

AFFORDABLE HOUSING COMMITTEE

Council of the County of Maui

MINUTES

March 11, 2020

Council Chamber, 8th Floor

CONVENE: 1:31 p.m.

PRESENT: VOTING MEMBERS:

Councilmember Tasha Kama, Chair
Councilmember Michael J. Molina, Vice-Chair (out at 3:58 p.m.)
Councilmember Kelly Takaya King (out at 3:41 p.m.; in at 3:59 p.m.)
Councilmember Alice L. Lee (out at 3:41 p.m.; in at 3:57 p.m.)
Councilmember Tamara Paltin (out at 2:54 p.m.; in at 2:55 p.m.)
Councilmember Keani N.W. Rawlins-Fernandez
Councilmember Yuki Lei K. Sugimura

EXCUSED: Councilmember Riki Hokama
Councilmember Shane M. Sinenci

STAFF: Ana Lillis, Legislative Analyst
Stacey Vinoray, Committee Secretary

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

Mavis Oliveira-Medeiros, Council Aide, Hana Council Office (via telephone conference bridge)

ADMIN.: Mimi DesJardins, Deputy Corporation Counsel, Department of the Corporation Counsel
Linda R. Munsell, Deputy Director, Department of Housing and Human Concerns
Clyde "Buddy" Almeida, Housing Administrator, Department of Housing and Human Concerns
Jessica Crouse, Assistant Housing Administrator, Department of Housing and Human Concerns
Gail Rumbaoa, Housing Choice Voucher Program Manager, Department of Housing and Human Concerns
David Nakama, Homeless Program Coordinator, Department of Housing and Human Concerns
Christopher Kish, Homeless Program Specialist, Department of Housing and Human Concerns

OTHERS: Stan Franco, Stand Up Maui
Jim Dannemiller, Executive Vice-President, SMS Research & Marketing

(7) additional attendees

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

CHAIR KAMA: . . .*(gavel)*. . . The meeting of the Affordable Housing Committee will now come to order. It is March 11th and it is 1:31 p.m. And I'd like to ask each of you to please silence your noise-making devices. Aloha, good afternoon. My name is Tasha Kama and I am the Chair of the Affordable Housing Committee. I'd like to be able to introduce our Members who are here beginning with the Vice-Chair, Mr. Mike Molina.

VICE-CHAIR MOLINA: Aloha, Madam Chair.

CHAIR KAMA: Aloha. And going further down to my, on my left, Ms. Kelly King.

COUNCILMEMBER KING: Good afternoon --

CHAIR KAMA: Good afternoon.

COUNCILMEMBER KING: --Madam Chair.

CHAIR KAMA: Also, our Vice-Chair, Ms. Keani Rawlins-Fernandez. Good afternoon.

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha awakea, Chair.

CHAIR KAMA: And also going on down the row to Ms. Tamara Paltin from the west side.

COUNCILMEMBER PALTIN: Aloha awakea, Chair.

CHAIR KAMA: Aloha. And now we're going to say good afternoon to Ms. Yuki Lei Sugimura.

COUNCILMEMBER SUGIMURA: Good afternoon, Chair.

CHAIR KAMA: Good afternoon. And now we're going to wait for our language specialist, Ms. Alice Lee. What do you have for us today?

COUNCILMEMBER LEE: Madam Chair, for those of you that have maybe traveled to Portugal this weekend, you can say *boa tarde* to the people there and they'll think you're Portuguese.

CHAIR KAMA: *Boa tarde*.

COUNCILMEMBER LEE: And speaking of that --

CHAIR KAMA: Yes.

COUNCILMEMBER LEE: --Madam Chair, I do have some Japanese *malasadas* here so if you don't mind I'll just go down the line and give it out.

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CHAIR KAMA: Absolutely.

COUNCILMEMBER LEE: Okay.

CHAIR KAMA: Sharing is caring.

COUNCILMEMBER SUGIMURA: It's called sushi. It's called sushi.

CHAIR KAMA: Oh, it's called sushi.

COUNCILMEMBER LEE: Yeah.

CHAIR KAMA: Oh okay, Japanese malasadas is now called sushi. Okay. Thank you for that wonderful gesture of kindness. Also, I'd like to be able to introduce the Department of Housing and Human Concerns' Deputy Director, Ms. Linda Munsell.

MS. MUNSELL: Good afternoon, Chair.

CHAIR KAMA: Also, we having with us from Corp. Counsel, Ms. Mimi Desjardins. Aloha, Mimi. Welcome home.

MS. DESJARDINS: . . .*(inaudible)*. . .

CHAIR KAMA: Also, we have with us our Committee Staff, our Legislative Analyst, Ms. Ana Lillis. Aloha, Ana.

MS. LILLIS: . . .*(inaudible)*. . .

CHAIR KAMA: Good afternoon. Also, and our Committee Secretary, Ms. Stacey Vinoray. Aloha, Stacey.

MS. VINORAY: . . .*(inaudible)*. . .

CHAIR KAMA: Also, we have from the neighbor islands we are going to check in later on with Ms. Mavis Oliveira-Medeiros from Hana, our Molokai Office is closed today, and also we're going to check in with Ms. Denise Fernandez from Lanai later. We have two Members who are not here with us at this moment, Mr. Shane Sinenci and Mr. Riki Hokama. So, they're excused for today. We also have with us Mr. Jim Dannemiller, the Executive Vice-President of SMA Research & Marketing Services Inc. So, welcome everyone to the Affordable Housing Committee meeting, and we have three items on the agenda today. We have the Presentation on the 2019 Hawaii Housing Planning Study or AH-17(15), and in accordance with Rule 7(B) of the Rules of the Council, the Committee intends to receive a presentation relating to the final report of the 2019 Hawaii Housing Planning Study, prepared for the Hawaii Housing and Finance and Development Corp by SMS Research & Marketing Services. We also have on the agenda the Operational and Budgetary Review of the Housing Division, AH-32, CC 20-40. And the Committee is in receipt of County Communication 20-40, dated

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January 27, 2020, from the Council Vice-Chair Keani Rawlins-Fernandez, relating to an operational and budgetary review of the Housing Division of the Department of Housing and Human Concerns. The third item on the agenda is the Creation of a County Housing Authority, Including Feasibility Study or AH-22. The Committee is in receipt of the following: 1. Miscellaneous Communication dated May 21, 2019, from the County Clerk, referring the matter relating to the creation of a County housing authority, including a feasibility study; 2. Correspondence dated November 14, 2019, to the Department of Corporation Counsel, transmitting a proposed resolution entitled Authorizing the Council Chair to Contract for a Housing Authority Feasibility Study. And the purpose of the proposed resolution is to authorize the Council Chair to contract for a housing authority feasibility study, as provided for in the Fiscal Year 2020 Budget. As you can see, Members, we have a full agenda and I'd like us to be able to complete this agenda within our allotted time this afternoon, so I'm going to ask you to be very efficient in your questions and your discussions.

. . .BEGIN PUBLIC TESTIMONY. . .

CHAIR KAMA: So at this time, I'd like to take...open public testimony on these agenda items. If you'd like to testify, please sign up with the Staff. Testimony will be limited to three minutes. You will receive a notification when your light turns yellow when you have reached two-and-a-half minutes, and when you have run out of time, the light will turn red. When testifying, please state your name for the record, identify if you're testifying for a group, business, or organization, and please state if you are a paid lobbyist. So first of all, I'd like to be able to call on our District Offices to see if we have any testifiers. Ms. Lillis, do we have anyone from the Hana District Office?

MS. LILLIS: Hana and Lanai have not informed us that there are any testifiers wanting to testify.

CHAIR KAMA: Okay, so we'll come back and check with them later. Thank you. So, do we have any testifiers in the Chambers?

MS. LILLIS: We do. The first person signed up to testify is Stan Franco, testifying on Committee item AH-22 on behalf of Stand Up Maui.

CHAIR KAMA: Okay, thank you.

MR. FRANCO: Bon dia.

COUNCILMEMBERS: Bon dia.

MR. FRANCO: I am Stan Franco, Housing Chair for Stand Up Maui, SUM, S-U-M. As an organization, SUM does not support a feasibility study to establish a housing authority. Why? We believe that this is the cart before the horses. Sorry, I did not have any other reference point, it shows my age, I only know the cart before the horses. Let me digress a little, about 15 years ago, MEO's Maui Nui Housing Task Force recommended that we

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hire an affordable housing administrator. Later, maybe about ten years ago, Doug Spencer sent a letter to the Maui County Council, saying...calling this administrator a housing tsar. FACE Maui and now Stand Up Maui has called this individual or organization a housing advocate. What we all have been recognizing is that we need an entity to carry out a County housing plan. Unfortunately, the County of Maui does not have a housing plan which Stand Up Maui, formerly FACE Maui has been asking for since 19...excuse me, 2017. In other words, the cart is the plan and the horses is the implementation of the plan. So, we need to have the plan created, the cart before we do the horses. Therefore, SUM recommends the creation of an affordable housing plan and implement...the implementation...what's that word, implementation of the plan to be part of the total study or work of the individuals so that we have both of them working together. You know we have many ideas, you know, Mike brought up the idea of maybe a separate department. I mean I'm not against the housing authority per se, but I'm saying that we need to do this together to get a well-rounded program created and somebody to implement the plan. Thank you very much.

CHAIR KAMA: Thank you. Members, questions? Seeing none, thank you, Mr. Franco. Ms. Lillis, our next testifier?

MS. LILLIS: Chair, there is no one else in the Chamber signed up to testify.

CHAIR KAMA: Thank you. So, let's go back to our neighbor islands. Let's check with Hana.

MS. LILLIS: Hana, is there anyone at your office signed up to testify?

MS. OLIVEIRA-MEDEIROS: Aloha, Chair. This is Mavis from Hana, there's nobody here waiting to testify.

CHAIR KAMA: Thank you. Thank you, Ana.

MS. LILLIS: Lanai District Office, is there anyone at your office signed up to testify?

MS. FERNANDEZ: Aloha, Chair. This is Denise at the Lanai Office and there are no testifiers.

CHAIR KAMA: Mahalo, Denise. Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair?

CHAIR KAMA: Yes?

COUNCILMEMBER RAWLINS-FERNANDEZ: I just wanted to put on the record and for anyone watching in the public that the Molokai Office is closed, but on the door of the office is a note instructing anyone wishing to testify to call my cell phone directly. And...

CHAIR KAMA: Okay. Has somebody called?

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COUNCILMEMBER RAWLINS-FERNANDEZ: No, no one has called, but I just, just so that everyone knows that Molokai has not been excluded, that they do have a way to testify if there were any testifiers at the office. And a request that everyone hold Ms. Lindo's husband in pule at this time as he's rolled into surgery. Mahalo, Chair.

CHAIR KAMA: Would you mind if we did that now? Okay. Would this body mind if we take a moment of silence for not only Ms. Lindo's spouse but also for Shane? Okay, let's do that.

UNIDENTIFIED SPEAKER: And Don.

CHAIR KAMA: And Don Atay. Yeah, his mom. Thank you for that.

(Note: Chair Kama requests for a moment of silence.)

CHAIR KAMA: Thank you. So, Ms. Rawlins-Fernandez, so this whole week while the office is going to be closed, that is going to be offered to all the other committee and their Members too?

COUNCILMEMBER RAWLINS-FERNANDEZ: Absolutely.

CHAIR KAMA: Okay, thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair.

CHAIR KAMA: Thank you. So, I guess I'm going to ask, without objections, that we close public testimony.

COUNCILMEMBERS: No objections.

. . .END OF PUBLIC TESTIMONY. . .

CHAIR KAMA: Thank you.

AH-17(15): PRESENTATION ON THE 2019 HAWAII HOUSING PLANNING STUDY
(RULE 7B)

CHAIR KAMA: So, today we have a presentation on the 2019 Hawaii Housing Planning Study by HMS [sic] Research, and also I think Ms. Munsell will have...is going to begin the presentation. You're double teaming right? Thank you. So, when you're ready, Linda. So while they're getting ready over there, I just want the Members to know that this planning study is a foundational document that helps us as policymakers determine what our future and existing needs are for housing in the various ranges of the area median income. As such with the cooperation of the Administration, I have invited Mr. Dannemiller, the Executive Vice-President of SMS Research & Marketing Services

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to present to us the findings of the study and to entertain our questions. So, he has a brief presentation, and Linda's decided that she has...going to double team with him. So, go ahead.

. . .BEGIN PRESENTATION. . .

MS. MUNSELL: Thank you. Thank you, Chair and Committee Members. My name is Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. Discussions with Mr. Dannemiller concerning the presentation today, what we've decided to do is break this up. I'm actually going to present some of the data findings and then he's going to follow that up with some of the more technical information and then be available to answer your questions. Again, I really appreciate the opportunity to be here, this study is very important to us. We use this in a whole lot of different ways, and the importance of this cannot actually be understated [*sic*]. I know I've only got a few minutes, trying to keep this is a short presentation. There's a lot of material in here and I'm going to skip over a lot of it, but certainly if you have questions or follow-ups later, we can go ahead and do that. So, the Hawaii Housing Planning Study is actually a series of studies that began in 1992, and the purpose of the report is to provide housing planners with data that supports our planning activities. The State, the counties, and various other agencies partnered together to commission this study, and HHFDC is, does the heavy work in doing the contracting for us. In the interest of time I'm not going to go through every single line, but I'm going to provide this to you so you can take this home. You also have a copy of the study itself. But these are the key objectives of the study. They use a lot of different data sources when they're doing the study. Again, I'm not going to go over these. Just so that you have this for reference, I just want you to know that we don't make this stuff up. Starting out with the current conditions, I know that this is the material that you really care about so we're going to get right into that. There's a lot of stuff going on in this chart and I'm not going to try to go through all of the material here. And this is...but this is a chart that shows us what our housing stock actually looks like across the State and how that housing may or may not be used. This first slide focuses on all the counties in the State, but we're going to focus on Maui County because I know that that's what you care about. So, this is our Maui County housing stock. I've compared the 2014 information and the 2017 just in case you found something in there that might be of interest to you. At the top of the chart, a housing unit, they actually define a housing unit as any unit that's available for occupancy as an owned unit or as a long-term rental unit. Excluded from those numbers are group quarters such as prisons or dorms or shelters as well as commercial residential properties which are hotels, hostels, and timeshares. Those are only available on a short-term basis. As you can see from the slide, we have just over 70...we had just over 7,100 [*sic*] units in 2014 and we're at 71,747 in 2017. The upper portion of the slide breaks the units into occupied units and vacant units and also provides some insight into why a unit might be vacant. But halfway down the chart is some data that's probably more digestible for you so that's what we're going to talk about here. Housing stock, if you'll see down there towards the bottom, housing stock includes all occupied housing plus...housing units plus vacant housing units that are available to the market. These are the housing

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units for our residents. Those are the ones that we can or do live in. You can see from this chart that 87.2 percent of our 72,000 housing units are available for our residents, 12.8 percent of those units are unavailable to the residents either for agricultural uses, seasonal use, or others. And of those vacant units, a 9.6 are seasonal units and I know that that's a number you guys care about a lot. I know you're interested in that. And again, I've just provided a difference between the 2014 and the 2017 information. So, this is just a graphical representation of that same slide just because it's really nice and pretty. One of the...getting into the, more into the meat of this, one of the...affordability is actually an issue, is a major issue in high-priced housing markets like ours. And one of the measures that we look at is the ratio of shelter cost to household income. As a rule of thumb, households with shelter-to-income ratios that are higher than 30 percent are considered to be cost burdened. I know you guys have heard this before. And those with ratios that are greater than 50 percent are to be...are indicated to be severely cost burdened. Again, this slide provides you with a comparison of data across the other counties. This slide actually gives you a little more data based on Maui County's information. This is a comparison of information in the 2011 studies, the 2014 study, and the 2019 study. The current 2019 data indicates that just under 58 percent of Maui County residents either have no shelter costs or are paying less than 30 percent of their monthly income for shelter. This is a good number. The remaining 42 percent are considered cost burdened which is not a good number. As I mentioned previously, the percent of households with a cost ratio of more than 30 percent is often used as an indication of housing affordability. One last data point that's not on this chart is that in 2019, of those with shelter-to-income ratios of 30 percent or more, 51 percent of those individuals or households were renters and about 23 percent were household owners, homeowners. So, most of the cost-burdened households are renters. Crowding and doubling up are also frequently used measures of housing conditions and both are accepted as indicators of housing problems. There measures a pent-up, a demand for housing. Crowding measures are more than two persons per bedroom, and doubling up is households that have more than two generations in the household, have unrelated individuals in the household, or have the same generation of relatives in the same household. We often hear that Hawaii's doubling-up rate is the result of our propensity for extended ohana living; however, this survey measured doubling up for financial reasons only so that's been weeded out. What this graph shows you is how Maui County compares to the rest of the State in terms of crowding and doubling up. Honolulu had the highest crowding at 14.1 percent with Maui a close second. Kauai had the highest incidents of doubling up at 14.5 percent and again Maui came in second. These are actually our numbers again for Maui County. It shows you what happened between 2011, 2014, and 2019. In 2011, our crowding numbers were around 10 or 11 percent, and in 2019 that number increased to 13.8 percent. Just to give you an idea of what that actually means, a 4 percent increase in crowding between 2014 and 2019 is approximately 2,300 additional houses, households that were crowded just in those five years. The Maui percentage of doubling up has stayed relatively flat the last five years. Currently it stands at 14.1 percent. Population growth, Mr. Dannemiller is going to be talking about population growth and the effect it has on housing demand after I finish. So, I'm just providing this slide for your information. Household growth I'm going to talk about just a little, but it's also a factor that's used to determine demand. Assuming a constant household

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size, the number of households should increase or decrease at the same rate as the population. So, if the population is going up slowly, our household, number of households should also go up slowly. A slower household formation can be caused by a lot of different reasons, including social change, economic recession. We saw that in the Great Recession here just recently. Or obviously it could also be caused by a shortage of new housing units. If new households can't move out for whatever reason, there will be an increase in household size which suggests pent-up demand. The table on the left shows the number of households for the State and counties since 1990, and the table on the right is actually the interesting one. It reflects all three population growth factors that are related to housing demand; total population, number of households, and household size. Just to give you a quick perspective on this, in an ideal housing market if there's a 5 percent change in the population, we would expect to see about a 5 percent change in households and a 0 percent change in the average household size. If supply is running ahead of demand which means there are a lot of houses, we would get a 5 percent or maybe greater increase in the number of households as pent-up demand is released, and that would result in zero or even negative change in household size. If demand runs ahead of supply which means we don't have enough houses then a 5 percent population growth will produce less than a 5 percent growth in households and a larger average household size. This is another primary indicator of pent-up demand. The data on the chart on the right is consistent with a housing market where demand exceeds supply, and Mr. Dannemiller will talk more about this in his presentation and will correct me on any of those areas where I'm wrong. One of the other factors that we look at that increases demand for housing is out-of-state demand. So far we've only talked about our resident population, and this slide focuses on the out-of-state demand for residential property in Hawaii. We all know why people want to own property here so I'm not going to go into the reasons. That list is long and this presentation is supposed to be short so I'll skip that. But as we know for a number of reasons more than half of Maui County's housing units have been sold to persons living outside the State. That percentage has been drifting downward as of late and is currently at 37.5 percent in 2018 which is both...is below both the Big Island and Kauai currently. Of the out-of-state buyers, 85 percent were from the mainland and 15 percent are international. In 2018, these out-of-state buyers paid 64.8 percent more for than their properties than the local buyers did. In Hawaii County, that price differential was 88 percent more than was paid by residents. There's a whole section in the housing study on the use of these properties that are owned by out-of-state buyers and the effect that those units have on housing demand. I'm not going to go over that data here, but certainly avail yourself of that information when you have an opportunity. So, all these factors that I've talked about and a whole bunch more actually go into creating some kind of forecast as to what kind of units we need. This is actually where the rubber hits the road, and I know that this what you're actually interested in seeing so we'll get to that. This is a chart that shows all of the different counties, and I've just provided that for interest but the font is too small so we're going to just talk about Maui County for now. Again, I've provided a look at the 2015 numbers versus the 2019 numbers, and you can see the distribution of those units. This data is actually shown in two ways. The top section provides the distribution as of the HUD AMI levels that we're...that the Housing Division is used to looking at, and then below that they're actually shown using financial numbers that

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might be more approachable to the folks in the audience. So in the past, we've been talking about, about 14,000 units for several years. I'm glad to no longer be talking about 14,000 units. The new demand numbers for 2020 through 2025 now totals 10,404 units. Again, remembering that those...in our planning for those units if we're going to build them and Mr. Dannemiller will actually talk about how we got to that a little more 'cause I know you're going to be interested in this. But remember, when we're doing our planning, when we're taking the study and applying this, we're remembering that those 10,000 units are not generic units, they are broken down into various income levels, and that's really important to remember when we're doing our planning. What this demand study is showing is that we need to produce something on the order of 4,262 units for individuals who own [sic] 80 percent of the AMI and below. That number matters to us because generally these are the units that typically don't get built without government assistance like our Affordable Housing Fund, the LIHTC funds that the State controls, and other State or Federal funding resources. The 1,387 units between the 80 and 140 percent AMI, those units are generally built as a result of our inclusionary zoning policy, 2.96, Maui County Code, and through the 201H process. And then the remaining units from above 140 percent they're about 5,400 units, those are supposed to be taken care of by the market assuming that normal development occurs. Many of our policies and actions are heavily influenced by the data in this chart and in the charts that follow, and we make sometimes difficult investment choices based on this data, but this data is used to help guide us. And I know that this is the sexy part of the study and you're going to have a million questions about the numbers and Mr. Dannemiller will help us with that. But we also can't lose sight of some of the other details from the study that I'm going to talk, take just a few minutes to talk about as well. So, the study says that we need to build 10,000 units, but those units are actually broken down into very specific things. Forty-six hundred of those units need to be homeownership units, of those homeownership units about 85 percent need to be multifamily and 15 percent need to be sing...or multi...so 85 percent need to be single-family and 15 percent need to be multifamily. So when we see our workforce housing condominium units for sale going to market, this is why. So, we need to be looking at this when we're making those decisions. So, if we're saying that our homeownership folks want single-family homes and we're building multifamily homes, we're not doing the right thing, we need to take a look at that. For the rental units, the breakdown is a more even split. There's 3,100 renters and they would prefer...3,100 renters would prefer a single-family home and 27 would prefer a multifamily home. Of course we talk about homeownership units. A lot of the homeownership, whether they can buy or not is dependent on whether they're qualified. I'm not going to go through this slide but there's updated data for you in the study to look at here. I did think that it would be interesting to share with you the top six reasons for not buying, these are Maui statistics only, and again I'm comparing 2016 versus the 2019. Twenty sixteen is in the darker red color. Too expensive led the pack both years, but in 2019 the preference to rent overtook the other reasons and folks aren't going to plan to stay here long enough to own a home was came in third. And those are interesting statistics that we need to be looking at. These are the median home sale prices. I, again, not going to go through those. Prices have been increasing obviously since 2010. These are the median condominium price, sales prices. Again, I'm not going to talk about those. I did want to mention households that

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are planning to rent. Seventy percent of the households who plan to rent cite financial reasons for doing so, but if they could purchase a unit, they would like to do that. When we talk about renters, I'm very guilty of always assuming that they're multifamily units and that's what we tend to invest our money in, but just so you know that there is a preference for single-family homes for renters as well. The data doesn't...or the preference doesn't necessarily mean that they can afford to rent that, but we are showing what the preferences are. And again, kind of like the average sales prices that I gave before, these are average rents that have been in Maui County since 2009. I'm just going to point out that from 2009 to 2019, Maui County rents have increased 22.5 percent, Statewide the increase was about 11 percent. So, we're often asked why we do this study, and the answer obviously depends on who you are and what you're using the study for. Developers use it as part of their marketing research, and then also coming out of the Federal grant side of the Housing Division, I know that this data is critical for us to justify the receipt and use of our Federal HOME and Housing Trust Fund monies. But the study also has the ability to effect policy, and I'm just going to mention a couple of areas where this study has been or might be used. So, Maui County...and 2.96, Maui County Code, is our Residential Workforce Housing Policy. It's often referred to as our inclusionary zoning policy. It outlines the workforce housing requirements for developers who are producing housing in our family...in our County, with specific guidelines on how many units and in what AMI range that they need to produce those units. And remember, I mentioned that the 80 to 140 percent AMI are generally produced...or the 80--sorry yeah--to 140 percent units are generally produced through 2.96 and the 201H projects. We're now starting to produce units under those policies, and we can now start to track the data from in this study against the actual production numbers for both 2.96 and 201H projects. Unfortunately, I don't have those numbers for you today, but we can come back at some point and actually show you what production is planned in the near future. So, using those production numbers, we can begin to see what...whether the policy is effective at actually producing the workforce housing units above 80 percent AMI or if we need to change something. Our expectation is that those policies are supposed to ensure that these units are built. Three point three five is the Code that's associated with our Affordable Housing Fund, and based again on the study, the data from the 2016 study, we actually made changes to the scoring of our Affordable Housing Fund applications this past year, to prioritize the production of units in the lower AMIs. And again, we're talking the 80 percent and below. Based on the sheer numbers of units that were needed, we also prioritized projects that were highly leveraged, and the information in this new study will help guide our investments from this fund as well. We'll also be looking at what kind of units that are being built, obviously the single family versus the multifamily demand, we need to be cognizant of that. We also need to look at senior family, whether we're building enough senior projects, enough family projects, enough special needs projects. We don't want to be investing all of our money in senior projects if we need family projects. And we want to make sure that we're not leaving anyone behind. And that's everything that I have at this point. We are going to move over to Mr. Dannemiller. Let's see if I can do this. Thank you. You're the best.

MR. DANNEMILLER: There we go. Thank you very much for inviting me over today and good afternoon to you. I'm going to roll right into it. Okay. I'm going to talk a little bit here

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about the differences in measuring demand in 2019 HHPS definition of needed units. And we're going to look at three different components, that difference between the number of housing units that we needed in 2016, the number we needed in 2019 when you saw the demand go down. And there's three components and they are pent-up demand which you've heard us talk about, I'll say some more about that. The impact of the population decline which I hope you've heard about. And comparing needed units across time. Okay. Then we'll talk some questions. Pent-up demand is what started this study back in 1992. We were asked at that time can you guys figure out how many housing units we would need to fix the problem? I said what's the problem? They said the problem is that traditionally all throughout the State we're able...the demand goes, for housing goes up all the time, but we're unable to keep up with it. We can't produce the same number of units that are demanded all the time. That's unmet demand right? Pent-up demand is what you feel from the other side. When we ask somebody hey, would you like to move from the house you're in now and they say yeah, I'd love to, and where...when would you like to do that? Well, within the next three years. And what kind of unit would you like to go into? Well, I'd like to move into one that I own, et cetera, et cetera. But I'm not going to be able to do that because I can't find a unit I want or because I don't have the money that I need or for some other set of reasons. People want a house, they can't get one, they stay where they are, and that's called pent-up demand. Okay. There's another thing called potential demand which we've said is this...can be...we can refer to this demand problem as the same thing. In the potential demand we're talking about measuring all the demand that's currently being fulfilled plus the stuff that's not being fulfilled because there's barriers in the way. The best way to explain that by the way, who uses it all the time is the visitor industry. You say gee whiz, how many people do we have coming to Hawaii from the Midwest, and we say a number. Say well that...then we're filling that demand all the time aren't we? Then that's the full demand, right? We say no, no, no, many more people would like to come to Hawaii, but they can't because they don't have the money for the ticket, because they don't have the time to get away right now, because they can't manage to get the hotel/air accommodations that they want right now. Lots and lots of reasons people can't come to Hawaii, that's called the potential demand, the rest of the people out there who would be here if we could remove the restrictions. The restrictions, removing the restrictions on housing is what allows you to realize the potential demand. Okay. So, we set out to do that. And the first thing we did...you guys can't see this, this is way too small yeah. Yeah but you have it in your...maybe you can see it from there right? So, we start off and we say well, you know, this year we had 54,387 total occupied housing units on Maui, but 26,694 of them estimated from our survey are not interested in moving, they're happy where they are, they're going to stay there forever. Okay. So, we take those out and we have 27,693 left, and then we take out another 7,000 or 6,964 units and say well, I'm going to move sometime but not right now, at least ten years I'm going to stay pretty much here, so I say well, I'm not going to deal with those people, they don't...I can't give them a house in ten years, I'm talking about right now. So, I take those out and I get 20,729 left. And then the others say well yeah, I'm going to move, but where I'm going to move to is California or Japan or someplace, the Philippines. So, I say well, we can't give housing to those people because we're here, and that gets me down to 16,624 people who are what we call our effective demand. And we then cut that in half because we're going

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to...that's a number that's measured in a ten-year period and we're only going to take five years' worth of this to look at, right? And that's kind of the way we've done this all the time. Then we add back in the estimate of population growth. If I manage to fill all the potential demand, I won't solve the housing problem, right? Because in the meantime some more people moved into Hawaii or some more people got moved in from living with their parents and moving out into the community, so my population is going to grow, I'm going to need some more units. So, we add those in as well. And then we looked at and came up this year with an estimate of the number of people...number of housing units that we would need if we could get some of the homeless people back into the housing population and the number is 485. And there's the number that Linda showed you which was 10,404. We actually can make a wild and crazy estimate, another 215 units that you would need in terms of housing for special needs people if you can move them back into the units, but we're kind of not counting that this year because that's...the data that we have on that just isn't strong enough. Okay. And that's how we handle, how...and calculate pent-up demand. And then I say well, but how do I know that's true? I mean that's an interesting number, Jim, I love it, but does that make any sense in the rest of the world? So, we looked at other evidence of pent-up demand. If you had pent-up demand, you'd have a bunch of crowded units, and we have a bunch of crowded units here on Maui, about 13.8 percent as we showed you and then 14 percent right? And you'd have double...doubled-up units and we have about 14 percent of those. And you'd have multigenerational households, ones where more than one generation is living or more than two generations, right, two or more. And that comes out to be 13 percent. You'd have hidden homeless, hidden homeless are people who well, they're a part of the study but they don't really want to be there, they would rather be someplace else. And the homeless people when they count them, count those up and say those are actually hidden homeless people, because they would be on the street if they didn't have their mom to take care of them, right, or someone else. And that's 22 percent on Maui. And we would have more subfamilies and we have about 7 percent of subfamilies so that's families living within families, right? So, it doesn't match the numbers exactly but it's there and staying the same. And we would have more millennials living home, at home with parents. Thirty-five percent of all the millennials in the State live at home with their parents, and that's national, I mean in the nation, so that's a national function right? In Hawaii that's 64 percent. Sixty-four percent of all millennials live at home with their parents. Okay. I don't have the number for Maui but it's probably about the same when you guess. Okay. So, in HHPS the needed units that we showed you are about 18 or 19 percent of Maui housing stock in 2019. And we have these other. So, probably our numbers if they're measuring pent-up demand may be just a little bit low. Okay. They did want me to tell you about the population decline. Can you see it in the top blue line? That's the State population. You can see it go down? Population of Hawaii doesn't usually go down. Okay. We want to see what it is percentagewise, the bars are percentage so those blue bars are State percentage, right? And you see that actually it went down below zero in 1999 and now it's down two years in a row. When it's down two years in a row, people start to really notice. So, we're really watching what the counts are going to be this year. Okay. If you talk about Maui, you can't quite see it. It's clear that Maui is coming down, but remember it's not negative yet, it's still up there right? But if we were to do...use this to make projections of housing, what's going to happen in terms of

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housing demand, we would be using that line across the tops of those orange bars right? And here's what it looks like. That's the change in population since 1990, and if you look at Maui it's actually much worse than it is for the State. Between 1990 and 2000, Maui's population grew by 3 percent per year I think right? Between 2000 and 2010 it was down to 2 percent, 2010 to 2018 it's down to 1 percent, and 2016 and 2018 the problem we're worried about here, it's down to .4 percent. Positive but dropping at a pretty good clip, yeah? So, we might expect demand for a lot of stuff to start to go down. Okay. Then came DBEDT's attempt at or project to project the housing demand, and what they're projecting...what they were projecting in 2016 was 14,164. Pretty close to what we were yeah? Around 14,000 right? So, we said all right, we'll go with that. In 2019, the same projection was down to 7,039. So, that effect of that population decline is, has that kind of effect on the demand for housing in the State of Hawaii. Okay. Big one, okay. Let's put it together. Because it's hard, the numbers, if you go back and put these numbers, you will not be able to see this. It's very, very difficult to figure out what's in those numbers. Across the top you see in 2010 to 2015, we projected that big huge table with the tiny little writing in it, that's how we did our pent-up demand. We said 3,454, okay, housing units needed on Maui. In 2015 to 2020, we said that was up to 6,101. And in 2020 to 2025, it's down a little bit, right? That's our pent-up demand number, the number that we'd say those are people who want to move but can't. Okay. Population growth was only available in two of those periods, we didn't have it before that. The population growth that DBEDT came up with for Maui was 6,975 in 2015, and 2020 and it's now down to 4,000. The total population now, that is not demand. Okay. No, that is...this is demand, total units demanded. I'm sorry. And then we added the 485. So, across the bottom what it says is 3,400 then 6,900 and 10,000 right? You'll notice that in the middle column where there's 6,975 at the bottom, those two numbers don't add up. That's because what got reported that year was one estimate for demand which was a compromise between our two methods. Okay. We realized no, that's not really true. When you have pent-up demand, you have pent-up demand, and if there's additional demand that comes from the fact that people are moving into your island, then you have to add that on. And so, we add it on over here. If you added those two numbers up, they're about 13,000 right? Which is about what we had before. So, 13,000 dropping to 10,000, and that's how you finally get there. Complicated, full of lots of mathematics that are involved behind that, but that's basically what's happening. Things are going up, they're not getting a lot better in terms of the number of housing units that we have to serve the people that we have here. And what we expect for the future is it's not going to get as bad as what we thought it was going to get four years ago. I'll stop and we can take questions if you like. Okay.

. . .END PRESENTATION. . .

CHAIR KAMA: Yes, Chair Lee?

COUNCILMEMBER LEE: Hey, Jim, welcome to Maui. Can we go to the slide before this one?

MR. DANMILLER: I think so. That one?

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COUNCILMEMBER LEE: Okay. The 2016 report says there's a demand for 14,000-plus. The 2019 report says there's a demand for 7,000.

MR. DANNEMILLER: Yeah.

COUNCILMEMBER LEE: Okay, so this is what you're explaining in your last slide?

MR. DANNEMILLER: This is just the piece that DBEDT has projected. If you go to the last slide, the numbers aren't identical but 6,975 is about 7,000, what I was saying yeah? Oh I know, and that's the problem is that number that they have is a ten-year estimate rather than a four-year estimate or a five-year estimate.

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

MR. DANNEMILLER: I know, me too.

COUNCILMEMBER LEE: Yeah. Okay, just tell us how much we need. I mean never mind the charts, how many units do we need by 2025?

MR. DANNEMILLER: Ten thousand --

COUNCILMEMBER LEE: Ten thousand.

MR. DANNEMILLER: --four hundred and four.

COUNCILMEMBER LEE: Okay. All right. So, you know, the studies that we used to have that you've done for us over the years, I always used to like to go to the page where it says where would you like to move to. Because...

MR. DANNEMILLER: I don't have that one with me today.

COUNCILMEMBER LEE: You do not have that one. Okay.

MS. MUNSELL: But we can...I have a copy of the study.

COUNCILMEMBER LEE: Yeah. 'Cause that's really important because it can't be that everybody wants to live in Central Maui right?

MR. DANNEMILLER: That's correct.

COUNCILMEMBER LEE: There's a demand for Upcountry, there's a demand --

MR. DANNEMILLER: Right.

COUNCILMEMBER LEE: --for everywhere on, in the County, not only Central Maui. And I used to like to see that figure and maybe you can just point out, let us know what page

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that's on so we can look at it when we have the full study.

MR. DANNEMILLER: If I don't, I'll have to send that over to you. What my impression is on that right now, Councilmember, is that those numbers haven't changed a lot even over all these years. Still the top preference for everybody is Upcountry, Maui. So, no matter whether or not we're going to build up, there people like it. And I mean we can understand, I . . . *(inaudible)* . . .

COUNCILMEMBER LEE: Okay. And now, I know everybody has a lot of questions so I just want to ask you one last one. In this handout, this is, this study and County policy, how effective is 2.96 at producing, you know, the units? So, you have the questions, where's the answers to the questions?

MR. DANNEMILLER: I'm sorry, where is that?

COUNCILMEMBER LEE: It's like toward the end. The page before mahalo.

COUNCILMEMBER RAWLINS-FERNANDEZ: Page 14.

MR. DANNEMILLER: Yeah, you've got it.

MS. MUNSELL: Oh, you're asking about 2.96? He doesn't have that.

COUNCILMEMBER LEE: He doesn't have that? Oh, you just thought you'd just throw in those questions? And that's why we need a housing plan, right?

MS. MUNSELL: So, what you're asking is how effective are, is our 2.96 policy at producing the units that are identified in the study.

COUNCILMEMBER LEE: Yeah.

MS. MUNSELL: And one of the things that we began doing last year was actually tracking what was built and what AMI they had actually served. And then we took that same kind of information and tried to project it into what housing projects were on the books, and those were...and if you remember from the strategic plan there was actually a couple of charts that said okay, we think these are what, are the units that are going to be built. And there was a small gap in the 80 percent to 100 percent folks and a gigantic gap in the lower end, but all of the...most of the units from 80 percent and above were being taken of. But we need to update that chart and bring that back to you so you can take a look. But again, we've only been building units on 2.96 for a handful of years. We changed that policy in, I think it was 2016 and since then we've started to see units come.

COUNCILMEMBER LEE: Okay. Thank you. And maybe you can put this in the back of your mind, Jim, 'cause everybody has lots of questions, but it's important for us to know going forward how we need to adjust our policy. And so, which county seems to have the most successful housing policy? Okay. Just food for thought.

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MR. DANNEMILLER: No...

COUNCILMEMBER LEE: Thank you. No, no, you can hold onto that.

MR. DANNEMILLER: Okay.

COUNCILMEMBER LEE: Yeah. Thank you, Madam Chair.

CHAIR KAMA: You're welcome. Yes, Ms. King and then Mr. Molina.

COUNCILMEMBER KING: Okay, thank you, Chair. So, my question, I have a couple questions, I'm not...I think the first...well, I'm not sure who the first one is intended for, but on the housing inventory...maybe Linda because on the housing inventory when you're talking about housing that's available, what's included in that? Just everything that's already built and you can walk in the door and move in?

MR. DANNEMILLER: When I'm talking about...I'm sorry...

COUNCILMEMBER KING: Well, it was actually Ms. Munsell had in her presentation you've got housing inventory and you're talking about, you know, what's available, what's not available, what's vacant. So, those are, I assume those are houses that are already built and on the ground or...

MR. DANNEMILLER: Yes.

COUNCILMEMBER KING: Okay. And then we have this need which is 10,000 and does that include everything we need besides what's already on the ground and open or do...how are we counting the housing that's being built, that's permitted but hasn't started construction? At what point do we consider those part of our inventory or are those all part of what's going to fulfill that 10,000 need?

MR. DANNEMILLER: The numbers here that show the units that are, the housing units that's on the ground is from the Census, and I think that they're as accurate as you can get essentially for the time period that's here. The needed units and it shows up in those last tables that we've been talking about here. And for the first time this year actually there is a section in the report that's called, that's on what we call the pipeline which is about a bunch of units that are being reported by several counties as being on the records, and our analysis of those lists over the last several years, and we're not ready to make a statement at this point about exactly how to count those. We have known for a long time 'cause we started collecting those back in 2002 I think that many units or not all the units that are on, in the pipeline get built. And we're not sure exactly why that's so or how it actually occurs, the records don't seem to be there for us to look at. So, we're not sure exactly how to treat those. I know that when...in...for each one of the counties, I get a slightly different kind of an answer about how those can be most usefully understood. But we don't...we're not willing to make a statement again.

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COUNCILMEMBER KING: Okay. So, let me put it in this terms. We have 118 units that are built on the ground, rental units in North Kihei. They'll be ready for their Certificate of Occupancy sometime next month, where are those in this? If they're not in inventory, are they going to drop that 10,404 figure down or are they somehow counted somewhere in some limbo that's already, it's already accounted for in that 10,404 need?

MR. DANNEMILLER: I believe that those units wouldn't be in the inventory, in the housing stock yet, because as you said they haven't been released.

COUNCILMEMBER KING: Okay.

MR. DANNEMILLER: Okay. So, they would not be there. The only place where they show up at all would be in the pipeline analysis in the, in our report.

COUNCILMEMBER KING: Okay. So, that 10,404 that we need to get to doesn't include anything in the pipeline right now?

MR. DANNEMILLER: That's correct.

COUNCILMEMBER KING: Okay. So, that's kind of good news because we have some stuff in the pipeline --

MR. DANNEMILLER: Yes.

COUNCILMEMBER KING: --so when those things get opened up and moved into that number 10,000 will drop. Okay. My other question is have you looked at or are you willing to look at any of the...and I don't know what the numbers are but every time someone talks about the need for housing, they preface it with I have kids that moved off the island, they want to come back, they want to...so is there a way to find out how many people--you know, whether that's potential demand or pent-up demand--have moved off the island that have family here that would want to be here owning a house or renting a house but cannot? So, would that be, that would be additional demand and...

MR. DANNEMILLER: That's an excellent question, and it is one that concerns many people around the State, and we actually worked with a couple of people over the last two years looking at that possibility. But it's a very, very difficult kind of research to do so we're not sure. Kamehameha Schools for instance has done a fair amount of work looking at their graduation lists and trying to figure out why people left and whether or not they would return back, but I don't think they're ready to publish...

COUNCILMEMBER KING: Okay, 'cause every housing professional, every politician, everybody who talks about housing says that, you know, that we...how many people would we have that, you know, how much would that housing need go up if our...if we could identify those?

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MR. DANNEMILLER: And the answer is simply unknown.

COUNCILMEMBER KING: Okay.

MR. DANNEMILLER: We expect...you would think certainly that some of the people would be willing to come back but we don't know for sure.

COUNCILMEMBER KING: Okay. Well, I, you know, I mean I'm one of those, you know, my kids are on another island, 'cause they...you can afford to buy land cheaper on the Big Island. So, and I think a lot of us have that same experience with our kids moving out of the State. So, anyway, something to keep in mind because you hear that every single time someone talks about housing.

MR. DANNEMILLER: I agree.

COUNCILMEMBER KING: Yeah, thank you.

CHAIR KAMA: Thank you. So, just FYI, Page 109 of the SMS study which is what's on Granicus is Table 8-13, and it talks about the location of preferred next move, and if you go to Page 117, Table 8-21, it talks about the location of Maui County as a preferred location. Okay. Getting back to Mr. Molina and then Ms. Paltin.

VICE-CHAIR MOLINA: Thank you, Madam Chair. Good afternoon, Dannemiller and also Director Munsell. You know the purpose of this study is to provide housing planners with the data needed with regards to the housing situation here. I guess this is a loaded first question, who exactly are your customers that will use and reference this report? And have you had a chance to assess the effectiveness of this report to determine how much housing is created as a result of this report? And when will the State actually invest in studies that show us how to produce housing, because we've been seeing and hearing studies about what the problem is which is good but now we need something to tell us how to produce it? Comments, response?

MR. DANNEMILLER: The first question is who are my customers on this, the people who paid the money to have this done are the housing...the HHFDC which is the housing director for the State, the director of each of the four...the housing director for each of the four counties, OHA, DHHL, the Department of Health . . . *(inaudible)*. . .

MS. MUNSELL: . . . *(inaudible)*. . .

MR. DANNEMILLER: Oh yeah, the Hawaii Tourism Authority. I think I may have them all there.

VICE-CHAIR MOLINA: Okay. That sounds like you've got a laundry list of customers yeah.

MR. DANNEMILLER: Yeah. It's...who...come up with that now. Many other people use the data over the years and that's a really very long list. I know that people have called us to do work using these data to help them decide, make decisions about housing units.

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Most of those are developers and the grand majority of them are affordable housing developers.

VICE-CHAIR MOLINA: Okay.

MR. DANNEMILLER: Some of the...oh, when are we going to do...

VICE-CHAIR MOLINA: Yeah. And then as far as the effectiveness of the report, have you had a chance to assess the effectiveness so far?

MR. DANNEMILLER: No.

VICE-CHAIR MOLINA: Not yet? Okay.

MR. DANNEMILLER: Not officially. I mean unofficially I know that people pay us money to develop...to help them develop units using these kind of data. So --

VICE-CHAIR MOLINA: Okay.

MR. DANNEMILLER: --I know that certain, a number of units, but I've never counted them at all.

VICE-CHAIR MOLINA: Okay. And has the State had a chance to invest in or been made aware of investing in studies that actually tell us how to produce the housing, or is it more just the studies are to tell us what the problem is and how much we need and how many units needed, et cetera?

MR. DANNEMILLER: The only study I know of that nature was a study that we did for the Council last year, which we were looking at policy itself and another one to find places to build units. But I don't know of any...I think actually that kind of a study would be real challenging. I would much like to take a look at how that would actually be done.

VICE-CHAIR MOLINA: Yeah. Okay. I'd like to get your thoughts on something else, you know, we...there's a high demand, limited supply of land here, and a lot of people buying up homes here are well-to-do folks from either the mainland or around the globe. What's your thoughts on the State maybe taxing these folks that come from out of State to buy homes because they reduce our inventory? And it's certainly one of the primary reasons we're losing our next generation of folks who are faced with paying astronomical prices for housing. Has the State looked into that or anyone that you know of about taxing these folks who come from...who are non-returning residents who've got deep pockets?

MR. DANNEMILLER: Well, that is certainly the...been spoken about many times over the years as I know and particularly not so much the State but the counties, because the counties of course control property taxes and it would probably be on the basis of property taxes that one would do that as opposed to raising someone's income taxes or business license taxes, that sort of thing. So, I think I've heard it before, I don't know

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of anybody who has done it in Hawaii. Of course Washington State has done it and Vancouver, British Columbia --

VICE-CHAIR MOLINA: Oh interesting.

MR. DANNEMILLER: --has done it quite successfully as a matter of fact and managed to control the way things are in terms of who buys houses by doing that.

VICE-CHAIR MOLINA: Oh, that's...

MR. DANNEMILLER: The rates are really high by the way.

VICE-CHAIR MOLINA: Yeah. That's good to know and I don't know if maybe Corp. Counsel want to chime in if that's...it wouldn't appear discriminatory or anything like that. But if it's already, it's legally done in Washington State, maybe it's something to consider for the future.

MS. DESJARDINS: Chair?

CHAIR KAMA: Yes?

MS. DESJARDINS: I would suggest that to have Corp. Counsel to look at that because --

VICE-CHAIR MOLINA: Yeah, and the intent of the tax is to create --

MS. DESJARDINS: --anything outside/inside is suspicious --

VICE-CHAIR MOLINA: --to contribute to the...yeah.

MS. DESJARDINS: --but, you know...

VICE-CHAIR MOLINA: And the intent for this tax would be to create funds for affordable housing, to offset costs for affordable housing, so that would be the major purpose of that. Regarding the effective demand portion of the study, I notice that Hawaii leads the nation with intentions to leave or in intentions to leave and I think it was discussed earlier. So, I guess these are a lot of multigenerational families are leaving and I guess one of the major reasons were cost of housing. Were there any other reasons as to why people are leaving?

MR. DANNEMILLER: Oh sure, there's a fairly lengthy list there.

VICE-CHAIR MOLINA: Yeah.

MR. DANNEMILLER: We were speaking about that earlier today. I have done some work where we try to combine some of those reasons, like people give us more than one reason why they leave, and so we put them all together. And it appears to me that people speak of that as being...well in the first place, a substantial percentage of them,

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21-some percent say because I can't buy a house. So, that's kind of one I want to keep in there. And then many others say because I can't afford, because it's too expensive, in other words the cost of living in Hawaii is very high. That includes the cost of housing. And then there's others who say I can't get a job, I can't do what I want to do here. Basically, they're talking about opportunity. So, the solution that they're...to that problem would be to provide opportunity, and of course there's been many years that we've been doing these studies, we also hear people say we wouldn't have to provide new housing units, we could provide people with the jobs, they need to buy the ones we have. So, and, you know, that...focusing on opportunity so it almost takes care of all of the reasons people want might to leave the State.

VICE-CHAIR MOLINA: Okay. And, Madam Chair, I got a couple more but I'll yield the floor soon. But it's been an interesting discussion and study. Before I yield, the buyer qualified section it notes that 41 percent of single-family homebuyers said they could afford the mortgage but not the down payment. I was like that years ago back when I paid 250,000 for my house which is such a pittance compared to today. But I was lucky I had my dad help with me with the down payment, and not a lot of folks are that fortunate. And, you know, 20 percent down payment, is that...why are financial institutions locked in with 20 percent? Any thoughts about maybe lowering that or a way to lower that?

MR. DANNEMILLER: We haven't looked at that in this study. As a matter of fact, the only thing we've done is to go around and talk to a lot of people and saying what number should we use, and the answers we get back are really over a very large span and we have elected to use 20 percent. I'm not sure that's what the best number is or anything like that but that's the number that we use.

VICE-CHAIR MOLINA: Okay. Yeah, I'm sorry, Director?

MS. MUNSELL: Chair, the, one of the things when we first got the first draft of the study is that they were looking at changing that down payment, and because we couldn't come up with a number that, you know, people really...good statistics that said, you know, what are the average person using for a down payment. Then we reverted back to the 20 percent. I mean certainly that's something...I don't think most people who buy a home put down 20 percent, and yet actually nailing down what that is made it difficult to put it in the study without, you know, a little bit of further research. But I think that's something that we're going to be talking about on the State level.

VICE-CHAIR MOLINA: Good, good. And, you know, the First-Time Homebuyer's Fund which I had a hand in legislation with the support of the Council way back when and still today it's in good use and much needed. So, yeah, it's...I'm hoping that maybe we can even increase the funding for that to provide more people opportunity. Just, you know, like I said most people can...a lot...a good number of people can afford the mortgage but then it's just coming up with that down. And when you look at the median house prices, what 700,000, 20 percent of that is a lot of money for working families to come up with. So, but I'll yield the floor for now and give other Members a chance, Madam Chair.

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CHAIR KAMA: We'll get back to you.

VICE-CHAIR MOLINA: Thank you.

CHAIR KAMA: Ms. Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Thank you for this presentation 'cause the actual reading part was like way bigger. But I had two main questions, like lines of questions, and the first was one when you say multifamily, would that include like apartments like the Minatoya list or are you talking about multifamily like a block of, like a cluster of eight homes when you say multifamily? 'Cause I didn't see...it was like single-family, multifamily, but there was nothing in there like about apartments.

MR. DANNEMILLER: No, the definition of multifamily is the number...there's more than one family living in the building, that's more than one unit in the same building.

COUNCILMEMBER PALTIN: So, it could be apartments?

MR. DANNEMILLER: So, it would include both apartments and condos, yeah.

COUNCILMEMBER PALTIN: Oh okay, thanks. 'Cause I mean we got 6,833 Minatoya list properties, just saying, but the other line of questioning I had was I didn't notice but wondering if like to me the next step in the study to helping us would be like to compare it to the areas within our County that is properly zoned that could just start building houses right now. Because a lot of the roadblocks or obstacles is like, you know, the Change in Zoning process is really onerous and expensive, and then like, you know, people like their community plans and their, you know, where they designate the housing. Is like for example West Maui we have this huge Kaanapali 2020 thing that has half their entitlements has been on the...it was supposed to be built 2020 and it's 2020 and there's nothing built. And so, I mean we have this area within our own urban growth boundary and they have some entitlements, and yet we're building out all over this other place where the community doesn't necessarily want the housing to be, we had our plans. And so, was that kind of cross-referenced with your study specifically for Maui County? 'Cause I mean that would be the next step in making it easy and following community wishes.

MS. MUNSELL: Chair? So, I know that at one point not too long ago, the Planning Department actually forwarded a list of properties that could be rezoned by this Council and I think that that was tried. We actually did rezone one of those properties. It was an interesting process to watch. But that list still does exist and, you know, certainly you could get that list and take a look and see if you want to do that. There's always...for every development there's different reasons why it doesn't go forward. Sometimes it's the market, sometimes it's the requirements that are placed on it, sometimes it's the lack of infrastructure which is a lot of what we're finding, you know, now. So, trying to identify those barriers for each project as it comes across is one of the things that this Administration has actually been trying to work more with the

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developers on. Part of that is through the . . . (*inaudible*). . . process, you know, sometimes the barriers are within the County and we can control them, and sometimes they're not. But we are trying to identify barriers for projects moving forward.

COUNCILMEMBER PALTIN: Oh, I wasn't...I mean that's great but I mean aside from rezoning, we have areas that are zoned for development that aren't getting developed. And so, you know, when we're trying...when the professional planners are trying to make their plans and then the community is all like, you know, you have your 10,404 number and these areas are entitled and they're not building anything and we need the housing so then we need to go and entitle other areas. It's like, you know, there's so much entitlement and nothing is getting built, and so, you know, like when are we going to look at, you know, if you're not going to build it then why do you still have entitlements, because it's skewing the planning process and it's not creating the community that the people want to see? Because we have so much things entitled and nothing getting built then why are we still leaving the entitlements there?

MS. MUNSELL: So, that really is a question for the developers. I mean so I can tell you that in general often what I'm hearing is the infrastructure to build those properties is the barrier. It doesn't make economic sense. And maybe they're waiting for a new sewer treatment plant to have been built or maybe they're looking for water resources that need to be developed or maybe they've got some road infrastructure that hasn't quite reached them yet. So, those are all things. I mean if we want projects to move forward, we have to look at that stuff. I mean so recently you did the Atherton project, correct, over here, what's the barrier to that project moving forward? Waiale Road extension, that's going to be expensive. The sewer treatment plant, that's going to be expensive. I think that they've got their water thing worked out but I'm not positive of that yet. But those are all barriers. Even though it's been zoned correctly and it's ready to roll as far as we're concerned, it doesn't work financially because of these other requirements that have to be done either before or at the same time the property is being developed. So, and each individual development has got very specific barriers that keep it from rolling forward and you have to check with the developer for those answers.

COUNCILMEMBER PALTIN: I agree. So, like one of the things, tools that was recently worked for the Atherton or created with that in mind is the communities facilities district. But then when we're looking at like Kaanapali 2020, over the last 20 years, all of those costs haven't gone down, they only go up and yet they still want to keep their entitlements. And I'm not suggesting that you would know why, because you're not the developer or landowner but and yet they're more close to the infrastructure tie-ins than folks building out in the middle of nowhere, sprawl. So, I mean it's not that it can't be done because other folks are doing it, and it just, at what point do you say, you know, if you're not going to build it after 40 years, like why are we still having it on the plans and the books and the entitlements. It just kind of makes it difficult to create the communities that we have planned out by the communities. Thank you, Chair.

CHAIR KAMA: Miss...yeah.

COUNCILMEMBER SUGIMURA: Thank you.

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CHAIR KAMA: Sugimura.

COUNCILMEMBER SUGIMURA: Thank you. So, this is a fantastic study and thanks for doing this. It's good reading. I like seeing the 10,404 number because I think we've been all focusing or hearing about 14,000, so it's good that it's going that way. But of course it sounds like it's going that way partially because our population growth is not going up either, right, so we have challenges on both sides. So, Linda, I'm just wondering since you're talking to the developers if you have a list that you could share with us, if we can, you know, the developers on what challenges they're having. I've talked to some that have had their entitlements and they're, you know, they have a whole list of what their challenges are. But if you do because there's some legislation coming down through the Legislature that may help, that maybe we could, you know, help with that. And, Jim, I'm just wondering with all the questions, what was...what's popped in my mind is for developers, somehow the community thinks developers shouldn't make money. Do you know if there is some kind of average that would be a reasonable amount for possibly developers to...or on the average, you know, how much they make from doing a project? I know it's very expensive.

MR. DANNEMILLER: I have a couple of articles and one is a piece where they did a study on what a house should cost, and basically they said it's pretty simple to figure out, it should be the cost of the land plus the cost of materials and developing and building the house itself plus a reasonable cost for the developer, a reasonable profit for the developer. And they actually went around the country and took a lot of measurements and decided somehow that the best number was 17 percent, and I don't know whether that's a really wonderful number or not but yeah, I do have one piece of research that has been done on that which was national. So, and they said 17 percent was reasonable.

COUNCILMEMBER SUGIMURA: Oh interesting. That's...considering how long a project takes and what a developer has to go through just to get their entitlement, that 17 percent must get, shrink down from whatever number it started off with 'cause that's not what you think it would be.

MR. DANNEMILLER: Well, I...they were talking about 17 percent of a sort of normal regular development. And let's take this one and say this house right here that I'm going to build, the land is \$80,000 and the units are or the development cost is going to be 40,000 so it's going to be \$120,000 plus 17 percent for the developer. Okay. Well, if we look at that, the difference between that kind of a figure in Maui County and what the housing units are really selling for Maui County, that's really different. Yeah, those, that number is going to be way up here. Sometimes it's only half of that. So, the question is why is that so? And is...yeah.

COUNCILMEMBER SUGIMURA: And why.

MR. DANNEMILLER: Oh. The research says so I'm going to blame somebody else instead of myself, okay. The research says if you...there's a lot of reasons, there's really a lot of

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reasons and it could be geography for instance, the land is hard to build on and that sort of thing. And it could be a long list but the one that sticks out above all the others and the thing that you could do the most about is the highest expense in building a house is regulation.

COUNCILMEMBER SUGIMURA: Us. It couldn't be.

MR. DANNEMILLER: Absolutely impossible, I know.

UNIDENTIFIED SPEAKER: It's me.

COUNCILMEMBER SUGIMURA: That's interesting. National study, it's policy.

MR. DANNEMILLER: I think this...most of those, there's a section in this report about regulation and it has a lot of citations in it, so if you don't want to take my...you don't want to trust me on that, you can read all of those or I have lots more if you like.

COUNCILMEMBER SUGIMURA: Thank you. Thank you very much.

CHAIR KAMA: You're welcome. Mr. Molina?

VICE-CHAIR MOLINA: Oh yeah, thank you.

CHAIR KAMA: Back at you.

VICE-CHAIR MOLINA: Okay, just staying on that...

CHAIR KAMA: Unless Ms. Rawlins-Fernandez has questions. She hasn't gone anything yet.

VICE-CHAIR MOLINA: Oh okay.

CHAIR KAMA: You have any questions? If not, we're going to go back to Mr. Molina.

VICE-CHAIR MOLINA: No, no.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, mahalo, Chair. I kind of wanted to dovetail off of the 17 percent that --

CHAIR KAMA: Profit.

MR. DANNEMILLER: Jim.

COUNCILMEMBER RAWLINS-FERNANDEZ: --Dannemiller?

MR. DANNEMILLER: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mr. Dannemiller, okay, mentioned. So, the

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17 percent is not policy, it's statistics, it's the average across the --

MR. DANNEMILLER: Right.

COUNCILMEMBER RAWLINS-FERNANDEZ: --country that you found that...

MR. DANNEMILLER: Somebody just counted, yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, okay. And so, you said that the cost of the project plus 17 percent is reasonable for the...for developers to profit. And but you said that the, like the land is hard to build on, wouldn't that come under the cost of the project?

MR. DANNEMILLER: Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. DANNEMILLER: Sure.

COUNCILMEMBER RAWLINS-FERNANDEZ: Right. So, then that would be --

MR. DANNEMILLER: It would be added into the development.

COUNCILMEMBER RAWLINS-FERNANDEZ: --the cost of the project.

MR. DANNEMILLER: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Right, okay. Okay. Mahalo for your presentation and for these studies. I have a lot of questions, I'll just start with like three or something. Okay. So, I'm sorry if you explained it, I guess I didn't understand so I'm going to ask the question again. For the 14,000 that we kept hearing for the last I don't know how many years, so was that 14,000 wrong?

MR. DANNEMILLER: No. That...it was 14...did I...do I have this on?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, you're mic is on. Go ahead.

MR. DANNEMILLER: Yeah, it was, 14,000 was the number that we needed for the next 5 years in 2016. Between...

COUNCILMEMBER RAWLINS-FERNANDEZ: Five years? Oh, I thought it was ten years.

MR. DANNEMILLER: Was it 2016...

COUNCILMEMBER RAWLINS-FERNANDEZ: Fourteen thousand for the next ten years?

UNIDENTIFIED SPEAKER: Twenty twenty-five.

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MR. DANNEMILLER: Yeah but...okay. And the...and since that time, things have changed.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. DANNEMILLER: Yeah. So, now we're looking and saying our projection, both the numbers that we look at for pent-up demand and the numbers that DBEDT gives us for what's going to happen to the population suggests that fewer now than what it used to be.

COUNCILMEMBER RAWLINS-FERNANDEZ: DBEDT, okay. And then so the 10,000 that's for the next 5 years? Okay. So, if in 2015, we were told it was going to be 14,000 for the next 10 years, so from 2015 to 2025, so this is actually a bigger number than what...than the 14,000. So, 14,000 is of course a bigger number than 10 but 14,000 was over 10 years and this 10,400 is over 5 years.

MR. DANNEMILLER: You're exactly right.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo. Okay. And then in the presentation you gave us statistics on the cost, average rent for the household...what household size was that for? Sorry, I didn't write down the page number. I think it was under Deputy Director Munsell's presentation.

MR. DANNEMILLER: Yeah, that...

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh okay, that was Page 11.

MR. DANNEMILLER: I was going to say that's not...the household size is not available here and I don't know what...this is just the average of households in that, each block.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh okay.

MR. DANNEMILLER: Yeah.

COUNCILMEMBER RAWLINS-FERNANDEZ: Was it like the same household size or was it like whatever household size?

MR. DANNEMILLER: No, it would be whatever the household size is for that year.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, the same?

MR. DANNEMILLER: Okay. Have I got that right?

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. We just don't know what the household size is but it was consistent throughout --

MR. DANNEMILLER: Yeah.

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COUNCILMEMBER RAWLINS-FERNANDEZ: --in the study? Okay. Okay, and then...okay. Last question, Chair, and I'll yield the floor. Okay. So, mahalo for pointing out in the study Page 17...Page 117 on the geographic distribution. I find these numbers fascinating particularly where it says that residents on Kauai, in Kauai County would...about 599 would prefer to live in Hana. That's a crazy number. So, it says source, Housing Demand Survey 2019. In this study is the methodology and the amount of people who were surveyed, contacted, et cetera, included in the study somewhere? And if not, is that information available somewhere?

MR. DANNEMILLER: It is not and it is --

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. DANNEMILLER: --available. There's a special report that goes along with this called the technical report. Yeah. That's published on HHFDC's website and in the technical report there's the details about the sample size.

COUNCILMEMBER RAWLINS-FERNANDEZ: Perfect. Mahalo, Mr. Dannemiller. Mahalo, Chair.

CHAIR KAMA: You're welcome. Mr. Molina, if you wouldn't mind, Mr. Dannemiller has a flight at 4:12 so we want to make sure that he gets to the airport at least.

VICE-CHAIR MOLINA: Oh, you're implying that I'm going to ask 10 million questions? No, no, I'll make it very brief.

CHAIR KAMA: Well, I knew you're on round two so you don't have that many.

VICE-CHAIR MOLINA: No, I don't have that much.

CHAIR KAMA: Yeah.

VICE-CHAIR MOLINA: Only about 20 or 30 more. No, just kidding. Just following up on Councilmember Sugimura's question, line of questions which related to 10,404 units required. Six thousand according to the study are needed for families over 100 percent median income levels. So at this point, do you feel the immediate need for housing is more in one income group than another? And also, do you find that the affordable housing demand is growing in the higher income levels as well besides the low? Because I know you've heard stories of, you know, so called well-to-do households but yet they're struggling to get a house here on Maui. Any thoughts on that, Mr. Dannemiller?

MR. DANNEMILLER: No, I think that's true. If we went to the larger table that involves, that shows you all the different pieces of that, yeah, I think we'd see that this year in particular one of the largest gains was that people who are fairly well off are not able to find a house that they want to buy or able to afford it, either one. So, everybody is.

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But at the same time when we consider the policy relevance of the study which is I think what we're looking at here more than anything else, I can say for sure yeah, there's a bunch of rich people who need a house. But when we're looking at policy relevance, I don't know whether it's the responsibility of the Council to provide those units for them. So, but on the other hand when we have people who are good citizens but simply make less money than somebody else then that's probably where the concentration ought to be. And there's certainly a lot of need at that level, yeah, and we don't have to search for it.

VICE-CHAIR MOLINA: Okay, thank you. And one more, Madam Chair. Just staying on the, for elderly, even there's an increasing demand for housing from the elderly who are making in the 100 percent and above median income. What's the reasons for that? And I don't know what elderly is, the starting point age-wise, is it 50 and above, 55 and above?

MR. DANNEMILLER: I believe it's 62 and older.

VICE-CHAIR MOLINA: Sixty-two is the benchmark?

MR. DANNEMILLER: Yeah.

VICE-CHAIR MOLINA: Okay. All right.

MR. DANNEMILLER: There are many benchmarks.

VICE-CHAIR MOLINA: Okay. We'll go with 62 then.

MR. DANNEMILLER: Okay. And there has been...by the way, most of the time the elderly are the...are not the worst cases that we have to deal with. They're not people where a large percentage of them need a housing unit. The younger people are usually the bigger problem for us, that sort of thing. But again as you say, the need seems to be higher and across the board than it was in the past, yeah. So, we started to see them sort of come back if you will as needy people.

VICE-CHAIR MOLINA: Okay. Thank you, Mr. Dannemiller. Madam Chair, I like him, I want him to stay. Can he postpone his flight? No, I'm just kidding.

CHAIR KAMA: No, but you can go on a plane with him.

VICE-CHAIR MOLINA: Thank you.

CHAIR KAMA: So, Members, are we finished questioning Mr. Dannemiller? Okay, Ms. Lee...Ms. King has one more question.

COUNCILMEMBER KING: Thank you. And thanks for being here, Jim.

MR. DANNEMILLER: You're very welcome.

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COUNCILMEMBER KING: I don't know if you remember, we worked together a long time ago on the literacy needs assessment --

MR. DANNEMILLER: Yes.

COUNCILMEMBER KING: --back at Hui Malama. Yeah, I just wanted to go back to that table that Ms. Rawlins-Fernandez was referencing earlier that this was done by the State, the preference, the preferred location of new housing, was that done by the State?

MR. DANNEMILLER: No, that was in our survey.

COUNCILMEMBER KING: Oh, that was part of your survey?

MR. DANNEMILLER: Yeah.

COUNCILMEMBER KING: Oh okay. Because I thought it was interesting that most people want to stay on their own island it looks like.

MR. DANNEMILLER: Yes.

COUNCILMEMBER KING: And then when you look at the numbers, people are trying to stay on their own island, so it kind of goes back to that idea of like, you know, people having to move off island 'cause they can't afford it. But I thought it was interesting that nobody from Maui wants to move to Kauai. There's like total empty and only like 200 people from Honolulu want to move to Kauai. So, what's going on in Kauai, are they having a harder with their affordable housing than us?

MR. DANNEMILLER: I really...I couldn't say that. The preferences of these people I would have a hard time explaining to you. I know what you see in front of you is a reduced table, that is it's reduced in complexity. There's preferences in there that you simply say I can't understand that at all and they're sort of contradictory within cases but that's the way it is, that's what people told us. So, overall I...the big numbers or the big trends I think are what to look at, and remember that anything is possible. There's practically nothing in there where I say that's a true zero.

COUNCILMEMBER KING: Okay.

MR. DANNEMILLER: Go last year I'll find some like it.

COUNCILMEMBER KING: Well, thank you. Thank you for the report.

CHAIR KAMA: Yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Really quick, just to dovetail off of that. So, the technical report that you said is on the HHFDC's website, does it include the questions that were asked?

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MR. DANNEMILLER: I think...

COUNCILMEMBER RAWLINS-FERNANDEZ: Because I'm wondering what preference means in this context.

MR. DANNEMILLER: Yes, it does include the questions. The survey instrument is in the back of that. Okay?

COUNCILMEMBER RAWLINS-FERNANDEZ: Of this study?

MR. DANNEMILLER: No, in the back of the technical...

COUNCILMEMBER RAWLINS-FERNANDEZ: Of the technical report.

MR. DANNEMILLER: I thought it was in here too but I looked, it wasn't there, so that's not the way we usually do it --

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MR. DANNEMILLER: --but that's the way it...

COUNCILMEMBER RAWLINS-FERNANDEZ: Maybe we can get the technical report --

CHAIR KAMA: Yes, thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: --added to Granicus so that it's under this item as well, yeah?

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, great.

CHAIR KAMA: And, Ms. Lillis, would you inform the Committee when it does come in and that we will go look for it?

MS. LILLIS: Absolutely, Chair. Thank you.

CHAIR KAMA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Ms. Lillis. Mahalo, Chair.

CHAIR KAMA: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Mr. Dannemiller.

MR. DANNEMILLER: You're very welcome.

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CHAIR KAMA: Yes, Mr. Molina, back at you.

VICE-CHAIR MOLINA: One last question. No, just want to ask Mr. Dannemiller...

CHAIR KAMA: Don't want to let him go.

VICE-CHAIR MOLINA: Yeah, just want him to verify, so with regards to the demands for the 100 percent median income, it's generally...according to this study, yeah, it's I think what, four times higher than people that are below the 100 percent? So in other words, there's a greater demand for those who are 100 percent and above than the lower, people that are below 100 percent?

MR. DANNEMILLER: Is that what it says?

VICE-CHAIR MOLINA: I mean just for the sake of appearance.

MR. DANNEMILLER: Because of...yeah, because the 100...because of the 180 and up, yeah, which for the first time this study we found people who say I want a unit and I can't afford it. Perhaps that has to do with the fact that the unit they want now is 700, \$800,000 and, you know, if we're looking at the income that they're claiming, it might well not support it.

VICE-CHAIR MOLINA: Okay. Yeah, that's an interesting phenomenon because I always thought it was the other way around, but it seems like demand is growing higher for people with higher incomes yeah? Yeah. Okay, thank you.

MR. DANNEMILLER: It changes all the time and as we...when these super high prices come in then all of a sudden the way that you calculate becomes even more difficult. You can do a lot more 'cause there's a bunch of information in there about things like do you have any access to special financing, do you own other real estate which could make a change and say I don't know whether this guys but suddenly he could afford a lot more if he has another piece of land somewhere or if he owns a condo somewhere, that sort of thing. So, a lot of interesting facts could change things pretty dramatically.

VICE-CHAIR MOLINA: Great. Thank you very much. Thank you, Madam Chair, for your indulgence.

CHAIR KAMA: You're very welcome. And now, Members, if it's okay with you all, without any objections...I usually hear no objections.

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion. (Excused: RH, SS)

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CHAIR KAMA: I heard objection. . . .*(laughter)*. . . . Okay. Okay, I would like to be able to defer this item and then call a recess so we can all say good bye. Mr. Molina, you may actually shake his hand and say good bye to him and then we'll let him go. Thank you.

COUNCILMEMBER LEE: Don't shake his hand.

CHAIR KAMA: He washed his hands.

COUNCILMEMBER SUGIMURA: Thank you, Mr. Dannemiller.

CHAIR KAMA: This meeting is now in recess. . . .*(gavel)*. . . .

RECESS: 3:01 p.m.

RECONVENE: 3:10 p.m.

CHAIR KAMA: . . .*(gavel)*. . . . The Affordable Housing Committee of March 11th will now reconvene at 3:10. So, Members, welcome back. Well, those of you who are here, welcome back. We have been asked by our esteemed Vice-Chair to have the departments to provide to each subject matter committee a pre-budget presentation from the applicable departments.

AH-32: OPERATIONAL AND BUDGETARY REVIEW OF THE HOUSING DIVISION
(CC 20-40)

CHAIR KAMA: Today, we have a presentation from Deputy Director Munsell regarding the Housing Division of the Department of Housing and Human Concerns. So, Ms. Munsell, please proceed with your presentation.

. . . BEGIN PRESENTATION . . .

MS. MUNSELL: Good afternoon. Thank you very much. I'm glad to be back. I'm Linda Munsell, I'm the Deputy Director for the Department of Housing and Human Concerns. Today, we're going to be providing a budget overview for the Housing Division as well as the Homeless Division. With me today is Buddy Almeida, he's our Housing Administrator, as well as Jessica Crouse, our Assistant Housing Administrator. We've got several support staff in the galley [*sic*] including Gail Rumbaoa who is our Section 8 or Housing Choice Voucher Program Manager, David Nakama who is our Homeless Coordinator, and Christopher Kish who is, also works in the Homeless Division. So, I appreciate all of them being here. I feel very well supported today. Thank you very much. So as you know, both the Housing Division and the Homeless Program Division are both part of Housing and Human Concerns. The Homeless Program Division is actually part of the Human Concerns Program. You heard from...but they're going to be included in today's presentation. You heard from Director Tshako yesterday concerning the other Human Concerns' programs, and we hope to be as concise for you

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today as she was yesterday in that committee. So today, we'll be giving a budget overview. The Housing Division has 30 total equivalent personnel, 5 of those are unfunded persons. Our total FY 2020 Budget is about \$40 million. The Homeless Division has 2 total personnel and their total FY 2020 Budget is \$2.3 million. We're going to start with the Housing Division. The Housing Division provides oversight for a number of programs that you're all familiar with. The workforce housing, fair housing, and Affordable Housing Fund are the ones that you're most familiar with. They also provide oversight for Federal funding programs including HOME and housing...the Housing Trust Fund, both of which are mostly used for construction. And then of course the one you're most familiar with which is the Housing Choice Voucher Program, the Section 8 Program. This slide is just a breakdown of our funding sources for the Division. We do receive funding from a number of different sources which I mentioned. This slide is just a graphical representation of that. Again, in the interest of time we'll keep moving. I'm going to go through the Housing Administration budget first and then cover the Housing Choice Voucher programs. Housing, the Housing Administration includes eight employees and we receive or oversee funding from three different sources. We currently have one vacancy which is a Housing Specialist position which will be filled on April the 1st. The general funds pay for the Housing Administration salaries for all eight of these individuals and their equipment which is self-explanatory. The operations budget is a little more complicated. This is a breakdown of the \$4.4 million in the operations budget. Materials and supplies are the standard kinds of things, and other costs include dues and publications and training. But also in this category are the Hale Mahaolu Homeownership Counseling, the First-Time Homebuyers Down Payment Assistance Program, and then the County-funded Affordable Rental Assistance Program as well. The services include the janitorial and other things, but you're also going to find the funding for some of our studies located under services. So, as far as the other costs go, these are the large items that are funded under that...under the General Fund Program. Last year, Council approved an increase to the...of \$400,000 for the Affordable Rental Housing Program. Currently, 98 percent of those funds have been encumbered and we do expect to expend the entire amount before the end of the year. These funds are used to provide housing assistance and rental support, support counseling, case management, a number of things for our low-income, homeless, or at risk of becoming homeless folks. The overall increase in FY 2020 really appears to support the existing need in this program. Hale Mahaolu Homeownership Counseling Program provides a variety of supports to homeowners and potential homebuyers. They are also on track to spend their funding. The First-Time Homebuyers, in 2020 we have closed 20 grants so far. The average grant is about \$24,000. We're also on track to expend all of those funds allocated in Fiscal 2020. Again, this was...this is a really terrific program. We really appreciate your support of this program. We think that it's very successful. Under services, last year this body provided funding for 222 Papalaua Street, this is the Anchor Square property. Anchor Square is actually owned by Weinberg. We've reached out to them but they are not interested in selling this property. This funding is going to be...go unused this year. The next line item is some funding that we had requested for analysis of impediments, some maintenance projects, and then also three parcel studies that you had provided some funding for us. The analysis of impediments is currently underway. We expect to have that contracted here relatively shortly. We are in the process of looking at the lot

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maintenance and the trees. We think that that's going to come in much lower than our initial estimate. And so, we're...there's going to be funding that's going to go unused here. We also have two parcel studies that are being conducted right now, they're underway by the Administration, and I think those two parcel studies cost about \$82,000 for both of them together. But in this line item we expect to spend about 50 percent of the funding that you provided for us. The next line is the additional funding that you provided, and I think that there were some double budgeting here somehow 'cause you had provided additional study money for us, about \$450,000. This funding is also going to go unused. We simply don't have the capacity at this point or at least in this fiscal year to use that. Hopefully that will get resolved but at this point we simply didn't have that capacity. In addition to that funding--oh, back one more--there was also in the budget a million dollars for experimental housing projects. That has been RFP'd. The RFP was issued and I think that the applications were due back at the end of February, and the applications that we received are under review currently. So, the Housing Division Administration Program also oversees the Affordable Housing Fund. This is a list of the affordable housing projects that this body approved this past fiscal year. And there was a total of \$12.8 million that was actually allocated. In FY 2020 we have forwarded to the Mayor the recommendations to him, and I understand that those have been forwarded to Council and is on your actual agenda for Friday to be referred to committee. And I know your eyes are tired of charts so I'm just showing you some pretty pictures. So, on the left is Hale Mahaolu Ewalu which is one of the projects. Phase 2 of this project received affordable housing funds from this body this past year. And then on the right is Kaiaulu O Kupuohi which is the Star Noodle project that you all know, and it has not yet started construction but we're hoping that that will start before the end of the year. So, this is the final funding source I think for the Administration and you're going to see this is our grant revenue funding, and obviously the Section 8 Program is the biggest portion of this program but we do have other things going on here. Okay. So, under this Grant Revenue Fund, you're going to find HOME Investment Partnership Program, National Housing Trust Fund, neither of which we received funding for this year. They...we receive funding for those on a three-year rotational basis. We expect to receive funding in 20...the Fiscal Year 2021. But also under here is our Komohana Hale apartment project and our Kulamalu Hale apartments. These are both County-owned properties and we use this account to handle their, both their income and their expenses for this project. And again, the Section 8 is the, by far the largest portion of this. These are just a couple of again pretty pictures of projects that are nearing completion now that received the last rotation of HOME and Housing Trust funds. So, the project is...the Housing Division also is overseeing one CIP project which is the County-owned UH Maui dorms. You guys know all about this, I'm not going to kill you with this anymore. But you did just approve our funding so that we can begin the renovation of this project. And this is kind of where our status is so we're pretty excited. I think the final budget amendment is on the agenda this Friday so the moment that happens we're ready to rock and roll on this. So, Housing Choice Voucher Program is our largest program in the Housing Division. This program is funded through the Department of Housing and Urban Development, and over the past few years, our program has consistently been rated as one of the high performers for HUD. We're really excited about that. This program administers 1,464 vouchers. We have an additional 35 VASH vouchers, 10 of those

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were new. Those were just allocated on February 1st so we're excited about having additional vouchers for our homeless veterans and the associated funding with that. They also have a Family Self-Sufficiency Program with 28 participants and a Home Ownership Program with 10 participants. So, this is a snapshot of their budget. They've got almost \$26 million in grants. They also do receive just a little more than \$300,000 in General Funds. They've got 22 total equivalent personnel, 17 of those are actually funded, 5 are unfunded positions. And again, they had one vacancy which was filled on March 9th. Tell me that person started, right? Yes. Okay, we're excited about that. It was an accounting position and we're really, really missing having a person onboard so we're excited about that person coming. So, this is what their program funding distribution looks like. The vast majority of their funds, operational funds go to support housing assistance payments to the landlords of the participants in the program. And then...and you'll see right there the Countywide costs, the 300,000, that is actually, supports the program, that's the only support that they receive from the County and we appreciate your assistance with that. Last year, Councilmember Sugimura had forwarded a budget amendment that allowed us to fill that small gap that we had in that program and it is very much appreciated. Just as a last status just on this program, it used to be that we had long wait lists and that it took years for people to come off of that wait list. That is no longer true. We, our last wait list was opened in 2018. We are just calling up the last of those individuals off of that wait list. We opened a new wait list in January. We've got another 3,400 applicants that are on that wait list. And as vouchers become available, we will continue to lease those up. We're trying very hard to make sure that we have all of our vouchers on the street. Hopefully we're not overly successful with that, it happens on occasion, but we are trying to very hard to make sure that our program is supporting itself to the best of its ability as well as the people in the County. And that's it for the Housing Division. I am going to go very quickly through the Homeless Division as well. So, this is a snapshot for the Homeless Division. They've got two total employees whom we are commanding here in our galley...gallery right now. Their FY 2020 Budget they had 146,500 about, in operations, and they were also just over almost \$2.2 million that were allocated to homelessness through our Grants Program. That, those grants are administered through Grants Management. This is kind of a snapshot of their General Fund operations. Again, salary, wages and salaries and the usual things that you would expect to see here. Homeless Division works in a lot of different capacities and it provides support to a lot of organizations. Just to give you a snapshot of some of those things, the Homeless Program placements this past year are done through the coordinated entry system which is overseen by our Homeless Division. The heavy lifting on these placements are done by others, I'll name them in just a minute. But in FY '20 through March the 4th, they had placed 163 single individuals in housing, 380 individual family household members into housing, and of those numbers, of those individuals, 38 were chronically homeless which means that they had a disability and had been homeless for more than a year, 21 were veterans, and 17 were youth between the ages of 18 and 24. Maude Cummings and her staff at Family Life Center really are responsible for the bulk of these placements. Placements are also made by Ka Hale A Ke Ola, the Veterans Administration, Steadfast Housing, Mental Health Kokua, and of course others. But our team oversees this. So, one of the other things that you hear a lot about is the cleanup of illegal encampments, and we use a compassionate action

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plan to accomplish this. This is something you hear about a lot. It's an ongoing process obviously. Many of these encampments, particularly the larger ones pose a viable threat to the environment as well as posing a health and safety risk to both the individuals who live there and to the general public. In FY 2022 [sic] some of the larger camp cleanups were at Kanaha Beach Park, Luakini Parking Lot, and Chang's Beach and a couple of others. I know that Councilmember Kama was there at the bridge near the Maui Disposal. And we really appreciate your participation. Thank you. Thank you so much for being there with us. This is a picture of some of the encampments and cleanups. This one is at Baldwin Beach Park and this is the after picture, so you get a feel for, you know, kind of what, the work that they're trying to accomplish there. This is a picture of a cleanup that occurred on a local street in Kahului so you can see the difference between, you know, what they were working with and then how it ended up at the end. These compassionate actions actually involve a number of, a large number of departments and agencies without whom this would actually be impossible. Family Life Center does a lot of work upfront doing outreach and trying to get people housed into appropriate places. The Maui Police Department works with us. Their community policy units are heavily involved. The Prison Workline, Department of Public Works, Highways Division, Department of Parks and Recreation, Department of Environmental Management, Abandoned Vehicles Division, the State DLNR, State DOT, Mental Health Kokua, the list is really long. And without them we could never accomplish what they accomplish so we're very appreciative of their assistance. So for grants that target homeless programs, the...again I mentioned that these are administered by the Grants Management Division and the approved budget in FY 2020 was just about \$2.2 million. This is a list of the grants, line item grants. Right here you can see them. Family Life Center obviously has a couple of different grants. Both of those grants are actually on target for full utilization. KHAKO, Ka Hale A Ke Ola received operational funding for a couple of shelters plus their Step Up Program. They're also on target to spend the money allocated to them. Legal Aid Society receives funding from us to help provide legal assistance for our most vulnerable folks. And then of course there's Hale Kau Kau, the...they're on target. Ka Hale A Ke Ola Resource Center had their Puuhonua Homeless Respite Center. This is the mobile hygiene unit and there were services that were associated with that, and I think you heard the other day that we had some challenges getting that rolled out. So, we're expecting that we are going to have obviously some expenditures from that and they're working towards getting that fully rolled out this next year. And then there's some other funding that we also have allocated through this program. So, these are additional targeted funds that were provided through Council last year, and I think I heard during the discussion that you guys have already talked about these so I don't need to go over them. Okay. All right. And that's my entire presentation. So again, we've got staff here if you have some questions that we can't answer, please feel free. Thank you so much for having us.

. . .END PRESENTATION. . .

CHAIR KAMA: Thank you. So, Members, Mr. Molina, you have to leave early, do you have any questions so we can...okay.

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VICE-CHAIR MOLINA: No, just want to thank the Department for the presentation and especially keep up the good work with the homeless issues too I think with Mr. Nakama and his colleague, and also the Housing. And for having to deal with some of us, you know, irritating Councilmembers who keep asking too many questions. But thank you. I appreciate everything you do.

CHAIR KAMA: Members, any questions? Yes, Ms. King?

COUNCILMEMBER KING: I don't think I'm irritating with these questions. No, I think it's good because at least you know we're paying attention right? No, my question, I had one question about the...what is an unfunded E/P? You have five positions that are unfunded. Does that just mean unfunded by grants so County funds?

MS. MUNSELL: So, the Section 8 Program supports itself primarily through their administrative fees. For every voucher that's on the street they receive a fee for that. In the past, we were structured differently and had five additional personnel. Those, you know, things change over the course of time, we do a lot of things on the computer now, so those are unfunded. We haven't...just because...we're not asking for them to be removed, we're simply saying that they're not...

COUNCILMEMBER KING: Oh okay, so they're vacant?

MS. MUNSELL: Yeah.

COUNCILMEMBER KING: Vacant, okay. I wasn't sure --

MS. MUNSELL: They're just vacant.

COUNCILMEMBER KING: --if they were paid just a different way. And then my second question is on the KHAKO mobile hygiene unit. It says plus up to 50,000. So, that's on top of the 200,000? I just wanted to verify that. It's on Page 18...well, I'm not sure what the slide number is. Page 18 of our handout.

MS. MUNSELL: Yeah. So, they did hire people to actually roll out this program. They're being put to use in other ways so they are expending those funds. But in order to make the mobile hygiene unit work --

COUNCILMEMBER KING: Right.

MS. MUNSELL: --they have to have an ADA compliant...

COUNCILMEMBER KING: No, I knew that. But where it says up to, so that's in addition to the 200,000?

MS. MUNSELL: Possibly, yes.

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COUNCILMEMBER KING: Okay. And then I just wanted to throw out there that they may...because I know that 200,000 was for operations for a couple years, but they may need an additional person if they have to drive that other unit separately. So, I'm not sure what's happened, I just kind of wanted to throw that idea out there. And I haven't talked to Monique since I found out about that issue so we haven't talked about whether they would need an extra person.

MS. MUNSELL: In discussions with them, what they're indicating is that they would drive one trailer, it's...the trailers are parked very close to where they would be rolled out for the public. So, they would actually place the first trailer and then go back to the site to pick up the second trailer. They won't need another vehicle and they won't need another person.

COUNCILMEMBER KING: Another driver. Oh okay, great. All right, thank you.

CHAIR KAMA: Yes, Ms. Keani Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Okay. Mahalo for your presentation, Ms. Munsell. Okay. So, for the First-Time Homebuyers Program, how many people have been awarded? You said it's on track, 34 percent that's been used of the 2 million. On Page 6.

MS. CROUSE: Yes, thank you. My name is Jessica Crouse. I'm the --

COUNCILMEMBER RAWLINS-FERNANDEZ: Aloha.

MS. CROUSE: --Assistant Housing Administrator. I work most directly with the First-Time Homebuyer Program at this time. So, to date there are 29 people who have officially closed. Two more households said their closing date is scheduled within the last four weeks. Six more households have their closing dates scheduled within April. And so, we're still rolling more people into the program right now. And there are people who are actively looking for properties at this time as well.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for the update, that's great.

MS. CROUSE: Thank you.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, the 29 closed, is that the 34 percent or 29 plus 2 plus 6?

MS. CROUSE: The 29 is the 34 percent.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Okay, so the...what is this, 38...no, 37. So, 37 total, that's from July to April?

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MS. CROUSE: Technically that would be from September through April. So, we did our application period in July and August, and then we did our lottery selection to order the wait list in early September and started from there.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. So...oh okay, so the lottery happened then but you're on track for the 66 percent remaining of the 2 million by the end of June?

MS. CROUSE: At this time, yes, we are.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, cool. Great. Okay, and then for...in the budget, this is for the Houseless Program. On Council's adopted budget on Page 324, there was an additional \$560,000 that was included from or that was increased from FY '19 to FY '20. I just wanted to hear an update on what that additional 560,000 was used for and if it was successful.

MS. MUNSELL: And that's on...in the Budget Details, the blue pages right?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes, yes. In the narrative.

MS. MUNSELL: Which page is that?

COUNCILMEMBER RAWLINS-FERNANDEZ: Three twenty-four.

MS. MUNSELL: Which of course I don't seem to have in my book. Could I see? Sorry.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh okay, I can show you after.

MS. MUNSELL: Yeah, okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. And then for the expansion positions, I think I tried to ask this in the wrong time. So, there is 2.5 additional E/Ps for the program?

UNIDENTIFIED SPEAKER: Equivalent.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah. Equivalent personnel. No?

MS. MUNSELL: That's not in the Homeless Program.

COUNCILMEMBER RAWLINS-FERNANDEZ: Wrong division again?

MS. MUNSELL: So, yeah, we're not --

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay.

MS. MUNSELL: --adding...we didn't add any personnel this year for them.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Okay. Did you present on the vacancies? You did? Okay. That's it.

MS. MUNSELL: Yeah. We had two vacancies, both of them have been...they will be filled or one was filled this week and one will be filled at the end of the month.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, great. Mahalo, Deputy Director. Mahalo, Chair.

CHAIR KAMA: Okay. Yes, Ms. Sugimura?

COUNCILMEMBER SUGIMURA: I'm curious on the \$1 million experiment or demonstration project. Do you have any information like what kind of experimental or what the RFP, what went out I guess for the RFP for that? I'm thrilled. I hope...

MR. ALMEIDA: Thank you, Chair. Thank you, Member Sugimura, for that question. We held a workshop before the application period began, it was well attended. We were able to go over exactly what was expected, what the minimum qualifications were in order to apply for this particular pot of funding. We did a lot of one-on-one with these agencies afterwards, going through the application process, and it turned out that we ended up with one application that was turned in by the deadline. It's being reviewed right now so we're trying to see if it meets those minimum qualifications for recommendation for funding. So in the end, it...there are, you know, specific boxes you've got to check with this particular fund so one applicant I guess decided to see if they can check those boxes and get funding for their program. So, we're going to review that and get back to you guys.

COUNCILMEMBER SUGIMURA: So, you're not going to tell us more?

MR. ALMEIDA: At this point --

COUNCILMEMBER SUGIMURA: I guess you have to wait.

MR. ALMEIDA: --it's...while it's under, yeah, it might be premature to, yeah, to state what our opinions are at this time.

COUNCILMEMBER SUGIMURA: Yay. One last question. So, during the...I'm going to have a conversation with Jessica, right? The...when we were...when I was there when we were pulling for first-time homebuyers and she had a really good suggestion, and now it's almost one year, I didn't do anything about it. But she said it would be nice, you said and you can expand on this, it would be nice that this, the First-Time Homebuyers Program could develop a revolving fund. It's like I don't know how it would revolve because you would think that people would use the money, but I guess if they don't use it all or something. And I just thought wow, that's a really good idea, you know, from a frontline.

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MS. CROUSE: So, one of the components for the First-Time Homebuyer Program is that there is a lien that runs in perpetuity. So if at any point in the future, a grantee were to sell the home, no longer use it as their primary residence, or do a specific type of refinance to take cash out of the equity of the property, that would trigger a repayment requirement. So, when you and I, I think had that conversation, it was sort of the idea that if there were a mechanism to allow the County to recycle funds committed to that purpose to sustain that program, that might be one route to help increase the reach of that for our community and our residents. I can say that the Department has been researching that mechanism to see if there is something that we could move forward.

MS. MUNSELL: Yeah. Chair?

CHAIR KAMA: Go ahead, Ms. Munsell.

MS. MUNSELL: We met at one time with Department of Finance to talk about how this would be done, and I think we're working with Corporation Counsel to try and get something sorted out.

COUNCILMEMBER SUGIMURA: Oh, exciting. We'll look forward to the policy that'll come. Thank you.

CHAIR KAMA: Go ahead, Ms. Munsell.

MS. MUNSELL: Thank you, Chair. I found...thank you to the Staff for showing me what you were talking about. So, this 2.2 million right here is that line item on the budget that you were showing me right? We have actually only been able to allocate about \$1.9 million of the, those funds so we haven't been able to use all of those funds.

COUNCILMEMBER RAWLINS-FERNANDEZ: Chair, may I follow up?

CHAIR KAMA: Yes. Yes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh okay. Mahalo for that. So, 1.9, are you on track to spending the entire amount by the end of this fiscal year?

MS. MUNSELL: So, these are the line items that we've got out there right now. We are also looking at...if you add all of these plus these that we're resoliciting, they're going to add up to that 1.9 million. Our feeling is that we're not going to be able to expend the entire \$2.2 million this year.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo for that report. So, I guess when budgeting from FY '19 to FY '20, there was a proposed increase of \$560,000. Did...some of that may have been Council's doing? And if not, was there something that the Department had anticipated spending that additional money then that didn't come to fruition?

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MS. MUNSELL: Well, I know that there were a number of allocations. I wasn't involved in that budget originally so I'm not...I don't know the history of it. But I do know that you had provided some funding here that we're not able to use yet. We're trying...again I think they mentioned that they're trying to re-RFP some of that or resolicit those funds. But the origination of that additional 500 beyond this, I don't know where that came from. I'm sorry.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo.

MS. MUNSELL: Our grants people probably knew that.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, mahalo. Mahalo. Mahalo, Chair.

CHAIR KAMA: Thank you. Mr. Molina and then Ms. Paltin.

VICE-CHAIR MOLINA: Yeah, thank you, Madam Chair. Sorry, the time earlier I said I didn't have any questions, but something spurred me just to ask out of my curiosity. With regard to the funding for the Rental Assistance Program, you know, again you had mentioned before to us about not giving too much monies for it at the time. If you can tell us...I mean if you don't have the answers now that's fine, but if you can tell us, you know, how these...what funds that you were given or existing funds, how were they used. And also, you know, the parcel study, I think we appropriated 450,000 for the parcel study for the creation of affordable housing. Can you give us a status report on that as well too? If not today, you know, at some point maybe under the Chair's signature.

MS. MUNSELL: Chair? Yeah, you had given us an additional \$450,000 to do parcel studies, I...it is included in our presentation here. We're not able to use those funds, we didn't have the capacity to do that this year. We are doing two...the Administration is doing parcel studies on two parcels. We expect that that's going to happen...be available, that information will be available in the not-too-distance future. But yeah, we didn't have the capacity or ability to use the \$450,000.

VICE-CHAIR MOLINA: And the two parcels are located where that you're looking at?

MS. MUNSELL: The Administration will have that information for you shortly.

VICE-CHAIR MOLINA: Oh okay. Okay.

MS. MUNSELL: Yeah.

VICE-CHAIR MOLINA: All right.

MS. MUNSELL: Yeah.

VICE-CHAIR MOLINA: Okay.

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MS. MUNSELL: And then your second question --

VICE-CHAIR MOLINA: The rental assistance.

MS. MUNSELL: --was about the rental assistance. You had increased our allocation of \$400,000 to that program and they have been able to use that. So, we feel like that was a very successful increase to that program and has met, it's meeting the need that we have...that we're anticipating this year.

VICE-CHAIR MOLINA: Oh well, that's good news to hear.

MS. MUNSELL: Thank you very much.

VICE-CHAIR MOLINA: Thank you. Thank you, Madam Chair.

CHAIR KAMA: You're welcome. Ms. Paltin?

COUNCILMEMBER PALTIN: Thank you, Chair. Regarding the homeless cleanups program, I just was wondering if like the Mile Mark 13-14 area is on your radar as well as the area by Lonely Pine?

UNIDENTIFIED SPEAKER: By where?

COUNCILMEMBER PALTIN: Lone Pine.

UNIDENTIFIED SPEAKER: Oh, Lone Pine.

MS. MUNSELL: I'm going to have our Homeless Coordinator come down and answer that question.

MR. NAKAMA: Good afternoon, Madam Chair --

CHAIR KAMA: Good afternoon --

MR. NAKAMA: --and Members.

CHAIR KAMA: --Mr. Nakama.

MR. NAKAMA: David Nakama, Homeless Program Coordinator. I know where you're talking about, Ukumehame, that was...it's not on the radar right now but it comes up every now and then. But that's...the land there has intersects of private, County, and State. So, that's why we wanted to move on it two, almost three years ago, two-and-a-half years ago, but then it kind of stalled with the last Administration, just some hang-ups because there were so many different agencies involved. But, you know, we're always willing to do whatever needs to be done. But we just have to get all the different agencies back together again. As of right now, we haven't heard it. You know we're complaint-driven, so.

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COUNCILMEMBER PALTIN: 'Cause, you know, we did have recently a large fire in that area that doesn't seem to have any other cause, and, you know, the workers coming into West Maui were, a lot of them were held up for many hours and it affected schools and businesses and things like that. It doesn't appear to be electrical, that area is not inhabited by other folks. And so, it is kind of becoming a problem. After the fire because the firemen needed to have access in there, all the boulders that block off the main entrance, of course there's like four other side entrances, were removed and they're still removed. So, the area is rapidly piling up with more debris and it is kind of getting out of hand.

MR. NAKAMA: So, in that area when we were addressing it, there were three homeless people back there, but there's a lot of traffic of non-homeless people doing whatever because they had like chop shops going on back there. There were over 50 abandoned vehicles back there at one point which I believe most of it is gone now. But, you know, that place needs to be revisited. We always wanted to clean it up. We wanted the County to just say we'll do it, but then the State kind of said well, we will do part of it, but that really didn't come through. And different people wanted to take the lead on this and it just didn't happen, so.

COUNCILMEMBER PALTIN: And then the other issue I was wondering if you're aware like, you know, sometimes I leave my house in the dark and I go home at dark, and it seems like many people are living the whole entire route from the Pali to Puamana just on the side of the road. And I was wondering if there was an awareness from the Administration about that? And I would imagine a lot of them probably are like working homeless, because they're sleeping there and it seems as though they must go to a job or something during the day.

MR. NAKAMA: Yeah. We did encounter that doing our annual point-in-time count, that was at the last week of January and we did encounter quite a bit of that. And there has been like a shift in the population where several of the individuals like in campers or vans on the beach, they, they're not interested in housing. They, several of them were baby boomer age that retired out of regular jobs and just wanted to live free on the beach, you know. You know people ask me well, how are they harming anybody, but, you know, they're squatting on public property. So, but I know what you're talking about, there is...we did encounter the working homeless population that sleeps in vehicles. But, you know, it's not a real huge number but it's there.

COUNCILMEMBER PALTIN: And I was just wondering if you could educate us about the cleanup process. Like when you clean up an encampment wherever it is, where can those people then go to?

MR. NAKAMA: Well, we call it a compassionate response because we...from the day that we have...we recognize that a cleanup needs to be done and issue of notice to vacate is served to the individuals, we give about maybe a week or two-week window with aggressive outreach going out there to offer services. So, that's the difference, it's not just a sweep as people call it, you know, it's really geared toward offering services and

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having options for people. I cannot say where they go or if they accept, you know, sometimes they do, sometimes they don't. But, you know, for our Division, our focus is getting people housed. And but we're tasked with addressing complaints, you know, and with the cleanups comes the safety and well-being of the community also, and also for the individuals. So, you know, to answer your question, you know, we don't know where they go, but they're offered services to get into shelter, to get into a housing program, you know. So, and that's aggressively being done.

COUNCILMEMBER PALTIN: But you don't know how many accept the offers --

MR. NAKAMA: You know...

COUNCILMEMBER PALTIN: --or you're not allowed to say?

MR. NAKAMA: No, we can...we have record from outreach, they let us know, they give us a report.

COUNCILMEMBER PALTIN: And, you know, I just wanted to thank you, I've had some folks call my office and Mr. Kish did promptly respond and I'm very grateful. I didn't...I don't know if I got back to him and said thank you, but yeah, we had some calls for assistance and we did have Mr. Kish go and respond. So, very grateful for the work you guys do and please don't hesitate to let us know what more else you guys need that we can help you with.

MR. NAKAMA: Yeah. As Linda mentioned, we're just thankful for all the agencies involved, you know, with MPD, Public Works, Environmental Management, the outreach team, Family Life Center, Mental Health Kokua. It's all...whenever we do these actions, it's so many moving parts that has to come together, and Mr. Kish has been really good at making it work, you know.

COUNCILMEMBER PALTIN: Thank you. Thank you, Chair.

MR. NAKAMA: Thank you.

CHAIR KAMA: You're welcome. Members, are there any other questions that you have for our presenters today? Yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. Okay, so this is regarding the First-Time Homebuyer Program. Is there a mechanism that allows you to currently track the homes that are then sold and the lien collected upon?

MS. CROUSE: Thank you for that question. Yeah, so whenever someone goes to refinance or were to sell, the lien does get flagged by the escrow company which then starts the conversation with the County of what steps need to be taken for us to release that lien.

COUNCILMEMBER RAWLINS-FERNANDEZ: So, you have it documented like in a spreadsheet?

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MS. CROUSE: We do track all of the clients who have received awards from us and we maintain the active files and yes, we do keep that information.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay. Can we get the, that information for the last fiscal year or I don't know, however much the Councilmembers would like to see? I'm just interested in seeing. Not the names, just the amount of homes that were then sold.

MR. ALMEIDA: Thank you. Just for clarification, Member Rawlins-Fernandez, since the program has been revived and for the last two fiscal years that we're currently funding grants, no one has paid back the grant funding yet. So --

COUNCILMEMBER RAWLINS-FERNANDEZ: That's easy.

MR. ALMEIDA: --we did put...previously back when we did it before, we've had instances where they have repaid the funds, but no one yet has this latest two years.

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo for that update. Great, we don't have to request that information.

CHAIR KAMA: Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Done.

CHAIR KAMA: So, I had a question from...for your Section 8 person, but I don't see that she's here anymore. But so we'll just send it on. But my question was they just had a, I think February, right, they had an opening so I just wanted to know what was the status of that if you knew that.

MS. MUNSELL: Chair? Thank you. You're talking about the opening of their waitlist?

CHAIR KAMA: Yes.

MS. MUNSELL: Yes. So, the waitlist was opened in January, closed in February, I think it was the 17th but I forget exactly. They had 3,410 applicants. So, once they finish calling up from the 2018 waitlist, they'll begin working on this one.

CHAIR KAMA: So, working on it means what, they're going to start issuing out vouchers?

MS. MUNSELL: Yeah. So, they issue them out, I mean obviously they're going to finish the first waitlist first. Those people are in process now. If once they finish that, there are still vouchers available, they'll start calling up from the new waitlist.

CHAIR KAMA: So, how do people qualify for the vouchers, what is the eligibility or qualifications for that?

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MS. MUNSELL: If my memory is correct, you have to be 60 percent and below AMI in order to get on the program. There's a certain percentage who has to be very low income. You stop being eligible I think after you pass the...yeah, I better not say. . . .(inaudible). . .

CHAIR KAMA: Okay. So, I guess we should send that to you folks, right? Okay, because I wanted to follow up, because within the Section 8 Program, you also have the Section 8 Mortgage Program so if you're there at 60 percent or below, I wanted to know how is it that they can qualify for a mortgage and have Section 8 take care of that if they're at 60 percent and below. So, that's my question and you can...

MS. MUNSELL: Yeah. Chair, thank you. My understanding of the Mortgage Assistance Program is that the mortgage lenders take the fact that they're receiving assistance into account when they allow them to get a mortgage. And so, they're able to instead of getting rental assistance, we subsidize that, the rest of that mortgage, just like we do the rents.

CHAIR KAMA: Okay. How interesting. Okay. Thank you. Okay. You don't need a letter, I have my answer. Thank you. Yes, Ms. Rawlins-Fernandez?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. So, a quick follow-up on my earlier question regarding the mechanism for collecting upon liens on the First-Time Homebuyer Program. So, I guess my understanding of the situation in creating a revolving fund was that the liens collected upon would go to the revolving fund. So, if that's an incorrect assumption, what was the idea for funding the revolving fund?

MR. ALMEIDA: Thank you, Chair. And thank you for the question. The funding would be from the repayments from the owners whenever they either refinance for cash out or they sold the property. The money, as Ms. Crouse mentioned, would be flagged by escrow, would need to be repaid to the County, and those would be the funds we'd like to deposit into a revolving fund to use them off of the waitlist to help additional families find homes.

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah, I think that's a great idea. So, the amount of homes sold in the last two fiscal years have been zero. Have...do you have the number of refinanced homes that took advantage of the First-Time Homebuyer Program?

MR. ALMEIDA: We have the data from the original I believe four years that the program was utilized. Typically on average, it's usually anywhere from five to seven years that someone will look to either refinance to take cash out, sell and move, that's the general time period that the lenders tell us anyway. So, we expect to see in the future that more people will start, be repaying these, and we want to have a mechanism to recapture that and reutilize it. So, exactly.

COUNCILMEMBER RAWLINS-FERNANDEZ: Good looking ahead. Mahalo. Mahalo, Chair.

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CHAIR KAMA: You're welcome. So, Members, any other questions for our presenters? If not, without objection, I'd like to be able to defer this item.

COUNCILMEMBERS: No objections.

ACTION: DEFER pending further discussion. (Excused: RH, KTK, AL, SS)

CHAIR KAMA: Thank you. So, this item is now deferred. I'd like to call for a recess so that we can clear the room and if you all need to have a break, you can take it, but we're going to reconvene at 4:04. Recess. . . .(gavel). . .

RECESS: 3:59 p.m.

RECONVENE: 4:08 p.m.

CHAIR KAMA: . . .(gavel). . . of March 11, 2020 will now reconvene at 4:08 p.m.

AH-22: CREATION OF A COUNTY HOUSING AUTHORITY, INCLUDING FEASIBILITY STUDY (MISC)

CHAIR KAMA: Now, Members, this item for, this next item up for our consideration is from the FY 2020 Budget, and it was a proviso in the OCS budget. We have discussed this item before and we hadn't come to a resolution. So, I'd like you all to consider this item one last time. I promise. I believe that the resolution attached to this item has sufficient scope and definition to permit the Chair to issue the RFP on our behalf. I believe . . .(inaudible). . . that the examination of these options can proceed in advance of whatever this body wishes to do about a plan. Since we have had considerable prior discussion on this matter, I would like to entertain a motion to recommend approval to the resolution attached to this item.

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

CHAIR KAMA: Okay, you guys, I'm going to give you two minutes to read the reso, I'm going to call for a in-house recess without gaveling in or out so I'm just going to be silent for two minutes.

(NOTE: Pause.)

CHAIR KAMA: So, the Chair has entertained a motion to approve this reso, and if the Chair doesn't hear a motion then I will file this communication.

UNIDENTIFIED SPEAKER: . . .(inaudible). . .

CHAIR KAMA: Oh, I need a motion to file the communication.

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COUNCILMEMBER RAWLINS-FERNANDEZ: I move to file.

CHAIR KAMA: What, what's...okay but you gotta...what is it? The motion to approve or motion to file?

COUNCILMEMBER RAWLINS-FERNANDEZ: No, I move to file.

CHAIR KAMA: Okay.

COUNCILMEMBER KING: Second.

COUNCILMEMBER SUGIMURA: Second.

CHAIR KAMA: It's been moved by Member Keani Rawlins-Fernandez, seconded by Yuki Lei Sugimura to file this communication.

COUNCILMEMBER KING: No, I seconded.

CHAIR KAMA: Any discussion?

COUNCILMEMBER RAWLINS-FERNANDEZ: Yes.

CHAIR KAMA: Yes?

COUNCILMEMBER RAWLINS-FERNANDEZ: Mahalo, Chair. I move to file because I agree with our testifiers that expressed the, that this would be putting the horse before the cart, and I would like us to build our...wait, no --

CHAIR KAMA: The cart before the --

COUNCILMEMBER RAWLINS-FERNANDEZ: --the cart before the horse.

CHAIR KAMA: --horse. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: Oh, dyslexia.

CHAIR KAMA: Yeah. Okay.

COUNCILMEMBER RAWLINS-FERNANDEZ: And I would like us to...

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

COUNCILMEMBER RAWLINS-FERNANDEZ: Yeah.

CHAIR KAMA: Okay, leave the horse alone, you guys.

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COUNCILMEMBER RAWLINS-FERNANDEZ: Okay . . .*(inaudible)*. . . And the cart is the plan and the horse is the implementation to the plan. So, I would like us to focus on building the cart.

CHAIR KAMA: Amen.

COUNCILMEMBER RAWLINS-FERNANDEZ: Okay, great.

CHAIR KAMA: And you had a second to that. Any other discussion? If...any discussion?

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . .

CHAIR KAMA: Okay. All those in...

COUNCILMEMBER KING: Chair? Chair?

CHAIR KAMA: Yes? I'm sorry. Yeah.

COUNCILMEMBER KING: No, I agree with the motion and I just wanted to thank you for putting this kind of down, because I think some of this should be included in the proposal for the plan, because, you know, part of the plan should be how do we implement it, you know, do we need a housing authority, do we need a bifurcation of the Department or what, you know, what the venue is. So, some of these, this matrix that you wrote down here I think will be very helpful to that process.

CHAIR KAMA: Thank you. Any other comments or discussion? If not, all those in favor of filing of the communication say "aye."

COUNCILMEMBERS: Aye.

CHAIR KAMA: All those opposed? Hearing none, the motion is cancelled [*sic*].

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VOTE: AYES: Chair Kama and Councilmembers King, Lee, Paltin, Rawlins-Fernandez, and Sugimura.

NOES: None.

ABSTAIN: None.

ABSENT: None.

EXC.: Vice-Chair Molina and Councilmembers Hokama and Sinenci.

MOTION CARRIED.

ACTION: FILING of the communication.

CHAIR KAMA: Thank you.

COUNCILMEMBER SUGIMURA: Carried.

CHAIR KAMA: It's carried.

COUNCILMEMBER SUGIMURA: It's carried.

CHAIR KAMA: Right? Sorry. What did I say, cancelled?

COUNCILMEMBER SUGIMURA: Long day, long day.

COUNCILMEMBER RAWLINS-FERNANDEZ: It's that kind of a day, Chair. It's that kind of a day.

CHAIR KAMA: Okay. Okay, so without any objections, I'd like to be able to adjourn this meeting.

COUNCILMEMBERS: No objections.

CHAIR KAMA: Meeting adjourned at --

COUNCILMEMBER SUGIMURA: Good meeting.

CHAIR KAMA: --4:14 p.m. . . .(gavel). . .

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ADJOURN: 4:14 p.m.

APPROVED:

A handwritten signature in black ink, appearing to read 'Tasha Kama', is written over a horizontal line.

TASHA KAMA, Chair
Affordable Housing Committee

ah:min:200311:ds

Transcribed by: Daniel Schoenbeck

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CERTIFICATE

I, Daniel Schoenbeck, 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 30th day of March, 2020, in Kula, Hawaii



Daniel Schoenbeck