr. Hokama, and Mr. Carroll.

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VOTE: AYES: Chair Crivello, and Councilmembers Atay, Guzman, and White.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Carroll, and Councilmembers Hokama and King.

MOTION CARRIED.

ACTION: APPROVED AMENDMENT.

CHAIR CRIVELLO: Members, the amendment has passed and I would go back to the main motion. I would like to entertain a motion to recommend adoption of the revised proposed resolution...

COUNCILMEMBER WHITE: No.

CHAIR CRIVELLO: Huh?

COUNCILMEMBER WHITE: No, we have...already had that motion on the floor.

CHAIR CRIVELLO: Oh, okay right, I have that. So, but I'd like to add, if...

COUNCILMEMBER WHITE: Any further discussion?

CHAIR CRIVELLO: Yeah. Any further discussion or any...also any added nonsubstantive revisions that may be needed, and filing of County Communication 17-291. All those in favor?

COUNCILMEMBERS: Aye.

CHAIR CRIVELLO: Thank you. No opposed, so we have four in favor and three excused, Ms. King, Mr. Hokama, and Mr. Carroll. Thank you. Motion is carried.

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VOTE: **AYES:** **Chair Crivello, and Councilmembers Atay, Guzman, and White.**

NOES: **None.**

ABSTAIN: **None.**

ABSENT: **None.**

EXC.: **Vice-Chair Carroll, and Councilmembers Hokama and King.**

MOTION CARRIED.

ACTION: **Recommending ADOPTION of revised resolution and FILING of communication.**

MR. SPENCE: Thank you, Members. Really appreciate it.

CHAIR CRIVELLO: Okay. So we start the advertising.

HHT-52: AMENDMENTS TO THE MAUI COUNTY CODE RELATING TO EXPEDITING THE PERMITTING PROCESS FOR WORKFORCE HOUSING PROJECTS (CC 18-330)

CHAIR CRIVELLO: So, now we move on to our next item, on HHT-52, Amendments to the Maui County Code Relating to Expediting the Permitting Process for Workforce Housing Projects. And the Committee is in receipt of the following: County Communication 18-330, from myself, Chair of the Committee, Stacy Crivello, relating to amendments to the Maui County Code to expedite the permitting process for workforce housing projects. Correspondence dated September 28, 2018, to the Department of the Corporation Counsel, transmitting a proposed bill entitled A Bill for an Ordinance Amending the Maui County Code Relating to Fast Track Permitting. The purpose of the proposed bill is to amend the Maui County Code to support the fast-track development and residential workforce housing by codifying the County's expedited permit process, and giving priority to qualified residential workforce housing projects. The Committee may consider whether to recommend passage of the proposed bill on first reading, with or without revisions. The Committee may also consider the filing of County Communication and other related action. So in August the Committee received a presentation from SMS Hawaii on its recommendations to help mitigate Maui County's affordable housing shortage. In its findings, HMS [sic] Hawaii reports three prevalent themes as the major barriers to developing affordable housing in Maui County, which include, rate of return, timing, and certainty. Developers, even non-profit entities, need projects to pencil out to break even and ensure ongoing operations continue. SMS Hawaii points out developers feel like it

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takes too long to get through the necessary permitting processes, which almost always takes more time than scheduled, and adds to the costs, and increase uncertainty for funders. They also note that although many departments already give higher priority to residential workforce housing projects, some still use the first-come, first-served priority system. Today we will discuss a proposed bill that was transmitted to Corporation Counsel on September 28 that outlines and codifies a procedure to expedite the permitting process for workforce housing projects. Actually, the purpose of this proposed bill is to support the development of residential workforce housing, by codifying a process to expedite the review and issuance of all County permits necessary for the development of workforce housing projects, including subdivision, civil construction plan permits, and other plans and permits necessary for the development of the project site. Members, it is your Chair's intent today is to discuss the proposed bill, and receive comments from the Housing and Planning departments. I make note that Planning Department is not able to be with us today. A representative from Public Works, I make note, no one is able to join us today from Public Works, but will be transmitting written comments. With that, I would like to turn it over to Housing Director, Will Spence, for any comments on the bill. Thank you.

MR. SPENCE: Okay, this is for the expedited process?

CHAIR CRIVELLO: HHT...right.

MR. SPENCE: Okay. This is, basically, this is a proposal to codify something that we are already practicing. The Mayor issued a directive to all the departments that if there's an affordable housing project coming up that you prioritize these, the permits that are supposed to take place, and that could include building permits, electrical permits, grading, those kinds of ministerial things, but it would also include prioritizing changes in zoning, or SMA permits, you know, other discretionary permits, and so far we've issued two such certificates. One to Kaiwahine, one to Kahului Lani, which is a Catholic Charities project over by Kaahumanu Mall, and both of them have been greatly, have said how much they appreciate the speed, and the lack of delay that this has produced for them. I can't give you a number on how much faster it is, considering we've done this twice, and they're, you know, each project varies based on complexity, and who your architect is, et cetera. But the permits have been going faster. They expressed their appreciation. I've gotten three or four other calls from developers saying, hey, you know, can my affordable project, you know, get this same kind of treatment, and I'm saying, yeah just, you know, when you start getting ready to apply for permits, let us know, we'll review it, and go ahead, and you know, we'll issue these certificates. And they're bright pink so they're very visible when they hit somebody's desk that is reviewing plans. There...believe me, there's no mistaking, in the sea of other plans that are on people's desks. So, so far it's working. The, I spoke to the Chair about this, and she was, you know, we discussed, and just, maybe perhaps we should make this part of the County Code that when we're dealing with affordable housing projects, let's make them a priority for all the departments. And so that's why it comes before you today. And I'm certainly in favor of this, I know there

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are questions that Corporation Counsel has about it and so we'll be discussing those I'm sure. Thank you, Chair.

CHAIR CRIVELLO: Thank you. Members, I think you have it before you, and I don't believe we're ready to actually pass this legislation, but I'd like to open up the floor for discussion. And we have our Corp Counsel here that can sort of define for us what we're looking at. Mr. Guzman?

COUNCILMEMBER GUZMAN: I think it's really good legislation, and I thank the Chair for introducing this. It reminds me of a mini 201H. My only questions is, when we're talking about the fast track is, would it not be better if we have a timeframe in order for it to...expedite it further? Similar to our 201H, we have 45 days to get it through. It could be very vague and ambiguous as to, when we call it, you know, expedite or fast track versus having a timeline or deadline, yeah.

CHAIR CRIVELLO: Thank you. Mr. Ueoka, would you like to comment on that?

MR. UEOKA: Thank you, Chair. I guess for the Council, you guys can put whatever time limits to approve or disapprove something as you see fit. As far as the departments, I really wouldn't feel comfortable putting a deadline on departmental reviews of so many days because sometimes the process is, they start the review, they give comments back to the applicant, and they need a response from the applicant back. So I would hate for the Department to be under a clock running, while...it's the ball is really in the applicant's court. So that'd be my only fear for that side, but as far as the Council, if you guys want to put time restrictions on your own approvals, you have every right to do so. Thank you.

MR. SPENCE: And, if I could comment too, I'm...with just a couple of certificates that we've issued thus far, the response from the different departments have been very positive, and they have recognized that this, these are important projects. The problem is, comes with what Mr. Ueoka, you know, mentioned. The departments get an application, they start reviewing it, and they comment on it. There's sometimes incomplete information on subdivision applications, or SMA, or building permits, electrical permits, et cetera, and so the...but it means, what this certificate would mean is, they review those first and they comment on them first. We aren't in control with how fast an applicant responds. We're also not in control of the quality of the application that we get. We experience getting a lot of junk and that needs a lot of work before we can process it. But what it...but it also means, okay, we process it first, we send out the comments, and the applicant responds, instead of that response going to the bottom of the pile, the response is at the top of the pile again so they're not waiting for other things to go through. So it's, you know, while the departments are doing their best to respond in a very timely manner, my hope is that the applicants will also provide us the required information in a very timely manner. So it's hard to put time limits on for the departments. So far they've been responding very favorably to this program.

COUNCILMEMBER GUZMAN: Thank you.

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CHAIR CRIVELLO: Any further questions? Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Yeah, I agree with Mr. Guzman that, especially in the case of the Council, the way that it's drafted now, the first meeting doesn't have to happen for six months and then we don't have to take a vote on it for a year. And that just seems like we're being a little...if we're expecting the departments to jump through hoops, we should at least have a few hoops that we put in our own neighborhood.

CHAIR CRIVELLO: Right.

COUNCILMEMBER WHITE: So I would be in favor of significantly upping that timeframe.

CHAIR CRIVELLO: Thank you. I know we talked about it and, you know, but we thought we'd present this to have the discussion, get it rolling, so we can come back with a cleaner slate of an ordinance for this. I also will be recommending that it be a standalone instead of...a part of 2.96. And that's the kind of recommendation working with our Corporation Counsel, the suggestion. Mr. Atay, any comments, or...

COUNCILMEMBER ATAY: Yeah, thank you, Chair. So, this is primarily for workforce housing, right?

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. The...yeah, that's the intent of this. The language, we'll clean it up a little bit.

COUNCILMEMBER ATAY: And so, on average, how many applications of workforce housing do we get per month?

CHAIR CRIVELLO: Department? You can come back with that.

MR. SPENCE: Okay. Madam Chair, I don't think we can say it's per month.

COUNCILMEMBER ATAY: Oh, per year?

MR. SPENCE: That, we would have to get back to you on. But yeah, you can't measure it on a monthly basis, so...but we can find that out.

COUNCILMEMBER ATAY: My line of questioning is just trying to see, trying to...what is the volume that we're dealing with?

MR. SPENCE: Yeah. Well, hopefully with an incentive, and that's the purpose of actually these two latter bills, is to provide incentives. You want your project to get done first, you want affordable housing built, let's provide some incentives instead of just beating

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them up. And, you know, this will be a new thing for us to try, and give them a carrot, and not just a stick.

COUNCILMEMBER ATAY: Okay, and in the process, how many departments handle this paperwork?

MR. SPENCE: Oh man...

COUNCILMEMBER ATAY: And I going give you two days per department.

MR. SPENCE: I'm sorry. So it's...

COUNCILMEMBER ATAY: No, I'm thinking that we're going out of the County mode, but if I tell you, your Department get two days to look at this piece of paper, how many departments do we go through?

MR. SPENCE: Goodness, there's Public Works, Water, Fire, Environmental Management, Planning, Housing and Human Concerns, I know that DLNR is going to look at certain things under certain conditions, SHPD for almost anything having to do with bare ground, or pretty much bare ground even if it was cultivated before, possibly State Department of Health...

CHAIR CRIVELLO: SMAs.

MR. SPENCE: Yeah, if it's SMA, then we're talking possibly Army Corps of Engineers.

CHAIR CRIVELLO: Planning Commission.

MR. SPENCE: Yeah, of course the Planning Commission, possibly U.S. Fish and Wildlife. I mean the list of agencies that...goes on and on.

COUNCILMEMBER ATAY: Yeah, and how many days they give Council for a vote? You know, I mean, you know, it's like out of respect to the departments, but also out of respect to Council. I mean, you know, I'm thinking is 45 days --

MR. SPENCE: Yeah.

COUNCILMEMBER ATAY: --enough?

CHAIR CRIVELLO: We'd hope that by the time they come to Council they've got all their okays from all those departments. I would think that would be part of the opportunities that this ordinance presents.

COUNCILMEMBER ATAY: Yeah, and so that's why my question was, what is the volume, amount of work that it's going to take, and this piece of paper that's going to go through all these different departments, and if I was to allocate two days for you to

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check this out and move it forward. If it goes back to questions, the clock restarts for the guy 'cause, then the incentive is for the applicant, is to turn in a good application.

MR. SPENCE: Right, certainly.

COUNCILMEMBER ATAY: You know, with all the necessary, pertinent information. If they really don't want the questions, apply correctly. And we're trying to fast track them through, and yet giving each department time to move it through, but adequate so that each and every department has that time so that we can say, okay, we need a turnaround time of 45 days, or, you know, if there's a block then...

MR. SPENCE: Well, right now, it's...all the departments are supposed to review every application that comes to them within 30 days. And it...sometimes it's a struggle, at least that first view of an application, so they look at it and they comment on it, they have 30 days to do that. It's...what it is, is some of the issue is, okay, then the applicant responds, and it goes to the bottom of the pile. And then because other applications are filed after you've, you know, after you review this application, other applications pile up on your desk, so what this process would do, would be keep that affordable housing application at the top.

COUNCILMEMBER ATAY: Chair? But what we're trying to address is to create a fast or faster tracking.

MR. SPENCE: Correct.

COUNCILMEMBER ATAY: And if you're telling me that every department has up to 30 days, and if you were just listing to me, for example, 20 different departments, or 20 different people looking at it, you telling me you giving them 600 days?

MR. SPENCE: No, no, no, no, no. No, they don't take one set of plans and we pass it around. What they do is they'll give us 20 sets of plans and that all goes to different departments. So, yeah, we...that was an issue quite a while ago and I think they recognized it. And all this certificate program would do, would be handle County departments. We have no control over the Feds, or over State agencies. We can certainly request and we can push for it for expedited review, but we...as much as we've tried to control State and Feds, it's pretty hard to do.

COUNCILMEMBER ATAY: Thank you, Chair. I'm in support of addressing --

CHAIR CRIVELLO: Right.

COUNCILMEMBER ATAY: --the fast tracking, but I think we need to figure...

CHAIR CRIVELLO: Right, and I will have Staff follow up in regards to your questions so we can get that from the various departments. Actually, as it says here, you know, the permitting certification, the County through its Mayor, shall authorize the departments, right, to expedite the County permit process, as long it's a qualified

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project and certified as eligible projects by the Director. So they have to reach that qualification first of all, before we even push it forward to the other departments, and then it should hopefully...yeah. But, you know, we have much more dissecting to do with this --

MR. SPENCE: Chair?

CHAIR CRIVELLO: --and we will work on it further with all your input, then come back again. Mr. Spence?

MR. SPENCE: Okay, thank you. Just one comment on this. I know the way that it's written now, it just says a project with a workforce housing agreement. As you know, that's, that means any project with more than 10 units needs to have a workforce housing agreement, and we're at 30 percent, so 30 percent of the units. That's not really an affordable project. That's not a project whose purpose would...purpose is to provide affordable housing. I would say for something like this, I know there's discussion back and forth, maybe this kind of program should be for projects that have more than 50 percent of the projects, or some people may say 100 percent. So, you know, we did the ground breaking for Kaiwahine today, and I mentioned the Catholic Charities, those are 100 percent affordable housing projects. So the idea is to give an incentive for affordable housing projects or workforce housing projects. So that's something that I think we'll be looking at as we revise this bill.

CHAIR CRIVELLO: And as I mentioned to, thinking of recommending removing 2.96 and have this as a standalone and to address what you've just presented. Anything further that we can make notes of so we can...

COUNCILMEMBER ATAY: Chair, I'm all...Chair, I'm all for if they provide 100 percent, then they go in the super fast lane.

CHAIR CRIVELLO: Right, right, right, and everybody car pool, yeah. Okay, anything further? If not, and I apologize for the missing of our department heads. Mr. Ueoka, you have anything else to add to this?

MR. UEOKA: No, Chair, just...it's a great start. I think we can probably work on some stuff. I guess, yeah, I can work with you and Staff on addressing some of my comments. Thank you, Chair.

CHAIR CRIVELLO: Thank you. So, Members, if there are no objections, I will, as Chair, defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: RC, RH, and KK)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR CRIVELLO: Thank you.

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HHT-2(3): AMENDMENTS TO THE RESIDENTIAL WORKFORCE HOUSING POLICY (PROPOSED AMENDMENTS RELATING TO INCENTIVES AND EXEMPTIONS) (CC 16-132)

CHAIR CRIVELLO: Moving on. This is our item HHT-2(3), Amendments to the Residential Workforce Housing Policy (Proposed Amendments Relating to Incentives and Exemptions). The Committee is in receipt with the following: County Communication 16-132, from myself as Councilmember Stacy Crivello, relating to amendments to the Residential Workforce Housing Policy. Correspondence dated September 28, 2018, to the Department of the Corporation Counsel, transmitting a proposed bill entitled A Bill for an Ordinance Amending the Maui County Code Relating to Incentives and Exemptions for Workforce Housing. The purpose of the proposed bill is to amend the Maui County Code, to set forth a process in which developers of 100 percent residential workforce housing projects may seek to fast track development of their projects by applying for County exemptions from the County Code. So the Committee may consider whether to recommend passage, which we won't be recommending. This is to open up discussion on what we have prepared for you on the HHT-2(3). Department, any comments or...

MR. SPENCE: Thank you, Madam Chair. I've reviewed this proposed bill. I think it's a very good idea to put incentives into our County Code rather than just requirements. We should be, you know, I think I've said a number of times in your Committee, we should be partnering with developers, and I believe that this piece of legislation, as it goes forward, will help towards that end in providing incentives, and, you know, we will help developers provide for our housing needs and those of our citizens. The...this is, you know, last Committee meeting we talked a little bit about experimental housing, and then how that was sort of our own County 201H. This is similar that it's...it gives provisions for exemptions from County Codes, and from different fees, so this, it acts a lot like a 201H project process, except this is within solely the County control. The...I know, one thing I noted this particular bill gives the County, I think it was 60 days to act, and that's...I know the Council has, that's one of the objections the Council has had to 201H projects is it's only 45 days, and as I recall, different councils have proposed back to the State Legislature for an extension on that timeframe to 60 days. So this would kind of fulfill the Council's own desire to give itself a little bit more time, but not, you know, just to extend it out forever. So I think there's some really good things in this bill and I look forward to supporting it as we go through some revisions with Corporation Counsel and the Committee Chair.

CHAIR CRIVELLO: Thank you. So, Members, at our last meeting, you know, we received positive status updates from a few housing providers that develop and offer 100 percent affordable, Fabmac, as well as Na Hale O Maui; however, we still face an uphill battle. And our policy, SMS Hawaii's policy analysis reveals that the County is in need of more than 12,400 affordable homes by, you know, 2025, and that's just around the corner when you look at it. And, there's also a stigma that out of all of the four counties in Hawaii, Maui is the most difficult to build affordable housing. This is

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consistent with the findings which states that funders and developers encounter greater risk in Maui County other than any other counties, and that risk can negatively affect a project's funding. So I hope we can work towards changing that negative stigma about affordable housing development in the County by offering incentives, especially those who are wanting to build 100 percent residential workforce housing projects through 2.96. So we will open up discussion. Actually, the purpose of the proposed bill is to set forth a process, which developers of 100 percent residential workforce housing projects may seek incentives for their project by applying for County exemption. The project shall be vetted by the Housing Department, reviewed by the Council, and proposes a \$50,000 refundable application fee. It aims to allow developers, I think 100 percent workforce housing projects from the County's zoning ordinances, subdivision ordinances, general and community plans, and district boundary amendments for projects less than 15 acres. So you've heard from our Director of Housing. Mr. Ueoka from Corporation Counsel, have you any comments at this time?

MR. UEOKA: Thank you, Chair. I did receive this bill to review from your office. From my review it looks like it incorporates many of the different matters that I've heard this body bring up in regards to questions they have about 201H projects, such as, you do have in here a requirement for Environmental Assessment, community meetings. There are certain things in the application that, you know, those 201H applications are usually like a ream of paper, and difficult to follow, sometimes, but it seems like there's a clear, concise list here. I'm sure all those other things will be included in the required EA, but the application should be pretty clear from what it looks like. The application fee, which is refundable of course, if they complete it with, you know, allowances given to the Director, in case it's not completed on time, and it's \$50,000 or 10 percent of the development cost, whichever is less. The deed-restricted period, a little longer than what's currently included in 2.96, 'cause it's a straight 10 years for for-sale units, same for rental projects, 30 years. Credits are addressed under 2.96.050, which I believe is for this types of 100 percent projects would be 50 percent, if you're available for 50 percent credits. The exemption section you have under K does seem to address the major ones that people generally ask for under 2.96. It...and of course 'cause this is a County Code, we can't exempt from State laws and stuff, but does seem to address the zoning, subdivision, community plan, and the district boundary amendment requirement. I noticed that you did include a real property tax treatment, which would allow for during the deed-restricted period, that the project, and that would probably be a rental project, or I'm sorry, it does say rental projects, would be considered low and moderate-income housing for the purposes of 3.48.545 of this Code, which essentially provides for a tax exemption for low and moderate-income housing projects. And then this was interesting 'cause you did add a section in regarding for the fast track housing section, that they can dedicate property for real property tax purposes, and I believe it was an exemption from real property tax during construction, and because it's a dedication, if they don't actually build it, they'll owe the money later. And then, fee waivers, that's a great thing that you included this in here because even in 2.96, there's a lot of fee waivers that are referencing other sections, but not everyone is always aware of them, 'cause you have to dig around in the County Code to find out where all the other exemptions are, but

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this is interesting that you listed them all here. So I shouldn't say interesting, it's a good thing in my opinion. Timing of completion, this is normally what the Council asks for in 201Hs, initiate two years, states an initiation, what initiation means, and completed within three years. So it'll truly be fast track if it's done within three years of the Council approving the resolution. As Director Spence mentioned, you guys did up it to 60 days in this document. The annual report, I think, would be helpful, and it would be on the developer to submit the annual report to the Council, and it is interesting because there is a failure to submit the report could result in the forfeiture of the application fee, which is a sizable amount. We always like to see indemnification included when people indemnify the County, and it makes clear that the County is not a party to this development. So overall, Chair, I don't have very major comments on this, but if you have any questions, I should be able to address them. Thank you, Chair.

CHAIR CRIVELLO: Thank you, Mr. Ueoka. Members, I have the floor open for further discussions and comments, and like I said we want to scrub through it. This is our first...we're igniting something to move forward. And if you have any comments at the moment, I'm open for discussion. Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. I like the...it's well drafted. I have a question on the...the lands dedicated for fast track housing. So I understand that when they're in construction, they could dedicate to get the exemption for the real property tax assessment, but thereafter, is there language...I'm not quite following it on 3.48.366, where special land reserved to establish, is established to enable the owner of the land that has been approved for fast track housing by the Council pursuant to that section of the Code to dedicate the project site for fast track housing, and be exempt from real property taxes. Does it go further to indicate that after...is that applicable to the construction only or are we going further past that point?

CHAIR CRIVELLO: Thank you. Mr. Ueoka?

MR. UEOKA: Thank you, Chair. So, Mr. Guzman the...I believe it was a request Chair Crivello had had from another organization saying, when we're building it, if we could get a tax break, that'd be great. So how it'd work for rental project, during construction they would get the tax exemption if they dedicate, once it's completed, if they're running it as a 100 percent, or I'm pretty sure it's 100 percent residential workforce housing, you know, affordable housing rental project, it would qualify for an exemption from real property tax under 3.48.545, I think I said earlier, I believe that's the Code section, so it'd be exempt. So, however, if it's a for-sale project, once construction is done and they sell it, then because they are residential workforce housing units, the people who buy them would be homeowners, they would pay property taxes as homeowners, which as we know is you guys have kept it very fair from what I understand.

COUNCILMEMBER GUZMAN: Right, right, right.

MR. UEOKA: So, that's how it would...how it reads that it should work. Thank you.

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COUNCILMEMBER GUZMAN: Okay, okay. Yeah, I couldn't quite grasp that portion of it. But normally, when you're constructing the rental units, and that's that prong, they don't have an exemption during construction, even though it's affordable rentals, once it's completed?

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yeah, if for instance, let's say you have a bunch of ag land that you go through the 201H process, and you get your entitlements on to the property, once that's done, your highest and best use for that property --

COUNCILMEMBER GUZMAN: Right.

MR. UEOKA: --is no longer agriculture --

COUNCILMEMBER GUZMAN: Yeah, yeah, yeah, yeah, yeah, yeah.

MR. UEOKA: --so it becomes residential. So, thank you, Chair.

COUNCILMEMBER GUZMAN: Got it, got it, got it.

CHAIR CRIVELLO: Got it? Yeah.

COUNCILMEMBER GUZMAN: Thank you, Chair.

CHAIR CRIVELLO: Mr. White? Mr. Atay? Mr. White?

COUNCILMEMBER WHITE: Thank you, Chair. Under the fee waiver section, it says that residential workforce housing units shall be eligible for waivers. You know, one of the concerns that I've heard often is that when people are doing developments, they're, these are things that can be considered, but there's no guarantees. So we're saying shall be considered, or shall be eligible, but that's really leaving it up to the Council to decide.

CHAIR CRIVELLO: Mr. Ueoka?

COUNCILMEMBER WHITE: I'm just wondering if we shouldn't be a little more forceful and say that if you're doing something that qualifies, then you shall be given the waivers, the fees for the following items shall be waived, or something like that.

CHAIR CRIVELLO: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Understood, Chair White. Because this is just like a laundry list of fee waivers, I believe the understanding was it was left broad as shall be eligible. However, if you were go to, I think they have them in the back here, if you look at 14.74.120, which is regarding to, well, I don't know what that's regarding

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to...following shall be exempted from payment of the impact fee. So it says the following shall be exempted from payment of the impact fee, developments comprised of 100 percent residential workforce housing units as defined in Section 2.96.020 of this Code. So in there it's...in the actual sections listed in here, it's a lot more clear that they shall be exempt.

COUNCILMEMBER WHITE: Yeah.

MR. UEOKA: And, of course, if the body wanted to say you, as one of the modifications or something, you don't get that exemption, that is this body's right also. Thank you, Chair.

COUNCILMEMBER WHITE: Okay, thank you.

CHAIR CRIVELLO: Thank you.

COUNCILMEMBER WHITE: Thank you, Chair.

CHAIR CRIVELLO: Anything further, Mr. White?

COUNCILMEMBER WHITE: No.

CHAIR CRIVELLO: Thank you. Mr. Atay?

COUNCILMEMBER ATAY: No questions at this time.

CHAIR CRIVELLO: Thank you. No further discussions? Okay, we'll go and dissect it further, and my Staff, and Corporation Counsel, and the Department, and then we'll come back again. I feel quite excited because we are moving, and it stemmed off from the study, or the policy, and the implementation plan that came before us for SMS. So I think it's good and then we'll make sure that we have ample time to invite our various departments in the discussion to further it. So, Members, if there are no objections, I as your Chair will defer this item.

COUNCILMEMBERS VOICED NO OBJECTIONS. (Excused: RC, RH, and KK)

ACTION: DEFER PENDING FURTHER DISCUSSION.

CHAIR CRIVELLO: Thank you. So, Members, thank you for being here on our bare quorum membership, but it was a very good discussion. I appreciate it. I feel like being a cheerleader today that we're moving forward. So I'd like to thank Clarita Balala, and you know, I really want to thank my Legislative Analyst Saumalu Mataafa who worked very hard on these legislation. So I appreciate their diligence. And, Mr. Ueoka, what we going do without you in 2.96? Thank you. Department, thank you very much for being here. I appreciate it. So there being no further items on our agenda, we have

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completed our agenda. Thank you for attending. The meeting is adjourned.
...(gavel)...

ADJOURN: 3:06 p.m.

APPROVED:



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

hht:min:181004:ma

Transcribed by: Melissa Agtunong

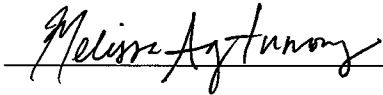
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CERTIFICATE

I, Melissa Agtunong, 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 24th day of October, 2018, in Kahului, Hawaii



Melissa Agtunong