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M I N U T E S
POLICY COMMITTEE
Council of the County of Maui
Council Chamber
September 12, 2007

1 CONVENE: 9:07 A.M.

2 PRESENT: Councilmember Danny A. Mateo, Chair
 Councilmember G. Riki Hokama, Vice-Chair
 3 Councilmember Michelle Anderson, Member
 (in 9:22 A.M.)
 4 Councilmember Gladys C. Baisa, Member
 Councilmember Jo Anne Johnson, Member
 5 (in 9:22 A.M.)
 Councilmember Michael J. Molina, Member
 6 Councilmember Joseph Pontanilla, Member
 Councilmember Michael P. Victorino, Member

7

8 EXCUSED: Councilmember Bill Kauakea Medeiros, Member

9 STAFF: David Raatz, Legislative Analyst
 Kirstin Hamman, Legislative Attorney
 10 Gayle Revels, Legislative Analyst
 (out 9:30 A.M. to 12:28 P.M.)
 11 Camille Sakamoto, Committee Secretary
 Jock Yamaguchi, Executive Assistant to
 Councilmember Michelle Anderson

12

13 ADMIN.: Vanessa A. Medeiros, Director, Department of
 Housing and Human Concerns
 Herman Andaya, Assistant Housing
 14 Administrator, Department of Housing
 and Human Concerns
 15 Jeffrey K. Eng, Director, Department of Water
 Supply (in 10:09 A.M.; out 10:57 A.M.)
 16 Brian T. Moto, Corporation Counsel,
 Department of the Corporation Counsel
 17 (in 10:50 A.M.)

18 OTHERS: Mich Hirano, Munekiyo & Hiraga
 (Applicant's consultant)
 19 Leiane Paci, Maui Lani Partners
 Darren Suzuki, Maui Lani Partners
 20 Kyle Ginoza, Munekiyo & Hiraga
 (Applicant's consultant)
 21 One (1) additional unidentified attendee

22 PRESS: Akaku: Maui Community Television Inc.
 Brian Perry, The Maui News

23

24 CHAIR MATEO: (Gavel.) Policy Committee meeting for
 25 September 12th, 2007, will come to order.

1 The Members present this morning, we have the
2 Vice-Chair of the Committee, Chairman Hokama. With
3 us is Councilmember Baisa, Molina, Pontanilla, and
4 Victorino.

5 COUNCILMEMBER VICTORINO: Good morning, Chair.

6 CHAIR MATEO: Members Anderson and Johnson will be joining
7 us later this morning. And Mr. Medeiros is excused.

8 With us also from the Administration, we have
9 with us the Corporation Counsel, we have
10 Mr. Brian Moto, who has joined us this morning.

11 Thank you very much, Mr. Moto.

12 And from the Department of Housing and Human
13 Concerns, the Director, Vanessa Medeiros. And also
14 joining us this morning, the Assistant Housing
15 Administrator, we have Mr. Herman Andaya with us.

16 And from Committee Staff, David Raatz,
17 Kirstin Hamman, Ms. Gayle Revels, and Ms. Sakamoto,
18 Camille Sakamoto.

19 Thank you very much, Staff.

20 Are there -- is there anyone signed up to
21 testify this morning?

22 MS. SAKAMOTO: No, Mr. Chair.

23 CHAIR MATEO: Members, we have just one item on the agenda
24 this morning, and the Chair would like to get to it
25 immediately. If there are no objections, the Chair

1 would like to close public testimony at this time.

2 COUNCIL MEMBERS: No objections.

3 CHAIR MATEO: Thank you very much.

4 ITEM NO. 7(1): HRS CHAPTER 201H, AFFORDABLE HOUSING
5 PROJECTS (MAUI LANI SITE 6D) (C.C. No. 07-13)

6 Members, the one item on our agenda for this
7 morning, Policy 7(1), HRS Chapter 201H, Affordable
8 Housing Project, Maui Lani Site 6D, Affordable
9 Housing Project.

10 The Maui Lani Partners are proposing to
11 develop the Maui Lani Site 6D, Affordable Housing
12 Project, pursuant to Section 201H-38 (HRS). The
13 Department of Housing and Human Concerns has
14 received -- reviewed the development plans for this
15 72 multi-family residential unit proposed project
16 and has determined that the project qualifies as an
17 affordable housing project and meets the
18 requirements of the 201H-38. Now that the proposed
19 project has been submitted to this body, we have 45
20 days to approve or disapprove this project.

21 Members, what's before us are three
22 resolutions. The first resolution approves the
23 proposed project as submitted with exemptions. The
24 second resolution approves the project with
25 modifications that would be added to Attachment 1.

1 And the third resolution would be to disapprove the
2 proposed project.

3 At the close of our last meeting, we were
4 advised of the revisions of the breakdown of the 72
5 units in the project. It went from 48 two-bedroom
6 units and 24 three-bedroom units to now 60
7 two-bedroom units and 12 three-bedroom units. In
8 addition, concerns were raised regarding the rental
9 range and income limits; and a request for a copy of
10 the condition of development was required and it has
11 now been made available to all of us.

12 This morning, the Applicant and its
13 representative will respond to the questions raised
14 in our September 4th Committee meeting so we are
15 better informed and clarification is made. But
16 prior to that discussion, the Chair will allow the
17 Applicant or its representative to come on down to
18 the podium area and get -- be given the opportunity
19 to address the document that you had provided to us
20 in responding to the questions that we have had.
21 And this morning, the Chair will be asking
22 Mr. Mich Hirano the opportunity to provide
23 clarification; and also with Mr. Hirano, the --
24 representing the Partners, Maui Lani, also is
25 Leiane Paci and Darren Suzuki.

1 Mr. Hirano?

2 MR. HIRANO: Thank you, Chair Mateo and Vice-Chair Hokama,
3 Policy Committee Members.

4 We have as a follow-up to our meeting of last
5 week provided the Committee Members with
6 clarification on the questions that were raised, and
7 I would just like to go over the items that were
8 provided to the Policy Committee Members.

9 We provided a copy of the Council Ordinance
10 No. 18.7 -- or 1872 that was passed in 1990, which
11 provides the condition for the development of the
12 Maui Lani Project District. Of particular relevance
13 is Condition No. 1(a), which states, "5 percent of
14 the residential units shall be affordable to
15 families earning less than 80 percent of the Maui
16 Island median family income as determined by the
17 U.S. Department of Housing and Urban Development,
18 HUD."

19 We stated, therefore, that the wording of the
20 subject application was adopted to be consistent
21 with the wording of the condition, and since this
22 was the condition that was being met by the Site 6D
23 project.

24 We'd also like to note that the breakdown in
25 wording of this ordinance was provided in Section C

1 of the application document.

2 We've also provided for Committee Members
3 the -- just for reference, the Department of Housing
4 and Human Concerns 2007 Income Limits and Affordable
5 Rent Guidelines. And we were using those guidelines
6 in developing the rental for the Site 6D project.

7 In response to the question regarding the
8 affordable rental range that the subject application
9 is targeting, Maui Lani Partners would like to
10 provide the following clarification -- that the
11 subject project will be offered in the affordable
12 housing range of the 70 percent to 79 percent of
13 median family income. We attach Exhibit C to our
14 transmittal to the Policy Committee Members, which
15 provides the breakdown of the unit sizes, the number
16 of bedrooms, and the rental range for the units in
17 the 70 percent to 79 percent range. We would also
18 like to note that the maintenance fees are inclusive
19 of this rental range, and, therefore, the total
20 rental ranges are in the 70 percent to 79 percent of
21 median family income.

22 We've also included for comparison purposes
23 the Front Street Apartment Project, which has been
24 kind of put forward as a hallmark of good affordable
25 development on Maui. We'd like to just note that

1 the Front Street Apartment Project includes studios,
2 one-bedroom, two-bedroom, and three-bedroom units,
3 whereas all the units in the Maui Lani Site 6D
4 Project are two- and three-bedroom units. The
5 two-bedroom units in the Front Street Project are
6 approximately 840 square feet; whereas Maui Lani
7 Site 6D proposal, the two-bedroom units range in
8 size from 860 square feet to 917 square feet. In
9 addition, there are covered lanais of approximately
10 96 square feet on the 860 square foot units and
11 covered lanais of 38 square feet on the 917 square
12 foot units. In addition, the larger two-bedroom
13 units have one and a half baths. The three-bedroom
14 units are approximately 939 square feet, plus a
15 covered lanai of 96 square feet, and have two baths.

16 We hope that the information that we had
17 provided adequately responds to the comments that
18 were made during the September 4th meeting of the
19 Policy Committee.

20 And in summary, we would like to just point
21 out that the proposed application as presented meets
22 the affordable housing condition for the Maui Lani
23 Project District for the less than 80 percent, the
24 median family income category; it meets the
25 requirements pursuant to HRS 201H-38; and is 100

1 percent affordable. And on behalf of the Applicant,
2 Maui Lani Partners, we request that the Policy
3 Committee recommend approval of the project as
4 presented.

5 I'd like to ask Leiane Paci to also provide
6 some comments to the Committee Members.

7 Thank you.

8 MS. PACI: Good morning.

9 As Mich mentioned, I'm Leiane Paci.

10 This affordable development has grown from
11 comments from many members of the community and also
12 the Council, and with these comments Maui Lani has
13 made changes and compromises to the design and
14 budget to ensure that we had a good design
15 reflective of our community's character and
16 conducive to a great quality of life. We reduced
17 the density from 84 to 72 units. We changed the
18 unit sizes from studios, one-bedrooms, two-bedrooms,
19 and three-bedrooms to all two-bedrooms and
20 three-bedrooms, and we added 10,000 square feet to
21 the buildings. We're proud of this project. We
22 believe that this project is comparable to market
23 projects that you see for sale or for rent in the
24 newspaper.

25 We understand the urgency of the affordable

1 housing situation on Maui, and we can build this
2 project quickly because we have already completed
3 the infrastructure fronting this property. Maui
4 Lani is committed to affordable housing. And
5 although we do not have a concurrency requirement,
6 we strive to keep up with our affordable units. We
7 hope that you will give us favorable consideration
8 for this project today, which will allow us to
9 proceed with permitting and construction. If you
10 decide that this is not the right project at this
11 time, which we hope is not the case, Maui Lani will
12 continue its efforts in providing affordable housing
13 and will try to save some planning and design time
14 by reusing these architectural plans on one of our
15 village mixed-use zone sites. These sites require
16 infrastructure improvements, some of which has
17 commenced, so we would have another affordable
18 project ready in approximately three years; but we
19 would prefer to do something now. So, we would
20 please, please ask for your consideration in
21 approving this project.

22 Thank you for your time.

23 CHAIR MATEO: Thank you, Ms. Paci.

24 Members, questions for the Applicant?

25 Mr. Hokama?

1 VICE-CHAIR HOKAMA: Chairman, thank you.

2 You have just reinformed us that you've
3 reduced the project from 84 to 72 units. And the
4 number of units is determined by the percentage of
5 the total development.

6 So, has there been changes in the total size
7 of the development, that now you're reducing from
8 84 -- I would assume that was the 5 percent; you
9 went down to 72. So, is the overall project density
10 being reduced, also?

11 MS. PACI: No. When you look at the total build-out of
12 Maui Lani, we will always have to do 5 percent of
13 the ultimate build-out. Looking specifically at
14 this site, we are -- our first design, our first
15 conceptual design we had planned 84 units, so we
16 would have been able to do 84 units today, but that
17 wouldn't have been a determination of what our total
18 affordable units would have been at the end of Maui
19 Lani's total build-out.

20 Does that make sense?

21 It's not reflective of our total build-out
22 for Maui Lani.

23 VICE-CHAIR HOKAMA: But isn't this supposed to meet the 5
24 percent requirement of condition of zoning?

25 MS. PACI: It meets a portion of our 5 percent, not our

1 total 5 percent.

2 VICE-CHAIR HOKAMA: Okay. That is what I wanted to have
3 very clear for the record. This is part of the
4 compliance of the condition of zoning.

5 MS. PACI: That's correct. You have it right.

6 VICE-CHAIR HOKAMA: Okay. Thank you, Chairman.

7 I have questions for the Department later.

8 CHAIR MATEO: Thank you very much, Mr. Hokama.

9 Members, questions for the Applicant?

10 Mr. Pontanilla, go ahead.

11 COUNCILMEMBER PONTANILLA: Good morning.

12 You mentioned, you know, quickly.

13 How quickly is quickly?

14 MS. PACI: We could have our construction plans into the
15 County next month. And we've been told that
16 permitting is taking approximately eight months.
17 So, probably by the spring of next year we would be
18 under construction with this project, if approved.

19 COUNCILMEMBER PONTANILLA: Thank you.

20 CHAIR MATEO: Thank you, Mr. Pontanilla.

21 Mr. Victorino, followed by Mr. Molina.

22 COUNCILMEMBER VICTORINO: Good morning, Mr. Chair.

23 Thank you very much.

24 Also at our last meeting the issue came up
25 that after 15 years this would then be put into a

1 purchase unit -- purchase pool so that these units
2 could be purchased.

3 Are you still intending to have that be
4 brought forward?

5 MS. PACI: That's correct the -- it's a 25-year affordable
6 period. The first 15 years would be affordable for
7 less than 80 percent and then the following 10
8 years, from year 16 to 25, it would be for rent or
9 for sale. That's to be determined in the range of
10 120 to 160 percent of median.

11 COUNCILMEMBER VICTORINO: See, again, I have a real
12 difficult time with that issue because 15 years goes
13 relatively quickly, and I don't foresee Maui in the
14 near future -- or even in the very distant future
15 things changing so that affordability and the price
16 ranges dropping to where the working people would
17 have a chance. Right now, the way it's set up, many
18 of our working people would have opportunities to
19 rent; and as time goes on and they did well and
20 wanted to move on, that's fine. But to take it out
21 of like what we having happen right here in Kahului,
22 it's not a great idea. And that's one of the things
23 that's really stuck out in my mind is the fact that
24 in 15 years we kind of convert it.

25 And what happens to the people that are

1 there, who may not be able to afford?

2 And now they're forced out into what I call
3 the open market, and I don't appreciate open market
4 changing very drastically. I just get a difficult
5 time. Whenever we do things like this that in the
6 near future -- and 15 years to me is very near
7 future, the way time flies -- that these people --
8 or the affordability may be eliminated. So, I'm not
9 keen with that idea. The other aspects I've had
10 very little problem with, but that's one of the
11 areas that I'm not very keen on. And I don't know
12 if there's any way we can change it, but I would
13 really want some consideration.

14 Thank you, Mr. Chair, for that opportunity.

15 CHAIR MATEO: Thank you, Mr. Victorino.

16 Before calling on Mr. Molina, the Chair would
17 like to recognize the attendance of both
18 Ms. Anderson and Ms. Johnson.

19 Good morning, women.

20 COUNCILMEMBER MOLINA: Can we just --

21 CHAIR MATEO: Mr. Molina?

22 MS. PACI: Can we respond?

23 CHAIR MATEO: I'm sorry?

24 MS. PACI: Can we respond to that question?

25 CHAIR MATEO: Go ahead, please.

1 MR. HIRANO: Thank you, Councilmember Victorino.

2 That came up during the preliminary review,
3 as well, of the project, and in response to that,
4 Maui Lani, and we put it in the application,
5 indicated that they would be committed to work with
6 those tenants during the transition to ensure that
7 there will be undue hardship for those tenants in
8 the transition period. Maui Lani responded, as
9 well, that they have this ongoing commitment for
10 affordable housing. And as Councilmember Hokama
11 noted, this project doesn't fulfill all the
12 requirements for the less than 80 percent of the
13 median family income group. And, so, as the project
14 gets built out, as Maui Lani Project District gets
15 built out, the Applicant feels that there will be
16 opportunities to transition tenants that are still
17 in that category that require the housing to be
18 transitioned into other projects for Maui Lani, and,
19 as well, the commitment for the -- by the Applicant
20 to work with those tenants and the Department of
21 Housing and Human Concerns to lessen the hardship
22 that may come from that transition has been made.

23 COUNCILMEMBER VICTORINO: Mr. Chair, may I have a
24 follow-up question on the same line?

25 CHAIR MATEO: Okay.

1 COUNCILMEMBER VICTORINO: Mich, I understand what you've
2 just said.

3 My question to you, then, is when was this
4 review originally done? You know, when was all this
5 originally put together?

6 That's the first question.

7 And the second question would be basically on
8 the same -- same line -- thought, that, yes, to
9 fulfill that percentage that was stated by Chair
10 Hokama, that percentage is the end result of all of
11 the built-out; is that correct?

12 MR. HIRANO: The 5 percent --

13 COUNCILMEMBER VICTORINO: Yes.

14 MR. HIRANO: -- is required for all the build-out, and the
15 full build-out is in the neighborhood of 3,700 total
16 units, residential units for the Project District.
17 That's what the approval is for.

18 COUNCILMEMBER VICTORINO: And, so, then, if I do real
19 quick math, that would be something like about a
20 little over 200 units would be in that affordable
21 category at the end of the build-out.

22 MR. HIRANO: That's correct.

23 COUNCILMEMBER VICTORINO: Okay. So, again, going back to
24 the first question, as you make these changes, when
25 did this determination -- because the marketplace

1 changes.

2 MR. HIRANO: Yes.

3 COUNCILMEMBER VICTORINO: When was this determination
4 made?

5 MR. HIRANO: This determination was made during the
6 period -- the application -- and I'm not
7 specifically clear on the days -- but sometime in
8 around February the application was submitted. It
9 went for a preliminary review through the Department
10 of Housing and Human Concerns, and there were
11 comments made by agencies and by the Department of
12 Housing and Human Concerns on the application. At
13 that time, then, the additional program of the 10
14 years at the 120 to 160 percentile range was made
15 and the commitment was made at that time. The
16 application was finalized with that amendment and
17 included in the application and submitted to
18 Council. And, so, that's kind of the process.

19 COUNCILMEMBER VICTORINO: Okay. Thank you.

20 Thank you, Mr. Chair. I have questions for
21 the Department but I'll wait till my other
22 colleagues are finished and I'd like to get some
23 questions.

24 CHAIR MATEO: Thank you.

25 My apologies, Mr. Molina. Please go ahead

1 and ask your question.

2 COUNCILMEMBER MOLINA: No, no apologies necessary, Chair.

3 Good morning. Just a clarification. You
4 mentioned earlier about the maintenance fees.

5 Now, that's exclusive of the rent or is
6 that -- that's included in the rental cost?

7 MS. PACI: It's included in the rental cost.

8 COUNCILMEMBER MOLINA: Okay.

9 MS. PACI: And that's a clarification from the original
10 application now.

11 COUNCILMEMBER MOLINA: And how much is the maintenance
12 cost?

13 MS. PACI: Our rough estimate is probably about \$200 a
14 month per unit.

15 COUNCILMEMBER MOLINA: That includes, I guess, the
16 landscaping...

17 MS. PACI: That would be such things as landscape
18 maintenance, building maintenance, pest control,
19 onsite property management, insurance, those type of
20 things.

21 COUNCILMEMBER MOLINA: Okay. Thank you.

22 Thank you, Chair.

23 CHAIR MATEO: Thank you.

24 Mr. Pontanilla?

25 COUNCILMEMBER PONTANILLA: Yeah, just a comment.

1 When I look at the rental ranges, you know,
2 we've gone to a public hearing not too long ago, and
3 when people come out and say that they pay \$1100 a
4 room, got to share the bathroom, got to share the
5 kitchen, got to share the living room, I look at
6 this as, man, this is like God sent for those
7 individuals.

8 CHAIR MATEO: Ms. Johnson, good morning.

9 COUNCILMEMBER JOHNSON: Yes, good morning.

10 And because I missed the comments that
11 Mr. Hokama or the questions that he had asked, if
12 I've already -- if you've already answered I
13 apologize.

14 Because this is a 201H project which has
15 basically its own requirement for fast-tracking in
16 terms of percentage that must be affordable -- I
17 believe it's 51 percent or 50 percent -- what
18 percentage of the units that you are counting
19 towards your satisfaction of the affordable
20 requirement that are attached to your original
21 development, what percentage of that remains? In
22 other words, of the units that you're building, if
23 an initial requirement is already attached to a, you
24 know, 201H application, are you counting those units
25 in addition to the remaining units towards your

1 affordable requirement?

2 MS. PACI: Well, we're requesting that all the units be
3 credited towards our Project District requirements.

4 COUNCILMEMBER JOHNSON: Okay. Then I'll have a question
5 of Corporation Counsel later on.

6 Thank you.

7 CHAIR MATEO: Thank you.

8 Mich, I'd like to ask you a question based on
9 the handout that you had provided to us.

10 MR. HIRANO: Yes.

11 CHAIR MATEO: The handout that you show a comparison
12 between Maui Lani versus the Front Street
13 Apartments --

14 MR. HIRANO: Yes.

15 CHAIR MATEO: -- in Lahaina.

16 MR. HIRANO: Yes, Chair Mateo, yes.

17 CHAIR MATEO: When you take a look at the comparison that
18 you have provided to us and you look at the
19 two-bedroom units, the two-bedroom units at Front
20 Street Apartments is some what in line with your
21 project. The difference in the unit size is about
22 20 square feet.

23 But the difference in the rental costs, can
24 you explain that?

25 MR. HIRANO: The -- well, the difference of the unit sizes

1 in the -- I guess the internal floor area is about
2 20 square feet, but there's also the 96 square foot
3 covered lanai --

4 CHAIR MATEO: Okay.

5 MR. HIRANO: -- on that. And I guess the rental rates are
6 pretty much -- they're addressing the 50 percent, 60
7 percent category, whereas the Maui Lani, because of
8 its larger-size units are dealing with the 70
9 percent to 79 percent.

10 CHAIR MATEO: Okay. And then based on that calculation in
11 terms of taking a look at the rental rates, the
12 rental rates that you are projecting in the
13 application difference when you look at the 1250 and
14 the 1450 for the two- and three-bedroom units, when
15 you take a look at those two rates respectively and
16 you go to the affordable rent guidelines that you
17 provided to us, you see that the difference in the
18 two-bedroom unit is just -- there's only an \$8
19 difference between the 79 percent and the 80 percent
20 median income level. And when you look at the
21 three-bedroom unit, the difference between the 79
22 and going up to the 80 percent is just \$4
23 difference.

24 MR. HIRANO: Uh-huh.

25 CHAIR MATEO: So, the whole target of who you're trying to

1 rent for or to is those that fall within the 79
2 percent income bracket. That's the only category.
3 Because the difference between 79 and 80 percent
4 when it's just a few dollars.

5 MR. HIRANO: Yes. But it goes down to the 70 percent, as
6 well, Chair Mateo, which on the three-bedroom units
7 ranges from \$1,272 to the 79 percent which is
8 \$1,453.

9 CHAIR MATEO: Okay.

10 MR. HIRANO: So, there's \$120 or so difference there,
11 \$170.

12 CHAIR MATEO: Uh-huh, okay.

13 Thank you, thank you.

14 Members, additional questions for the -- for
15 the Applicants?

16 Ms. Anderson?

17 COUNCILMEMBER ANDERSON: Thank you, Mr. Chair.

18 Do you guys have a written agreement with
19 Department of Housing and Human Concerns regarding
20 all this?

21 MS. PACI: No, we don't.

22 COUNCILMEMBER ANDERSON: You don't. Because I'd like to
23 know under what authority you are basing your desire
24 to -- to up this project after 16 years from a 79,
25 80 percent income group to 120 to 160 percent income

1 group.

2 MR. HIRANO: The -- I guess there is -- the guidelines for
3 the rental program were established by this
4 particular proposal, which was to meet the less than
5 80 percent, and it was on the rental term. We
6 understand that there were other projects that had
7 the rental term similar that met their affordable
8 housing requirement with the same kind of time
9 frame. And, so, that was how this program was
10 established. That's how it was done.

11 COUNCILMEMBER ANDERSON: That's how you did it?

12 MR. HIRANO: Yes, that's how it's done.

13 COUNCILMEMBER ANDERSON: So, there's really no authority
14 to allow an 80 percent income unit to all of a
15 sudden become 120 or 160 percent income unit.

16 MS. PACI: No. But there's -- I guess -- to take a step
17 back, the affordable housing condition for Maui Lani
18 that we've attached to our clarification letter that
19 we handed out, that's all we have for Maui Lani.
20 There is no housing agreement. So, what we've done
21 in the past is -- and right now it's all for sale
22 product -- is we sell our homes within a certain
23 range, we provide our sales agreements, our escrow
24 documents, we package it all, and we send it over to
25 the Housing Department and they qualify the units as

1 affordable and we get our housing -- and we get our
2 housing credits, and that's simply how it is.
3 There's -- right now -- hopefully I'm not shooting
4 myself in the foot -- there is -- there's no
5 restrictions on how we do it, so there's no
6 determination on how long a unit has to stay
7 affordable for the original Project District. And I
8 think that's because it was done back in 1990 and
9 we're the original Project District and there
10 weren't so many issues as there are now, it was so
11 long ago. So, we structured it the way that we
12 thought that was good for the project, that made
13 sense for the budget for the project, that we could
14 balance it with our financing, and it made good
15 economic sense, and that's how we came up with the
16 program.

17 COUNCILMEMBER ANDERSON: Well, it may make economic sense
18 to you because I think what you're trying to do is
19 look at this individual affordable project as a
20 stand-alone. But the requirement is based on your
21 whole 3,000-unit project. So, you know, whatever
22 economics you need to run in order to make this
23 feasible for you should be stretched across all
24 those 3,000 units, not trying to make this
25 affordable project economically sound on its own.

1 That's the whole idea on having... (end of side 1,
2 tape 1)... housing, so that whatever economics may
3 not pencil out for you on this affordable project in
4 itself is penciled out over the whole project. So,
5 you know, what I see, and you're trying -- you're
6 trying to turn this into 120 and 160 percent income
7 after 16 years is, well, you know, we're going to
8 get our money back after 16 years because we can now
9 sell these to a higher income level.

10 So, what do you anticipate selling or renting
11 these for in 16 years at 120 to 160 percent?

12 You must have penciled that out if it's all
13 about economics.

14 MS. PACI: Yeah. I'm not sure exactly what the numbers
15 would be. It's based on HUD guidelines. But we're
16 talking about losses in the end. I mean, you never
17 completely make up your money on an affordable
18 project.

19 COUNCILMEMBER ANDERSON: Excuse me, but there should be no
20 losses when you've got 3,000 market-price units.
21 That's -- you should have penciled this out at the
22 beginning of your project so that whatever losses
23 you perceive making from the affordable can be
24 absorbed over the whole project, not -- you know,
25 not within the affordable project itself. So, I

1 don't want to hear about any losses; because if you
2 want to talk about losses, let's see your pro forma.

3 What profit have you made over the
4 market-price units that you've already built? Can
5 you tell us that?

6 MS. PACI: You're assuming that you're going to make
7 money. There's always a risk involved. So, you
8 can't always make that assumption.

9 COUNCILMEMBER ANDERSON: You haven't made money on the
10 market-priced units that you've already sold?

11 MS. PACI: Well, we've lost money and we've made money.

12 COUNCILMEMBER ANDERSON: Well, you know, don't just stand
13 there and make assumptive statements without giving
14 us any details to back up those statements. You
15 know, you're trying to make this stand-alone
16 affordable project economically profitable for you
17 guys within its own, you know, 72 units. But the
18 economics of this project have to be amortized over
19 the whole market priced project. That's where you
20 make up your economics, not off the backs of the
21 working class people who are begging for affordable
22 housing. So, you know, I don't understand how...

23 I mean, what are we going to do with these 80
24 percent income people when you say, I'm sorry, we're
25 going to sell these now and you can't qualify?

1 I mean, Mr. Chair, I think the intention here
2 is to service the working people with these
3 affordable units and not turn around and sell them
4 to 120 and -- to 180 -- or 160 percent income people
5 after 16 years.

6 What are we going to do? Just put up tents
7 for these people as replacement?

8 I'd like to ask our Corporation Counsel if
9 there's anything that prevents this Committee from
10 placing these units in the 80 percent or below
11 income bracket in perpetuity.

12 CHAIR MATEO: Mr. Moto?

13 MR. MOTO: Good morning, Mr. Chairman.

14 CHAIR MATEO: Good morning.

15 MR. MOTO: Given that Act 180 passed the Legislature in
16 2007 and amended the law -- amended Chapter 201H of
17 the Hawaii Revised Statutes to allow the legislative
18 body to now approve 201H projects with or without
19 modifications, you can make what modifications you
20 deem best or --

21 COUNCILMEMBER ANDERSON: And, so, there -- and, so,
22 Mr. Moto, just so I'm clear, there's no -- nothing
23 preventing us from requiring this -- these 72 units
24 to remain in the 80 percent income level price
25 range?

1 MR. MOTO: Yes, there's nothing -- there's nothing in the
2 statute or in the County ordinance that would
3 prevent that.

4 COUNCILMEMBER ANDERSON: Okay. Thank you.

5 CHAIR MATEO: And, Ms. Anderson, just for your
6 information, there is a potential modification that
7 will be proposed that the second phase of the
8 project be comprised of units that are affordable
9 for families earning between 80 to the 160 median
10 income levels.

11 COUNCILMEMBER ANDERSON: Second phase?

12 CHAIR MATEO: The second phase of the project, which is
13 the 16 to the 25th year --

14 COUNCILMEMBER ANDERSON: I see.

15 CHAIR MATEO: -- be comprised of units -- and it will
16 go -- the range is from the 80 to the 160 instead of
17 the 120 to the 160. We're including the 80 percent.

18 COUNCILMEMBER ANDERSON: I'd like to see them all stay at
19 80 percent, Mr. Chairman. I don't see any point in
20 giving people housing and then taking it away. You
21 know, after all, it's only 5 percent of the
22 affordable requirement. They've already got plenty
23 of units. I mean, they've already got plenty of
24 units in the other ranges. Five percent is between
25 80 and 120; 10 percent is between 120 and 140. So,

1 the bulk of what they've already built or are
2 required to build is above 80 percent. So, you
3 know, I just want to remind everybody, once again,
4 that 70 percent of the working families in Maui
5 County earn 100 percent or below the median income.

6 So, who are we serving by allowing this to be
7 converted to 120 to 160 percent, when the intention
8 here of the condition is 80 percent and below?

9 And they're not going below 79 percent -- or
10 70 percent. So -- I mean, they're not even
11 serving -- you know, and I appreciate the square
12 footage and all. But, you know, you compare this
13 with what's on the market right now, this is market
14 price. This isn't affordable. They're going to be
15 competing with what's on the market right now. You
16 look in the Maui News: Two-bedroom units, \$1200.
17 So, to me, they're already, you know, on the edge of
18 what's affordable. And, you know, I have a real
19 problem with any conversion of -- it's hard enough
20 to get anything at 80 percent or below.

21 And what?

22 They've been around since 1990. So, it's --
23 what? Seventeen years we've been waiting for them
24 to fulfill this condition. They've done all the
25 others, you know, above the 80 percent. So, this is

1 the very last that you have to do, the lowest
2 income, the most needy group, and they're the last
3 to be served after 17 years. They've built all
4 their market -- almost all their market, all the
5 other higher affordables, and now we're getting, you
6 know, the lower income, and they only want to do it
7 for 15 years and then convert it to the higher
8 affordables, which really are market price. And
9 what they have them priced at right now is competing
10 with what's on the market as market price. So, I
11 don't -- you know, I think this is really marginal
12 as far as calling it affordable. And, you know, I
13 don't know who made the -- none of us really know --
14 I think it would be helpful if we had some kind of
15 explanation from the Department how they determined
16 what the rental rates would be based on the size of
17 the units.

18 So, anyway, I'm going to leave that part
19 alone. I have questions about water, but -- if I
20 could ask those now. Or if you want to continue
21 on...

22 CHAIR MATEO: You can go ahead. Go ahead.

23 COUNCILMEMBER ANDERSON: You know, I just have to say that
24 it's really disturbing for you to come here and say
25 to make this economically viable you have to convert

1 these from 80 percent income level units to 120 to
2 160 percent when you can't provide for us any pro
3 forma or anything showing the profits that you've
4 made already off the market price. As I said
5 before, you should have considered what it would
6 cost you to do this condition, and it probably would
7 have cost you a whole lot less if you had done it,
8 you know, 10 years ago, 15 years ago. But you're
9 the ones who chose to wait 19 years to fulfill this
10 condition. And, so, I don't want to hear anything
11 about economics, because unless you can prove
12 otherwise, as far as I'm concerned you made plenty
13 enough profit off the market price, and probably off
14 the 120 to 160 affordable, too, to absorb whatever
15 economic loss you might be anticipating from this
16 project.

17 As far as the water goes, when can you give
18 us any assurance that you've got potable water
19 that's going to meet the needs of not only this
20 project but the other projects?

21 Because the Department has concerns over the
22 effect that these wells are going to have on the
23 Kahului Aquifer, and also the water quality from the
24 wells due to contamination around the -- around the
25 well sites. And it's my understanding that you've

1 already drilled six or seven wells trying to get a
2 viable source.

3 So, can you give us an update on where you
4 are with the wells and what's going on?

5 MR. HIRANO: Darren Suzuki with Maui Lani Partners will
6 just give an update.

7 MR. SUZUKI: Thank you, Mr. Chair.

8 To address Councilmember Anderson's question,
9 I think there were some questions that were asked of
10 the Water Director at our last meeting, and based on
11 those discussions, we represented -- or, actually,
12 the Department represented that -- and we're in
13 agreement with that Maui Lani has currently drilled
14 three wells on the property. There has been several
15 pump tests. I believe the longest pump test was for
16 a period of five days. And that I haven't seen the
17 figures, and I'm not a water analyst or anything;
18 but as far as -- my understanding was that all the
19 tests came back very positive and the water was very
20 clean.

21 Currently, we have -- we are building our
22 infrastructure to get the water to the Waiale Water
23 Tank. We have construction plans in with the Water
24 Department for the construction of Kuikahi Drive,
25 which would bring the water lines to the Waiale

1 Tank. And currently in terms of pumping the wells,
2 the well pumps are currently being designed. So, we
3 expect probably in -- in probably one year to get
4 some -- to get that water on-line.

5 COUNCILMEMBER ANDERSON: So, you don't have pumping
6 permits yet?

7 MR. SUZUKI: The pumps are still under design currently.
8 And the infrastructure improvements are still under
9 review with the Department of Water Supply.

10 COUNCILMEMBER ANDERSON: And, so, do you have any water
11 quality tests?

12 MR. SUZUKI: Yes, we do, and they're on file with the
13 Department of Water Supply.

14 COUNCILMEMBER ANDERSON: They are?

15 MR. SUZUKI: Yes.

16 COUNCILMEMBER ANDERSON: As of when?

17 MR. SUZUKI: I -- I don't know the exact dates, Mr. Chair.
18 We can...

19 MR. HIRANO: Just for clarification on that, Councilmember
20 Anderson, when the VMX development was before the
21 Council for its Project District Phase 1 and Change
22 in Zoning Application in 2005, the discussion of the
23 water and the wells were also ongoing for that
24 particular entitlement, and there were water tests
25 which I had seen that were transmitted to the

1 Department of Water at that time. So, since 2005,
2 from the first test, that water quality samples and
3 testing which was done by a lab in California had
4 been submitted to the Department of Water Supply.
5 So, they have a record of water quality samples from
6 2005.

7 COUNCILMEMBER ANDERSON: Well -- I mean, I'm looking at a
8 June 4th letter from our Department of Water Supply
9 saying that the Department continues to have
10 concerns over the effect these wells will have on
11 withdrawals from the Kahului Aquifer and water
12 quality from the wells due to several potential
13 contaminants. Before the wells would be allowed to
14 connect to the County system, Maui Lani Partners
15 will need certification for drinking water use from
16 the State Department of Health.

17 Have you gotten water quality certification
18 since June 4th?

19 MR. HIRANO: I'm not sure on that. But I know that during
20 the September 4th meeting that question, as well,
21 was asked to the Director of Water Supply, and I
22 think he mentioned that it's -- it was a cautionary
23 comment but that he was, to this date, satisfied
24 with the information that had been provided and the
25 quality of the water and the amount of water.

1 COUNCILMEMBER ANDERSON: But you don't know if there's
2 been a water quality certification done yet?

3 MR. HIRANO: I'm not sure of that particular license or
4 permit. But it will be one that will be followed up
5 on and will be obtained, you know, as the project
6 gets closer and when it's required.

7 COUNCILMEMBER ANDERSON: Well, I think it's required now,
8 before you start pumping.

9 What's the point in spending all the money to
10 design and put in pumps for, you know -- a well
11 drilling permit is one thing. Anybody can get a
12 well drilling permit. But to get a pumping permit,
13 you have other hurdles to jump. And, so, that's
14 what I want to know.

15 Do you have the well pumping permit? And do
16 you have the water quality certification from DOH?

17 MR. SUZUKI: Mr. Chair, Darren Suzuki again.

18 As far as I know, we do not have a DOH
19 certification. All we do have is water quality
20 reports, samples, and water quality reports which
21 were submitted to the Department of Water Supply.

22 As far as our pump tests...

23 COUNCILMEMBER ANDERSON: And those were done in '05?

24 MR. SUZUKI: Those were done all the way up to present,
25 with -- several months ago maybe, I think, as recent

1 as maybe several months ago, before we started the
2 design of the pumps. We didn't take on the design
3 of the pumps until we made very sure, and based on
4 consultation with the Department of Water Supply,
5 that all these pump tests has been -- has been --
6 has shown that we have good quality water, and
7 that's when we proceeded with the design of the
8 pumps.

9 As far as the pumping permit, as far as DOH
10 certification, I don't believe we have those permits
11 yet. But as far as our background research on
12 testing the water qualities, we made the decision to
13 go forward on that design.

14 As far as the -- we cannot -- I mean, this is
15 probably a question to be directed to the Department
16 of Water Supply, but we cannot pump -- or we
17 cannot -- we cannot transmit water from those wells
18 to the Waiale Tank without those permits. And,
19 again, based on the positive tests that we've gotten
20 from the water quality testing, we proceeded with
21 that design.

22 COUNCILMEMBER ANDERSON: And the water quality test pumps
23 were done after how much pumping?

24 MR. SUZUKI: I think the longest pump testing was about
25 five days. I think there was a -- I think it's

1 about a five-day test. And I think at the last
2 September 4th meeting when Director Eng was
3 questioned, he did mention that he wished he could
4 have a longer period on the pump testing, but that
5 was the minimum requirement, I think, the minimum
6 requirement for pump testing to test the levels of
7 the wells. And as far as I recall in those testing
8 they came out very positive in terms of the height
9 after those -- that testing.

10 COUNCILMEMBER ANDERSON: Well, you know, Mr. Chair, I'm
11 not comfortable not having anything verifying this.
12 I mean, we get a letter from the Department on
13 June 4th stating concerns. And if they've got the
14 water quality tests and if they've got pump tests,
15 that should be shared with the Council, because the
16 last thing we want to do is -- already we're having
17 problems with serving the people we already serve in
18 Central Maui and South Maui, Paia, from the Central
19 Maui system. There's a state of concern here that
20 how is the pumping of this well going to affect the
21 aquifer and who we already serve from the aquifer.
22 And I'd like some assurances from the Department
23 that they feel that this is okay, because I don't
24 want to be robbing Peter to pay Paul; the next thing
25 you know we've got a 20 percent reduction for

1 everyone that we currently serve because they're now
2 pumping from this well. So, I mean, we need to look
3 at things in the bigger picture here, not just, you
4 know, project by project.

5 I'll yield, Mr. Chair.

6 CHAIR MATEO: Thank you very much, Ms. Anderson.

7 Ms. Baisa?

8 COUNCILMEMBER BAISA: Thank you, Chair.

9 I'm interested in these water comments
10 because I was going down that same road. What I
11 didn't hear in the discussion was how much the --
12 how many gallons this well -- the wells are
13 producing? I heard there was pretty good quality
14 and tests were being done.

15 But how much water?

16 MR. HIRANO: The design capacity for the wells is 1.2
17 million gallons per day. I believe that the
18 testimony by Director Eng, he indicated that they
19 could go up to 2 million gallons per day. But the
20 design capacity is 1.2 million gallons per day.

21 COUNCILMEMBER BAISA: The project according to the
22 application is supposed to require 40,000 gallons of
23 domestic water per day.

24 What happens to the rest of the water?

25 MR. HIRANO: During the -- Maui Lani Partners has a water

1 agreement with the County, Department of Water
2 Supply, that there's a 10-year license. Once these
3 wells are in production and connected to the County
4 system and they produce 1.2 million gallons per day,
5 the Maui Lani has a credit and ability to draw I
6 believe in the neighborhood of 960,000 gallons per
7 day. And that will be phased in at approximately
8 200,000 gallons per year until that level is met to
9 provide water meters for the developments within
10 Maui Lani Project District. During that period, the
11 Department of Water Supply would have the surplus
12 water to make available to the Central Maui system.
13 So, that unused water will be supplementing the
14 Central Water...water supply.

15 COUNCILMEMBER BAISA: Thank you very much.

16 Mr. Chair, may I continue on another subject?

17 CHAIR MATEO: Go ahead, Ms. Baisa.

18 COUNCILMEMBER BAISA: I was curious about -- you know,
19 we're talking about the rentals and affordability of
20 the rentals. You know, because I'm a renter myself,
21 I look at the ads every weekend, particularly on
22 Sunday, and try to gauge, you know, what's out
23 there, and a big question comes to my mind:

24 How are utilities handled in this kind of a
25 project? Who pays?

1 MR. HIRANO: According to the HUD guidelines, the tenant
2 pays the utilities. The utilities are not included
3 in the rent.

4 COUNCILMEMBER BAISA: If I might, I probably should ask
5 Ms. Medeiros, but what are the average utilities for
6 this kind of an apartment or low-income rental?

7 Because, you know, when you look at what
8 people can afford, if we're talking about 30 percent
9 of income, you add the rental payment, you add the
10 utilities, I mean, what is -- what are they
11 spending?

12 I'm just kind of curious. Because I know in
13 some affordable projects they do cover utilities.

14 CHAIR MATEO: Ms. Medeiros, would you be able to respond?

15 MS. MEDEIROS: Honestly I don't know what it is. Some --
16 again, different rental areas do different things.
17 And I can only speak from my past experience with
18 elderly housing, in which typically they would have
19 an allowance for electric, and then anything over
20 that the person would have to pay. Usually in
21 family-type rentals, normally -- especially if
22 it's -- how it's metered, they would likely pay
23 either electric allowance; or if it's individually
24 metered, they would have to pay for their electric
25 usage.

1 COUNCILMEMBER BAISA: What's going on in Lahaina with
2 these Front Street Apartments?

3 MS. MEDEIROS: I don't know. I don't have enough
4 information on the Front Street Apartments.

5 COUNCILMEMBER BAISA: Do the developers know?

6 MS. PACI: I'm not sure on that.

7 COUNCILMEMBER BAISA: Because I think it's a significant
8 factor when we talk about affordability. You know,
9 I don't know what other people pay. I can only
10 judge by what I pay in my own homes, and that may
11 not be a very good reflection because we have a
12 small family. I'm assuming that families, you know,
13 of lower income may have more people in their
14 family, at least probably an average family of four,
15 so the utility bills might be a lot larger than
16 mine. But I think it's an important piece of
17 information in determining affordability.

18 Thank you.

19 CHAIR MATEO: Thank you.

20 And just for your information purposes, we
21 were able to contact Director Eng, and he should be
22 on his way up -- so, he'd be able to respond to some
23 of the water issues.

24 Ms. -- Ms. Johnson, followed by

25 Mr. Pontanilla.

1 COUNCILMEMBER JOHNSON: Yes. Thanks very much.

2 And the discussion about utilities just
3 prompted a question that I had with regard to how
4 the laundry facilities will be set up in this
5 complex.

6 Is it going to be a central laundry complex
7 where people will go and utilize that? Or will
8 there be an opportunity for, like, dishwashers or --
9 I guess, you know, your washer/dryer in each
10 individual unit?

11 Because that really impacts water use and
12 it's going to impact what the cost is going to be
13 for each one of those tenants.

14 Do you have any information on that?

15 MS. PACI: We don't have centralized facilities. We do
16 have the opportunity in each unit for individualized
17 washers and dryers.

18 COUNCILMEMBER JOHNSON: Okay. Like, the -- you know, the
19 double stacking?

20 MS. PACI: The stack --

21 COUNCILMEMBER JOHNSON: Stacking?

22 Okay. Because that's really going to
23 impact -- if people have to go out to do their
24 laundry, you know, that's one thing. But then the
25 water usage, I can guarantee you, is going to be

1 impacted by that, and the utilities, specifically
2 for the dryer.

3 How about your air conditioning; are there
4 going to be -- is there central air? Or will all of
5 these have an opportunity to have their own
6 individual air conditioning units?

7 MS. PACI: I think just fans were planned for the units.

8 COUNCILMEMBER JOHNSON: Okay. So -- and what are --
9 because I don't know exactly -- you know, I know the
10 way the trades come. But as to the actual siding
11 and relationship to the tradewinds, will this be
12 providing sufficient ventilation for those units?

13 Because I'm assuming you're going to have --
14 I don't have the floor plan in front of me. But,
15 you know, like in order to get flow-through
16 ventilation, the unit would have to go from one side
17 of the building to the other, and so there's going
18 to be one side of the building that's probably -- if
19 they're not set up that way.

20 MS. PACI: They are not set up that way.

21 COUNCILMEMBER JOHNSON: Okay. So -- but there would be
22 the potential to add air conditioning window units
23 to each one of these? Will they be wired so that it
24 can serve individual air conditioning units for
25 those units that don't get the benefit of the

1 trades?

2 MS. PACI: We could. It just goes back to economics and
3 if they're in that affordable range. I know that
4 that's a huge hit to your electric bill.

5 COUNCILMEMBER JOHNSON: Yeah. And the only reason I say
6 that is because I know my husband in his situation,
7 because he's disabled, he has respiratory
8 difficulties and asthma; so just to filter out a lot
9 of the pollutants and to keep the air and everything
10 flowing for his comfort, we have -- we're forced to
11 do air conditioning, because other people smoke and,
12 you know, there's barbecues and all this other kind
13 of dust. So, if you don't provide that amenity, I
14 think it's going to be difficult for some people who
15 do have these health situations where it would
16 absolutely require that they have air conditioning.

17 MS. PACI: Uh-huh.

18 COUNCILMEMBER JOHNSON: So, that -- that is something that
19 I think -- you know, I'm a little concerned about.
20 Because if it's not wired for it and if it's not, I
21 guess, situated in such a way that it's going to get
22 flow-through ventilation so people can take
23 advantage of the air, you know, it may be a problem.
24 And then, of course, the expense, because I know
25 Central -- it gets pretty hot in the summertime and

1 our air conditioning bill is huge.

2 MS. PACI: Yes.

3 COUNCILMEMBER JOHNSON: It's huge. So, you know, I mean,
4 that's almost as much as some of the rent for some
5 of these units. But I would appreciate some -- I
6 guess an indication of -- even if not all the units,
7 is there some way that some of the units could be
8 accommodated...

9 MS. PACI: We could wire for it and maybe just do it case
10 by case, because I would hate for the renters to get
11 in over their head with an electric bill like that.

12 COUNCILMEMBER JOHNSON: Okay.

13 MS. PACI: The three-bedroom units would be perfect for
14 that, some of the ground floor units, that type of
15 thing.

16 COUNCILMEMBER JOHNSON: Yeah. And that -- that may be
17 true. But a lot of times -- because elderly people
18 particularly who may be moving into these units, a
19 lot of times they're not going to need three-bedroom
20 units.

21 MS. PACI: Well, they would want the ground floor units,
22 though, the two-bedroom ground floor units.

23 COUNCILMEMBER JOHNSON: Okay. Thank you very much.

24 CHAIR MATEO: Thank you, Ms. Johnson.

25 Mr. Pontanilla?

1 COUNCILMEMBER PONTANILLA: Thank you, Chair.

2 Just a quick question for the Department of
3 Housing and Human Services.

4 CHAIR MATEO: Go ahead.

5 COUNCILMEMBER PONTANILLA: In regards to Section 8
6 recipients that do rent, like, say, an ohana, does
7 the Section 8 recipients pay their own utilities?
8 Water? Sewer? Electric? Cable TV?

9 CHAIR MATEO: Department?

10 (End of side 2, tape 1).

11 MS. MEDEIROS: You know, usually there's only one water
12 meter to a property, and there should be, so usually
13 water's included as part of the rent. Cable is
14 usually their own because that's separate.
15 Electric, again most of what I've seen it's separate
16 because they would have -- actually have a separate
17 electric meter. It's very rare that you would
18 actually have the electric included, unless, like I
19 said, there's only one meter and it's part of the --
20 like I said, the one-bedroom rentals.

21 COUNCILMEMBER PONTANILLA: And you know when you provide
22 this recipients of Section 8 monies, do you folks
23 look at, you know, providing funding for those, you
24 know, incidentals?

25 MS. MEDEIROS: I think if I recall correctly -- if I

1 remember correctly in the Section 8, when they
2 determine -- when they determine your 30 percent,
3 which is your rent, there is an allowance in there
4 for utilities, specifically electric. Again, cable,
5 telephone, that's -- that's your own separate
6 kuleana. But typically there's an allowance in
7 there, and that makes up that 30 percent. Now, if
8 you go beyond that, then, again, you have to pay out
9 of your pocket.

10 COUNCILMEMBER PONTANILLA: Thank you.

11 Thank you, Chair.

12 CHAIR MATEO: Thank you, Mr. Pontanilla.

13 Ms. Anderson, go ahead.

14 COUNCILMEMBER ANDERSON: Yeah, Mr. Chairman.

15 I'm looking at the 2006 Affordable Rent
16 Guidelines from HUD for Maui dated March 22nd, 2006.
17 And I'm trying to figure out where I got this, but I
18 think I got it from our analyst. And what I'm doing
19 is trying to compare -- what we've got in our binder
20 are the 2007 Affordable Housing Guidelines. I'm
21 sorry, Members, I'm not sure if this is in -- it
22 doesn't look like it's included in this particular
23 item in the binder; but it's somewhere else in here,
24 I know that, because that's where I got it. We
25 don't have an item number. It's dated April 10th,

1 2007, from Ms. Medeiros. 2007 Affordable Housing
2 Guidelines. And when you look at this and compare
3 it with the 2006 -- I'm just looking at 80 percent,
4 Mr. Chair -- 2006, 80 percent, for a three-bedroom
5 is \$1,367. These are the rental guidelines, not
6 purchase guidelines for sale. Then if you look at
7 the 2007 for 80 percent for three-bedroom, it's
8 \$1,454, about a hundred dollars difference.
9 However, when you read the 2006 handout, the rental
10 amounts -- and I'm going to just read this so
11 everyone can follow, and if we get a chance I'll
12 make copies of this -- monthly rent levels -- and
13 the reason I bring this up, Mr. Chairman, is because
14 when HUD determines what percent of your income goes
15 toward housing, they look at housing costs, not just
16 for the cost of the rental or the cost of the
17 mortgage, but they look at what your total housing
18 cost is, which includes water, sewer, electrical,
19 everything that it takes to run the house. So, in
20 our '06 guidelines, for the 1367, it says monthly
21 rent levels would include the cost of the following
22 utilities: Water, sanitary sewage service, garbage
23 and trash collection, electricity and gas where
24 applicable. As a guide, the following are the
25 utility allowances based on an average for

1 multi-family unit and single-family unit for
2 electrical lighting, cooking, refrigeration, washer
3 and dryer, appliances, and domestic hot water as
4 established by the Housing Division, Department of
5 Housing and Human Concerns, County of Maui, for the
6 Section 8 Housing Choice Voucher Program.

7 So, they're estimating the electrical bill
8 for a three-bedroom unit as \$176 a month. That \$176
9 a month is included in the 1367. Now here we are in
10 2007, not even, you know, a year later -- this was
11 done in April -- and it says that for the 14 -- what
12 did I say? 1454 in comparison in a three-bedroom
13 unit at 80 percent, it says affordable rents are
14 based on 30 percent of gross income. Affordable
15 rents to not include utilities.

16 So, what happened in one year?

17 Utilities were included last year and now
18 they're not. There's a real disconnect here that I
19 think we need to have explained.

20 CHAIR MATEO: Would the Department be able to respond?

21 MR. ANDAYA: Yes, Mr. Chair.

22 CHAIR MATEO: Mr. Andaya?

23 MR. ANDAYA: Last year we used -- through Section 8 we
24 used the Section 8 formula to calculate the rentals,
25 and based on last year through HUD we used 33

1 percent of their -- the median income. For this
2 year, we tried to draft the guidelines based on the
3 new ordinance, the Work Force Ordinance. In the
4 Work Force Ordinance it stated 30 percent and it
5 doesn't state that utilities are to be included.
6 So, based on that we drafted the guidelines to
7 reflect that.

8 COUNCILMEMBER ANDERSON: Well, that doesn't comport with
9 when I'm looking at, Mr. Andaya. The 2006
10 affordable guidelines, affordable rents are based on
11 30 percent of the income, including utilities, not
12 33 percent.

13 MR. ANDAYA: Well, these guidelines doesn't include --
14 doesn't include utilities, and it's 30 percent.
15 So...

16 COUNCILMEMBER ANDERSON: Yeah. I mean, you know, we're
17 just fudging people up and up and out of being able
18 to afford even affordable, Mr. Chairman, you know.
19 I mean, last year we included utilities and this
20 year we're not. You know, and this year our
21 utilities are much higher than last year's.

22 So, what are we saying?

23 You know, you can afford this if you're
24 willing to spend 40 percent of your income on
25 housing instead of 30 percent. Because as I see it,

1 that's at least -- utilities are at least 10 percent
2 of what they're saying is an affordable rental. So,
3 you know -- rental fee.

4 CHAIR MATEO: Ms. Anderson, if I could, could you please
5 hold your question as we -- I want to get one more
6 before -- one more question from Mr. Hokama before
7 we bring Mr. Eng down, who is on a tight schedule,
8 and I'd like him to be able to respond to some of
9 the water questions before he's got to leave. So,
10 if there's no --

11 COUNCILMEMBER ANDERSON: No, I'm fine with that,
12 Mr. Chair. In fact, I'd like to give this to the
13 Staff and have them make copies for everyone.

14 CHAIR MATEO: Okay. Yeah.

15 Ms. Anderson, are you looking at a cover page
16 with that, too? Would that be from item -- item
17 number 8 in our binders?

18 COUNCILMEMBER ANDERSON: I don't know, Mr. Chairman. The
19 2007 guidelines, it came as a County communication.
20 It's dated April '07. It doesn't have any item
21 number on it, so I'm not sure where I got it.

22 CHAIR MATEO: Okay. We'll have Staff take a look at your
23 copy and we'll verify it.

24 Mr. Hokama?

25 VICE-CHAIR HOKAMA: Chairman, thank you.

1 I've been listening with great interest, the
2 comments and questions, Chairman, so for the -- our
3 department, our Housing Division, regarding -- you
4 brought up Section 8 housing.

5 So, first of all, in the Department's eyes,
6 we view Section 8 recipients as applicants who are
7 on subsidized housing? Or they're part of
8 affordable housing?

9 Because for me there's a big difference.

10 Is Section 8 considered subsidized housing?

11 MS. MEDEIROS: Well, Section 8 by its very nature is
12 subsidized housing.

13 VICE-CHAIR HOKAMA: And I just wanted you to reverify
14 that, Director.

15 Regarding -- but what we're looking at is
16 affordable housing at the -- below 80 percent, which
17 means I don't expect them to necessarily have
18 Section 8 subsidy to get the unit.

19 MS. MEDEIROS: They don't need to have Section 8 -- it's
20 not -- it's not a specific Section 8 housing
21 development. I mean, it's possible that they may
22 have renters who may have Section 8 vouchers. And
23 the vouchers are completely portable, so they can
24 take it wherever they can find a rental facility. I
25 believe what is being proposed is an affordable

1 project.

2 VICE-CHAIR HOKAMA: The Section 8 voucher program in
3 relation to the housing that the Department provides
4 only goes to qualified dwelling units that the
5 Department certifies?

6 MS. MEDEIROS: It -- yes. It's based on the housing
7 quality standards.

8 VICE-CHAIR HOKAMA: Okay. I was with interest listening
9 to Ms. Anderson, the differences she noted in the --
10 what was included in the base rent numbers.

11 Is that by HUD's authority to allow the
12 County to have discretion or whether or not to
13 include certain components of a rental -- of a rent?

14 MS. MEDEIROS: I'm not clear on what you mean by that.

15 VICE-CHAIR HOKAMA: She mentioned a year before it
16 included utilities; then the new one she has made
17 the Committee aware of did not include the
18 utilities. So, I'm trying to understand whether or
19 not it is just a departmental decision or policy
20 change or it's just something that HUD has
21 determined that it does not need to be part of the
22 calculations. And I ask that because, again, the
23 condition of zoning is based on HUD -- what's the
24 right word? HUD income guidelines.

25 MS. MEDEIROS: Yeah. It's -- the condition is based

1 solely on HUD income guidelines, so it's just a
2 method by which the calculation is made with terms
3 of the income, the household income and whether that
4 household incompletes that percentage of the
5 project. So, if you're saying that you're providing
6 housing for less than 80 percent, we look at it and
7 we base it on the HUD median income requirement.

8 VICE-CHAIR HOKAMA: Okay. Now, what I'm trying to get at,
9 Director, is that at the 80 percent -- we have been
10 given numbers, so I'm taking from the Applicant's
11 handout dated September 11th -- excuse me,
12 September 11th; so, at the 80 percent, for a family
13 of four, the income is 55,920, you take 30 percent
14 of that, that would be the rental, I guess, cap for
15 a family of 80 under the HUD program. I'm just
16 trying to understand.

17 Is the rent only included for the unit and
18 nothing else?

19 We heard about maintenance fees; we heard
20 about air conditioning; we heard about cable and all
21 of these other amenities.

22 Is the rate based on just a basic unit and
23 nothing else?

24 CHAIR MATEO: Department?

25 MR. ANDAYA: Mr. Chair, once again we tried to adhere to

1 the Work Force Ordinance, which...

2 VICE-CHAIR HOKAMA: I'm not asking about the Work Force
3 Ordinance, Mr. Andaya. I'm asking what HUD allows
4 the County to do regarding the 30 percent.

5 MR. ANDAYA: You know, HUD includes the utilities.

6 VICE-CHAIR HOKAMA: They include the utilities as standard
7 practice for -- regardless of the rental rate? It
8 always includes the utilities?

9 MS. MEDEIROS: Again, I think it needs to make sure that
10 we clarify that there's normally -- if they include
11 it in the rent, there's normally an allowance,
12 because it would be -- it's really futile for
13 whoever is managing the facility to not be able to
14 have some control over the electric usage, because
15 you could possibly have people who run lights all
16 night long which could, you know, run the facility
17 bankrupt. So, again, if the rents -- and in your
18 list, if you look at the 2007 list, it clearly
19 states at the bottom that the affordable rents do
20 not include utilities. But, again, in Section 8,
21 typically there is an allowance for electrical
22 utility.

23 VICE-CHAIR HOKAMA: Okay. And I appreciate that.

24 And quickly, Mr. Chairman, as a follow-up.

25 So, under your Directorship, Director

1 Medeiros, this Administration views the guidelines
2 or the 30 percent to not include the utilities.

3 Is that how this Committee can understand
4 this Administration's view on the percentage for
5 affordable programs?

6 MS. MEDEIROS: Yeah. I think, again, what our Housing
7 Division attempted to do was to make sure that we
8 aligned ourselves with the Work Force Housing Policy
9 to ensure that when we're looking at developments
10 coming through that we would be comparing apples and
11 apples and not try to compare apples and oranges,
12 which could cause a lot of confusion.

13 VICE-CHAIR HOKAMA: Okay. And I bring that up, Director,
14 because this committee has heard from the Applicant
15 that they have reviewed other rental or housing
16 documents, Mr. Chairman, that has allowed certain
17 practices either in the past or currently, so I'm
18 just trying to understand what is that practice,
19 because, you know, I've been around this building
20 many decades and I have not been aware that we have
21 this rental practice.

22 So, are you aware of what the Applicant was
23 sharing earlier in their opening comments, that this
24 was based on other rental agreements or practices?

25 MS. MEDEIROS: I'm not aware of those practices. Again,

1 you know, I think our Housing Division has been
2 doing Section 8 for many years. And again, trying
3 to make sure that we don't compare apples and
4 oranges, the Section 8 process is a specific process
5 that adheres to the HUD regulations. Again, we use
6 the HUD median income to determine affordable scales
7 as far as who meets certain criteria, and when it
8 comes down to the affordable rent guidelines that
9 are shown here, these are shown as strictly 30
10 percent of their income. And, again, this was done
11 just to make sure that -- this was done to make sure
12 we aligned with the work force housing policy.

13 VICE-CHAIR HOKAMA: Okay. Does the Department still do
14 their Maui County adjustment by islands?

15 MS. MEDEIROS: Yes, they do. It is in the information
16 that was sent out, too.

17 VICE-CHAIR HOKAMA: Chairman, I appreciate this
18 opportunity, and I know you want to get to Mr. Eng,
19 so thank you very much.

20 CHAIR MATEO: Thank you, Mr. Hokama.

21 Members, we'd like to shift at this
22 particular point in time. We were fortunate enough
23 to be able to have Mr. Eng, who we did not
24 originally request to be present, and he is
25 available this morning for a little bit. So, I'd

1 like to ask him to come on down and help us in
2 addressing some of the water issues.

3 And, Members, please be sure that your
4 questions are brief and to the point so we're able
5 to squeeze in as many questions as we can.

6 Thank you.

7 Mr. Eng, again, thank you. And good morning.

8 MR. ENG: Good morning, Chairman Mateo and Committee
9 Members.

10 CHAIR MATEO: Why don't we go ahead.

11 Ms. Baisa had an issue -- a question on
12 water.

13 And while Ms. Anderson is conferring, let us
14 start with you for a bit.

15 COUNCILMEMBER BAISA: I really didn't have an issue, but I
16 was trying to find out some information.

17 They're talking about the wells that have
18 been pumped at Maui Lani and we received information
19 from the developer that, yes, they're doing pumping
20 tests and water quality tests and they all appear to
21 be very positive.

22 My question was, the project proposal says
23 that they'll need about 40,000 gallons of domestic
24 water a day for this project, so how would the rest
25 of the water be used, since they stated that the

1 well would probably yield 1.2 million gallons per
2 day?

3 Also, I was interested in the average cost of
4 water for a home, because we're looking at utilities
5 as being a factor in what people can afford to pay
6 for housing costs.

7 MR. ENG: Okay. Well, to respond to your first question,
8 when those three wells are completed and come
9 on-line, the minimum pumpage in total for the three
10 should be about 1.2 million gallons per day. So, as
11 you indicated, the project itself only requires
12 about 40,000 gallons per day, so the plan is any
13 excess will be available to the County; and then,
14 over time, as this project is built out, the water
15 will be providing this project. So, this is an
16 opportunity for the Department and County to buy
17 time as we develop new sources.

18 In response to your second question, you
19 know, these are basically like apartment condominium
20 units. I don't know how it's going to be metered.
21 Typically for multi-family type of facilities there
22 are a master meter. You know, ideally, and to
23 promote conservation, you would have individual
24 meters for each unit, because generally when someone
25 is metered and charged water individually they're

1 going to be much better in their conservation
2 efforts.

3 In that case, per unit, again, I don't know
4 how they're going to be billed, if it's going to be
5 through their maintenance fees, which are typical.
6 But ideally if they were independently metered, then
7 there wouldn't be any irrigation involved. It would
8 just be for their domestic in their unit usage. So,
9 clearly it would be fairly minimal. What I would
10 think for a two-month period would be less than
11 10,000 gallons per two-month billing period, and our
12 rate at that first tier is, I believe, \$1.55 per
13 thousand gallons. So, it would be, basically, the
14 \$1.55 times 10,000 gallons for that two-month
15 period, plus the monthly stand bar charge, which --
16 I'm sorry, but my memory doesn't recall. So -- but
17 it would be fairly on the low side, I would believe,
18 as far as their water bill.

19 COUNCILMEMBER BAISA: Do I not -- I may be confused.

20 Doesn't the sewer fee factor into the water
21 bill, too?

22 MR. ENG: Again, if it was individually metered, then,
23 yes, there is. And I don't know what the sewer
24 division charge is per apartment or individual type
25 of multi-family unit. So, I'm -- but, yes, it would

1 be added to their -- to their bill.

2 COUNCILMEMBER BAISA: Okay. Thank you.

3 We really should probably try to get some
4 better figures.

5 Thank you.

6 CHAIR MATEO: Mr. Molina, followed by Ms. Johnson.

7 COUNCILMEMBER MOLINA: Thank you, Chair.

8 Good morning, Mr. Eng.

9 Can you comment on the water quality of the
10 wells at this point?

11 MR. ENG: No, I can't. I haven't seen those pump tests
12 reports. I apologize for not doing that. I should
13 have done it after our last meeting. But in talking
14 to the hydrogeologist, you know, he indicated to me
15 the water quality was fine. He also indicated that
16 he anticipated the water quality will remain good.
17 But as I indicated in last week's meeting, you know,
18 the proof is in the pudding. You know, once we
19 operate it over a long period of time, you know,
20 then we'll get a better idea of the long-term water
21 quality and if there will be any changes to that.

22 COUNCILMEMBER MOLINA: So, at this point you cannot say
23 whether any type of filtration will be needed?

24 MR. ENG: No, not at this time.

25 Again, there is an agreement. Part of the

1 agreement is a three million dollar remedial
2 requirement by the developer that if, indeed, there
3 is any water quality issues such as high chlorides
4 or other contaminants that there is \$3 million that
5 they will invest to address the quality issues.

6 COUNCILMEMBER MOLINA: Thank you.

7 Thank you, Chair.

8 CHAIR MATEO: Thank you, Mr. Molina.

9 Ms. Johnson?

10 COUNCILMEMBER JOHNSON: Yes.

11 Jeff, thanks for being here.

12 You weren't here when we were discussing
13 about washers and dryers because they will not have
14 a centralized washer and dryer system set up, so it
15 won't be complex, accessible, it will be for each
16 individual unit, and they will more than likely be
17 using like the stacking-type units. Not all of the
18 individuals may choose to have those; I'm just not
19 certain if that would be standard equipment or not.
20 So, I guess my assumption is that it's probably
21 going to be individually metered, but I guess you'll
22 have to confirm that with them.

23 But I guess my question is, does the use of
24 the washer/dryer/dishwasher, if they have one, does
25 that generally affect what, you know, their overall

1 water usage is? Or doesn't it really add that much
2 to, I guess, the overall water calculations?

3 MR. ENG: Well, obviously any additional water-consuming
4 fixture or appliance is going to add to the water
5 bill. But generally for all of us, for our domestic
6 uses, our primary demand and consumption is in
7 our -- really in our bathrooms, for either bathing,
8 using the toilets, you know, and those type of -- in
9 the sinks. So, really, if people can consciously
10 conserve more, you know, in those areas and in --
11 also in the kitchen, I think that's where your
12 greatest conservation impacts occur. So, really,
13 when it comes to, like, clothes washing, it's not a
14 real major water demand item.

15 COUNCILMEMBER JOHNSON: Okay. But because not every unit
16 might have that, again, conservation, you know, may
17 be an issue, because then they're not paying the
18 individual water bill along with whatever their
19 monthly costs are. So, I think if you're looking at
20 the man site management, you know, your
21 recommendation is going to mean a lot to us as to
22 how they're metered in terms of conservation. If
23 you have central metering -- I think your point was
24 well taken earlier -- there's less likelihood that
25 there's going to be conservation, whereas if your

1 usage is directly tied to your monthly bills, you're
2 going to at least be able to draw some kind of
3 correlation and then, you know, you can actually ask
4 people to conserve 10 percent.

5 MR. ENG: Yes.

6 COUNCILMEMBER JOHNSON: Okay. Thank you.

7 CHAIR MATEO: Thank you, Ms. Johnson.

8 Ms. Baisa?

9 COUNCILMEMBER BAISA: Yes. I forgot to ask earlier, but
10 my memory was jogged by something that Mr. Eng said.

11 Leiane mentioned earlier that the monthly
12 maintenance fee would be around \$200 a month and it
13 would be included in the rental. Maybe you want to
14 dig a little more into what that covers, because
15 Mr. Eng said it might cover the water, the water
16 bill if there's a central meter. I'd like to know
17 that.

18 Leiane, can you tell us?

19 MS. PACI: It would not include the water, because
20 although we were planning to do a central water
21 meter, it was going to be sub-metered, so there
22 would be a proration to all the units. And then
23 there would be, of course, a common area water bill
24 that would be included in the maintenance.

25 COUNCILMEMBER BAISA: So, that would probably take care

1 of, like, the landscaping of the big project areas,
2 the public areas?

3 MS. PACI: Correct.

4 COUNCILMEMBER BAISA: Okay. Thank you.

5 MS. PACI: Not all.

6 CHAIR MATEO: Thank you.

7 Ms. Anderson, go ahead.

8 COUNCILMEMBER ANDERSON: Thank you, Mr. Chairman.

9 Thank you, Director Eng, for hopping down
10 here real quickly. Appreciate it.

11 You stated in your June 4th letter that you
12 do have concerns over the effect these wells will
13 have on withdrawals at the Kahului Aquifer.

14 What assurances do you have that once they
15 start pumping these wells it won't affect other
16 wells that are on-line?

17 MR. ENG: Well, I have no assurances that they won't
18 impact other wells; but fortunately in that area
19 there are no other domestic wells. So, you know,
20 there is not going to be any impaction to any other
21 of our domestic wells. And, so -- and we have no
22 plans to develop additional domestic wells in that
23 area. So, therefore, there shouldn't be any
24 impaction.

25 COUNCILMEMBER ANDERSON: So, what happened to alleviate

1 your concerns that you had on June 4th?

2 MR. ENG: Our concerns that we expressed in the letter of

3 June 4th was just basically to memorialize our

4 concerns. You know, there is a certain amount of

5 uncertainty because of the development of wells in

6 the Kahului Aquifer, which as we are aware indicates

7 it has a fairly minimal sustainable yield of two

8 million gallons per day, and, you know, these wells

9 basically can consume the entire two million gallons

10 per day if you pump them to their max and

11 continuously. So, I thought it was prudent on the

12 part of our Department to at least memorialize our

13 concerns, particularly in the event that some

14 remediation has to take place, you know. And

15 obviously we don't want to accept them cart blanche.

16 You know, we have to, for the sake of the community,

17 document our concerns. So, that was the only

18 purpose of our -- of the statements that we made.

19 It was not to deny those wells or not accept them.

20 Because, again, we won't really know the quality

21 until we bring them on-line.

22 COUNCILMEMBER ANDERSON: Well, it's good to memorialize a

23 concern. But if there's no -- and I appreciate your

24 saying you're not going to really know until they

25 start pumping it. And, you know, a five-day pump

1 test really doesn't give you an overall, you know --

2 MR. ENG: No, it doesn't.

3 COUNCILMEMBER ANDERSON: Idea of what the long-term
4 effects... (end of side 1, tape 2)... and, you know,
5 the cumulative demand for the Maui Lani project is
6 2.4 million gallons a day. And, you know, if the
7 aquifer only has two million gallons a day --

8 Do you know how much water they're currently
9 using from the County system?

10 MR. ENG: No, I don't.

11 COUNCILMEMBER ANDERSON: That would be good to know.

12 So, when they start pumping the wells,
13 Mr. Eng, when are you going to -- at what point do
14 you feel that the pump -- the pumping, a sustained
15 length of pumping, would give you a good idea of
16 what the sustainable draw is based on industry
17 standards?

18 MR. ENG: I think once we start operating it we will be
19 monitoring it real closely and regularly from day 1,
20 because we are curious to see how the water quality
21 will behave over time. So, you know, it's clearly
22 going to be of interest to the Department. So...

23 COUNCILMEMBER ANDERSON: And that's what I'm asking you.

24 What's "over time"? I mean, how much time do
25 you feel is necessary for them to pump the wells to

1 get, you know, a sound idea of what the sustainable
2 yield from that particular well will be, or wells?

3 MR. ENG: Well, I would think particularly over that first
4 30-day period we would be taking samples for various
5 water quality tests, particularly chlorides, because
6 I'm curious myself, you know. And, again, if there
7 is any indications that we need to alter pumpage
8 rates or do something, we would take that action.
9 So, you know, it is something that we will monitor.
10 We have a lot of concern.

11 COUNCILMEMBER ANDERSON: And where is the closest monitor
12 well to these wells?

13 MR. ENG: There's no monitor well, I believe, in the
14 Kahului Aquifer, to my knowledge.

15 COUNCILMEMBER ANDERSON: None at all?

16 MR. ENG: No. So, it will basically require us to take --
17 actually grab samples of water regularly, maybe even
18 daily, and take them to our lab to perform some
19 tests, particularly chlorides.

20 COUNCILMEMBER ANDERSON: And do you have any assurances
21 from USGS that the pumping in the Kahului Aquifer
22 will not affect the Iao Aquifer?

23 MR. ENG: They've informed me -- I think I posed a
24 question to them earlier on in other locations in
25 Kahului Aquifer that there would be any impacts to

1 these other aquifers and they informed me that they
2 wouldn't.

3 COUNCILMEMBER ANDERSON: Okay. Great.

4 Thank you.

5 Thank you, Mr. Chair.

6 CHAIR MATEO: Thank you very much, Ms. Anderson.

7 Members, additional questions for Mr. Eng?

8 COUNCILMEMBER VICTORINO: Mr. Chair?

9 CHAIR MATEO: I'm sorry. Go ahead, Mr. Victorino.

10 COUNCILMEMBER VICTORINO: That's okay. I know I get lost
11 way down this end of the table.

12 Mr. Eng, you brought up some very good
13 points, the 1.2 million from which Maui Lani will be
14 pulling out.

15 My question to you is, of these projects, how
16 much of this project do you know has been completed
17 to this point? Because these wells are not on-line
18 at this time. We're not using them at all, right?

19 MR. ENG: No, they're not on-line yet.

20 COUNCILMEMBER VICTORINO: Okay. So, of the Maui Lani
21 completion, how much of the phases have been done,
22 in your estimation, or do you have any idea?

23 MR. ENG: You know, I don't have an exact estimation.

24 COUNCILMEMBER VICTORINO: Mr. Chair, would it be all right
25 and appropriate to ask the developer or the

1 developer's representative if they could give us
2 that figure, how much of Maui Lani has been
3 completed, how many -- what percentage of the houses
4 have been completed to this point?

5 CHAIR MATEO: Mr. Hirano?

6 MR. HIRANO: It is in the application, Councilmember
7 Victorino. I think we mentioned about approximately
8 957 units have been built to date in the Maui Lani
9 Project District.

10 COUNCILMEMBER VICTORINO: Okay. So-- and all those units
11 are basically taking County waters from our County
12 water system?

13 MR. HIRANO: That's right, yes.

14 COUNCILMEMBER VICTORINO: Okay. So, that has nothing to
15 do with this 1.2 million gallons that you're
16 proposing to add to the rest of your phases through
17 the completion of the 3,700 units?

18 MR. HIRANO: Yes, that's correct.

19 COUNCILMEMBER VICTORINO: Okay. So, Mr. Eng, going back
20 to you again, would you from the Department -- I'm
21 not sure if it comes from you folks or it comes from
22 Planning, because you mentioned an interesting fact
23 a moment ago, that much of our use is from our
24 toilets, showers, and stuff -- of those areas.

25 Would you be able to propose -- or does it go

1 to Planning? I'm not sure where it does -- low-flow
2 or dual-flush toilets and low-flow, that it would
3 become mandatory from any new development from this
4 point forward? Would it come from your Department
5 or would it come from someplace else?

6 MR. ENG: You know, I really don't know the answer to that
7 question. You know, obviously we do make
8 recommendations to developers when we comment on
9 their applications. It would be something that we
10 probably in this community need to see. And whoever
11 is -- administers it or, you know, provides that
12 guidance, you know, I think we can all support that.

13 COUNCILMEMBER VICTORINO: So, in other words, maybe
14 Mr. Chair, it would come back to this body to maybe
15 put that wherever the appropriate department that
16 mandates from hereon in. Because, again, we talk
17 about water and conserving and sources and all these
18 other things, but we have such a big waste or big
19 use when we talking our hygienics, you know, what we
20 use for our hygiene, right? And with that in mind,
21 I think -- I've seen estimates from anywhere from 30
22 to as much as 45 percent of our water bill is
23 basically used in that area, which is a tremendous
24 amount. Now, gray water, we've been told that the
25 Department of Health doesn't want gray waters to

1 individual homes and where they could have separate
2 lines. They're very leery about allowing that. But
3 maybe it's time we mandate this somehow, some way.
4 And it's off the subject matter and I'll stop at
5 this point. But I think when he keeps mentioning
6 that part and that being 30 to 45 percent from all
7 the estimates I've ever read, I think that's a big
8 chunk that we need to really look at for any further
9 development, that that would be mandated at part of
10 the whole condition. If you want to put it under
11 conditions, that would be fine with me.

12 Thank you, Mr. Chair.

13 CHAIR MATEO: Thank you, Mr. Victorino.

14 Members, I'm going to ask the Members to be
15 sure that they're -- you have exhausted your
16 questions with water because Mr. Eng is not going to
17 be available to us after the next 15 minutes.

18 Mr. Hokama?

19 VICE-CHAIR HOKAMA: Chairman, thank you for understanding
20 the parameters of the Director's presence.

21 So, Director Eng, just quickly, we've heard
22 from your comments and we have in the documentation
23 by the Applicant, as regards to their three wells,
24 as it could potentially impact the Kahului Aquifer.
25 But many of us also know that there are other straws

1 in the aquifer. Maui Pines Cannery has wells. Hale
2 Mahaolu has wells.

3 So, what is the drawing out of all these
4 other straws as it relates to the aquifer and the
5 concern of that if we potentially overpump the issue
6 of certain mitigative requirements regarding
7 potential contamination impacts the decision for us
8 today? Do you have any comments you could share
9 with us?

10 CHAIR MATEO: Mr. Eng?

11 MR. ENG: Thank you.

12 You know, again, I've met with
13 hydrogeologists when I first came on this job and I
14 needed to because it was a pretty -- they're really
15 kind of going out in the new frontier when it came
16 to developing wells, particularly in the Kahului
17 Aquifer for domestic purposes. So, I clearly had my
18 doubts. And even if you were to ask me now about is
19 that the place where we would develop new sources,
20 no, I don't think so. But he gave me his
21 explanation of why he felt this particular site
22 would be -- would work, you know. And he is a
23 professional and a well respected hydrogeologist.
24 And not that he totally convinced me in that
25 meeting, let me tell you that. But, you know, I

1 heard him out, and I also -- many times when it
2 comes to understanding what's happening in aquifers
3 and water quality and impacts, there's not a lot we
4 don't know because we can't see it, you know. Even
5 like the studies the USGS are doing for us. I think
6 there are great modeling efforts and, you know,
7 they're very convincing. They've been convincing
8 me. But I also have a certain amount of doubt,
9 because you really don't know. You know, even the
10 USGS's modeling efforts are only as good as the
11 computer and the model that they're using, you know.
12 And it was a human being programming that model, you
13 know. They're using their best tools and monitoring
14 wells and data that they have. But, again, we don't
15 understand the geologies -- you know, it's not
16 consistent throughout, you know. So, I'll always
17 have my doubts to a certain extent, you know. But I
18 always believe that we have to be very -- I have to
19 be open-minded and look at all various options, even
20 in the course we're taking in developing water for
21 the County. I can't close my mind to all options.
22 And, so -- and I also understand how wells behave.
23 You know, I've never been able to predict if a new
24 water source would be a good source or not.
25 Sometimes those that we thought would be great just

1 pan out to be mediocre. And in other cases, there
2 are some wells that there's no rhyme, no reason that
3 should be good in quality and productivity, but
4 indeed they turn out to be. So, for right now I
5 have to be optimistic that these wells are going to
6 be productive and beneficial to the community and
7 that we, the County, can get and tap into those
8 sources and utilize those sources.

9 So, if you ask me if it's a go or no go,
10 right now, for me, it's a go. I'm willing to
11 operate those wells and see what we get, and I will
12 hope for the best.

13 VICE-CHAIR HOKAMA: I hope that is based on conservative
14 optimism, Mr. Eng, because we cannot afford to not
15 be conservative on the side of caution to minimize
16 any potential negative impacts to any aquifer.
17 Because we all know that for Kahului, besides just a
18 general percolation that's over the Central plains,
19 you know, the Waikapu River and whatnot -- Stream, I
20 should say, runs through Central plain toward Kihei,
21 so there's percolation from the natural flows of the
22 rivers of the West Maui mountains, or what we call
23 the basic source of Iao Aquifer.

24 And, again, just to hear it from you, the
25 hydrologist you're talking about is who, please?

1 MR. ENG: That was Mr. Nance.

2 VICE-CHAIR HOKAMA: Okay. And thank you for that,
3 Director.

4 And I'm happy you have some confidence and
5 optimism, because I don't view that hydrologist in
6 the same light as you. So, I have my conservative
7 concerns regarding his position and his statement
8 regarding water availability.

9 Chairman, thank you very much.

10 CHAIR MATEO: Thank you, Mr. Hokama.

11 Ms. Anderson?

12 COUNCILMEMBER ANDERSON: I have my same concerns.

13 It's my understanding that they've drilled
14 somewhere in the neighborhood of six wells in order
15 to get two or three wells that are functioning.

16 MR. ENG: You know, I don't know the total number of wells
17 that they've drilled. I thought they had a couple
18 of irrigation wells on the golf course property, so
19 that might be the six wells that...

20 COUNCILMEMBER ANDERSON: No.

21 MR. ENG: No?

22 COUNCILMEMBER ANDERSON: I'm talking about newly drilled
23 wells for this particular purpose.

24 My concern is that we're now in a drought
25 situation for the Central System, which includes

1 Kahului Aquifer, and we're not going to know -- I
2 mean, you're saying the USGS says there's no
3 connection between the two. I hope they're right.

4 But if I may, Mr. Chair, I just want to throw
5 this in.

6 In the past, when the Board of Water Supply
7 has declared a drought, they've also put a
8 moratorium on issuing meters during drought
9 declarations.

10 So, is there any intention for the Department
11 to do the same for Central Maui?

12 MR. ENG: Well, that's a tough question, and it's
13 something that we have to consider, particularly if
14 our request for voluntary conservation isn't
15 successful.

16 I can see our demand projections, and they're
17 not going down, as we all know. I have concerns
18 about how we're managing the aquifers; we all do.
19 And we know we're still in a drought situation. And
20 I believe NOAA has indicated that the drought
21 they're projecting will extend into November. So,
22 we have all these factors to consider, and it's
23 going to take -- it's going to take all of us
24 together to make the right decision on where we go
25 from here. You know, I'm still pleading with the

1 community to be very conscious in their water
2 consumption, and hopefully that their...our
3 voluntary request will be successful.

4 And I'm optimistic, and I -- and the reason
5 why is because the Upcountry people have proven to
6 us that they can conserve. And even though it's
7 been -- it was a mandatory requirement, you know, I
8 think in talking to people Upcountry and those that
9 have been calling me, you know, it's really opened
10 up an awareness of people, and I think maybe even in
11 Central. Some of you are experiencing comments from
12 your constituents. And I think we're going in the
13 right direction as a community; but, again, we're
14 going to even have to take it further. And if we
15 have to take further action, again, it will be
16 something that I think we will all be participating
17 and discussing in.

18 COUNCILMEMBER ANDERSON: So, does that mean your answer is
19 that you are still issuing meters from the Central
20 system?

21 MR. ENG: Meters are still being issued, yes.

22 COUNCILMEMBER ANDERSON: Well, we're going to certainly
23 hear about that because we've heard it already.

24 Why should we conserve -- are we conserving
25 so that you can give more people water that should

1 already be our water?

2 That's the question, Mr. Eng.

3 MR. ENG: I've heard that same question.

4 COUNCILMEMBER ANDERSON: And what's your answer?

5 MR. ENG: Well, I'm not, at this point, the person to say
6 there's no mirror meters to be issued.

7 COUNCILMEMBER ANDERSON: Well, who is the person?

8 MR. ENG: And I would like and appreciate your, you know,
9 participation. It is somewhat of a policy decision,
10 I believe, and I don't create County policies, so I
11 will be leaning on you folks for guidance if we go
12 to the -- have to take those type of measures.

13 COUNCILMEMBER ANDERSON: Well, that's interesting, because
14 we don't -- we don't have the authority to issue
15 meters. You're the one with the authority to issue
16 meters.

17 And, so, you're asking us to make that
18 decision for you?

19 Because we'll be happy to do that on Monday
20 at our Water Resource Committee Meeting.

21 MR. ENG: That will be fine.

22 COUNCILMEMBER ANDERSON: Okay. Bring us the data
23 necessary to make that decision, please.

24 Thank you, Chairman.

25 CHAIR MATEO: Members, additional questions for Mr. Eng?

1 If not, there's an urgent request for a break
2 at this point.

3 And just a reminder, Mr. Eng will not be
4 available further.

5 Any more questions?

6 Members, we will take a 10-minute recess at
7 this moment. And please remember when we return we
8 need to address the application. There's three
9 resolutions before us, and that's where the
10 discussion will start.

11 We will stand in recess until 10 after 11:00.

12 Committee stands in recess. (Gavel.)

13 RECESS: 10:57 A.M.

14 RECONVENE: 11:14 A.M.

15 CHAIR MATEO: ... 2007 will reconvene.

16 Members, thank you for that short break.

17 We're ready to start working on the
18 Application.

19 Members, as a reminder, there is -- we have
20 three resolutions before us. And as you know, the
21 first resolution recommends approval, as submitted,
22 with exemptions. The second resolution we're
23 looking at is approval with modification. And the
24 third resolution that we have before us recommends
25 disapproval. The -- we do have options at this

1 point with each of these resolutions.

2 Members, the floor is open for discussion.

3 Ms. Johnson?

4 COUNCILMEMBER JOHNSON: Yes. During the break -- and I
5 know Mr. Kushi isn't here right now -- but I had an
6 opportunity to visit with him, because ordinarily,
7 as part of a 201H application, the requirement that
8 we've always had has been 51 percent affordable
9 housing and then, of course, the Applicant can go
10 forward on a fast-track basis and ask for certain
11 exemptions. I know that's part of the standard
12 requirement. What I posed to him was the question,
13 that if this is part of a standard requirement, then
14 in order to fast-track, should we be counting all of
15 these units, then, towards the affordable
16 requirement that is attached to the Maui Lani
17 development overall simply because, in my view, are
18 we double-counting? Because if -- I can understand
19 about everything over 51 percent being counted
20 towards the requirements.

21 But overall, my question is, do we as a body
22 also want to count those units that would be
23 ordinarily required attached to a 201H application
24 of 51 percent, do we also count those towards
25 satisfaction of the Maui Lani project requirements

1 which, in my view, are separate from the 201H
2 application?

3 I'm not going to speak for him. But,
4 essentially, you know, he ultimately says it is our
5 call. But he could come up with possible
6 justification because it's located within the
7 Project District for exempting that. But I just
8 want the Members to know that was a question that I
9 posed, because it is a question to me. I don't want
10 other developers, you know, looking at this
11 application and then saying, oh, well, yeah,
12 everybody else is double-dipping, so why not me.
13 So, I would like to hear from the Department,
14 though, what their justification is with regard to
15 not seeing this as a double-counting, both by 201H
16 requirements as well as the requirements underneath
17 the affordable component of Maui Lani?

18 CHAIR MATEO: Thank you.

19 Department, would you be able to respond to
20 Ms. Johnson?

21 MS. MEDEIROS: Sorry, because I came rushing in. I'm
22 sorry. My blood sugar was a little bit low.

23 Let me just make sure I understand, because I
24 caught you sort of half into your discussion.

25 I believe you're indicating that under

1 Section -- under the 201H, the requirement is that
2 51 percent of the units has to meet the affordable
3 requirement, which would mean in this case a little
4 over half of 72, whatever that is, 40-something, I
5 think it is, or --

6 UNIDENTIFIED SPEAKER: It's less than that.

7 MS. MEDEIROS: 37?

8 36. Oh, I was close.

9 Okay. And then you're also indicating
10 that -- so, 36 of the 72 units would meet the 201H
11 requirement, and therefore only 30 -- the remaining
12 number, which is the other 36, would be applicable
13 to the Maui Lani's affordable requirement? Is that
14 what you're saying?

15 COUNCILMEMBER JOHNSON: Yes, that's what I'm asking you,
16 because ultimately -- and Mr. Kushi, now that you're
17 back, I'll let you explain what you explained to me.
18 But I essentially just, you know, revealed that it
19 was ultimately our call as to whether we count these
20 or not. But I wanted Ms. Medeiros to explain why
21 the Department -- or your position is that all of
22 these -- and I'm assuming all of these, then, in
23 your view would be counted towards the satisfaction
24 of the affordable housing requirement for Maui Lani.

25 MS. MEDEIROS: To be real honest, I wasn't aware of that

1 situation at the time.

2 COUNCILMEMBER JOHNSON: Okay. So, what you're basically
3 saying is that you were not aware of that separate
4 attachment to the 201H having its own set of
5 requirements?

6 So, knowing that, is it -- would it be your
7 position, then, that all of these units still be
8 counted towards the satisfaction of their
9 requirement under Maui Lani?

10 MS. MEDEIROS: Normally I don't want to set a precedent or
11 a bad precedent. You know, being from the County,
12 of course, we want to get as much affordable housing
13 as we possibly can get our hands on. But in this
14 case, because I did not pick up on it from the very
15 beginning, it would be unfair for us to now turn
16 around and require them to separate out those number
17 of units. So, I would have to hold to what we
18 originally accepted.

19 COUNCILMEMBER JOHNSON: Mr. Chair, I think it's a call for
20 the Members at this point, because I understand the
21 rationale. And if there are other considerations
22 that are being given on the part of the majority,
23 the majority believes that we are benefitting
24 overall from this particular development. I can
25 understand if we can justify that. Myself

1 personally, I just don't want it to be a precedent,
2 that everybody uses 201H applications to satisfy
3 requirements under affordable housing. Because, to
4 me, the whole purpose and intent of the state
5 legislature passing 201H, which is the majority of
6 homes, and it doesn't even specify a particular
7 amount, but majority being 51 percent of the homes
8 are affordable, was to address the concern of the
9 lack of affordable housing but to also provide a
10 fast-track incentive for people to provide this
11 housing. And, therefore, the exemptions that are
12 asked for are often -- most often -- I can't
13 remember that we've ever denied exemptions under the
14 201G or 201E and 201H applications. I think that is
15 where the developer is benefiting somewhat. And in
16 this case he's asking for the waiver and exemption
17 from traffic impact fees, and my personal feeling is
18 that they have provided traffic solutions within
19 their overall development, so I have no problem with
20 the waiver of that. They're not asking for park
21 assessment exemption; but they are asking for -- I
22 believe it's the Phase II and III waiver of those
23 approvals, which would add ostensibly five to six
24 months to the whole process. But I really -- I just
25 have this nagging feeling that because we're so

1 close to this 80 percent that that may become an
2 issue. If it was a little bit less, if they were
3 all at the 70 percent or maybe a little bit lower, I
4 might feel better. But as Ms. Medeiros said, you
5 know, they're going into this process making an
6 assumption that all of those units are to be
7 counted. But I don't want other developers to make
8 that same assumption, because the 201H has its own
9 requirements irrespective of anything else.

10 So, I just ask the Members to think about is
11 this where we want to go and do we want to subject
12 this particular development to, I guess, the
13 perception that we're double-dipping. And I think
14 we just need to justify that in this case we're
15 going to approve it without excluding any of those
16 units as counting towards their affordable housing
17 requirement, then we should put it on the record and
18 justify it.

19 CHAIR MATEO: Thank you.

20 Mr. Hokama?

21 VICE-CHAIR HOKAMA: Chairman, thank you.

22 I view it slightly differently, Chairman. I
23 have no problem counting all of the units, the 72
24 that will be from the 80 percent below, as part of
25 the fulfillment of their 5 percent affordable

1 condition in the original zoning.

2 If we can recall in the development of
3 Project Districts in the '80s, Members, those of us
4 that were around on this island, the Project
5 District was supposed to give flexibility in the
6 build-out of a large project scale of this size.
7 What they are coming in for, Chairman, is because as
8 Project Districts have advanced through the years it
9 became more site-specific than just general blobs to
10 give the flexibility of location due to topography,
11 amenities, utilities. There was no -- as we
12 understood it from the last administration,
13 Mr. Chairman, the 51 percent requirement of
14 affordability was a departmental decision; it was
15 not part of a law. They decided that the only
16 applications they would start reviewing is if it had
17 a minimum of 51 percent. That was that
18 administration's decision. Many of us said we're
19 not even going to consider that unless it's 100
20 percent application.

21 So, for me, Chairman, what they are asking
22 within the Project District is the current site is
23 designated as single-family. They're asking that
24 this -- we consider this to be multi-family. They
25 can go through the normal zoning route; that's

1 true -- rezoning route, I should say. But we all
2 know the length it takes. The question before this
3 Committee is how soon do we want this affordables
4 done, Chairman, move to construction, and offer to
5 our residents? That's the main question of the use
6 of this procedure or process.

7 And, so, for me, Mr. Chairman, I will tell
8 you that at this time our preference is to move
9 forward the resolution with modifications. I would
10 say, I think, our colleague from Wailuku brought out
11 a good point. I would say part of the modification
12 should be a requirement that all utilities practice
13 standard or accepted conservation management
14 practices, such as solar heating for electricity,
15 water conservation taps and other amenities
16 regarding plumbing, whether it be the appropriate
17 size of flush toilets, water conservation drip
18 faucets, those kind of accessories. I think that's
19 a good addition. As well as I would say for the
20 second half of the term that they've proposed to us,
21 I would say that we should be able to consider
22 between 80 and 140, which is the amount that was set
23 in the original legislation of the '80s that created
24 this Project District, Mr. Chairman.

25 Those two points, I think, the Committee

1 should definitely consider as part of a resolution
2 to modify, because I would like to have -- in my
3 opinion, Chairman, I'm viewing that most of these
4 potential future tenants will be -- are already here
5 in overly compressed existing housing dwelling
6 units, where you have multiple families living in
7 one house. And I think it is to our residents'
8 advantage for us to move forward.

9 And if we are not going to fast-track
10 affordable projects, Chairman, what would qualify
11 for this consideration?

12 You know, we've all gone on record supporting
13 affordable housing policy; we've all gone on record
14 that we want housing... (end of side 2, tape 2).
15 And, so, I hope this Committee will take that into
16 each Member's consideration, that I feel there's
17 still enough advantages and support to move this
18 modified resolution forward, Chairman.

19 Thank you.

20 CHAIR MATEO: Thank you very much, Mr. Hokama.

21 Ms. Anderson?

22 COUNCILMEMBER ANDERSON: Mr. Chairman, you know, when I
23 look at the 2006 figures that we got from the
24 Department -- and the reason I'm using 2006 for a
25 comparison, because we -- and what we received for

1 the 2007 figures, all we got from them is what the
2 affordable sales price guidelines are, which I have
3 questions on that, too, because I don't think it
4 comports with HUD. They're breaking down based on
5 the prevailing interest rate. And I'm not going to
6 get into that. But the point is, in the figures
7 that we have for 2007, they don't give us mortgage
8 payments, monthly mortgage payments; they don't give
9 us -- and then all -- and what they give us for
10 income limits for rental I don't understand, which
11 I'm going to ask a question on in a minute. So, the
12 only thing that we have for comparison from the 2006
13 figures and the 2007 that are, you know, comparable
14 figures, are what they're saying someone can afford
15 for a rental. It doesn't talk about -- it just
16 talks about what they can afford for a rental. So,
17 you can't compare the rental payment with a mortgage
18 payment. And that's what I want to bring forward
19 here, because I want to emphasize that I think these
20 rental figures are way off base. Because in the
21 2000 figures -- 2006 figures, it tells us that at 80
22 percent income -- this is for Maui, excluding
23 Hana -- and if Members want to follow, it's the very
24 first page from the 2006 figures in the January 26,
25 '07, transmittal -- it shows that you can afford

1 \$1,314 as a mortgage payment for a three-bedroom
2 unit at 80 percent income. And then you look at
3 what the rental figures are for 2006 at 80 percent
4 for a three-bedroom; so, I'm comparing apples to
5 apples, Mr. Chairman. The rental figure is higher
6 than the mortgage payment. The rental figure is
7 \$1,367.

8 But you know what that includes,
9 Mr. Chairman?

10 That includes \$176 towards utilities. So,
11 really, the only difference besides the fact that
12 you'd have to have a down payment because the sales
13 figure is looking at a 5 percent down and an 8
14 percent interest rate. So, basically, the only
15 difference is the \$176 that is included in the
16 \$1,367 rental fee for a three-bedroom unit as
17 opposed to \$1,314 for a mortgage payment. So,
18 that's what we have for 2006.

19 For 2007, they're now telling us that the
20 rental cost for a three-bedroom is \$1,454 and does
21 not include utilities. So, let's add \$176 -- which
22 I'm sure it's more than that because we're now a
23 year down the road -- to the \$1,456, and you got --
24 what is it? What was that? Say around \$1,626 for a
25 rental unit. You know, that's an increase of \$300

1 in one year's time. And that's way above what
2 market is offering right now.

3 So, I mean, to me, this is the most important
4 figure that we're looking at here today, people,
5 because that's what people out there earning 80
6 percent income are going to have to pay in order to
7 get into these units. They can't afford this. I
8 mean, I think it's shibai, Mr. Chairman. And I want
9 to see some really firm figures here.

10 I want to also draw your attention to the
11 2007 figures that -- and maybe I can ask the
12 Department, Chair, when you go to the page that is
13 Maui except Hana -- and I'm sorry, Members, the
14 pages aren't numbered -- it's the April 7th --
15 April 9, 2007, income limits for rental units by
16 family size and percentage of median income.

17 Director, have you -- can you find that page,
18 please?

19 That's the April 10th submittal. That would
20 be after all of these affordable sales price
21 guidelines, which I find useless when there's
22 nothing in here that gives us the actual mortgage
23 payment. So, after you get through these pages, at
24 the very back is the page that gives us the income
25 limits for rental units.

1 Okay, Members?

2 So, if you look at three people under 80
3 percent, it says your income should be \$50,330. I
4 don't get that. Because 80 percent is 80 percent.
5 Eighty percent of -- and what is this year's median
6 income? Last year it was 65,700. So, this year's
7 median income is -- I think they generally look at
8 it for a family of four -- 69,900. So, for a family
9 of three, making 80 percent of the median income,
10 they're making \$50,000 a year.

11 So, Ms. Director, are you saying that someone
12 who's making \$50,000 -- \$50,330 can now afford
13 \$1,450 for rental?

14 CHAIR MATEO: Director?

15 MS. MEDEIROS: Again, I think -- the figures -- the HUD
16 median income figures comes from HUD. That's the
17 first step.

18 COUNCILMEMBER ANDERSON: Yes. And the first step that HUD
19 median income figures include utilities, and you've
20 excluded them.

21 MS. MEDEIROS: Well, again, you know, we are trying in
22 doing this to make sure that we coincided with the
23 Work Force Housing Policy, and the Work Force
24 Housing Policy...

25 COUNCILMEMBER ANDERSON: And the Work Force Housing

1 Policy, Ms. Director, is tied to HUD guidelines.

2 MS. MEDEIROS: It only ties to the median income
3 guidelines, the income guidelines. There's a
4 difference -- again, remember now, the income
5 guidelines -- the reference is always to the income
6 guidelines. So, the references are correct. It's
7 to the income guidelines which helps us to determine
8 who meets the affordable criteria, whether it's 80
9 percent, 80 to 100, 100 to 120, et cetera,
10 et cetera, et cetera. Now, when you determine
11 rental, the rental is based on 30 percent.

12 COUNCILMEMBER ANDERSON: The HUD guidelines are based on
13 utilities as part of the housing cost, Madam
14 Director. I'm looking at the affordable rent
15 guidelines that were put out by HUD. And it says,
16 80 percent of the median income for three bedrooms
17 is \$1,439. Monthly rent levels would include the
18 cost of the following utilities: Water, sewer,
19 electricity, gas. Please refer to the -- there's a
20 utility allowance included in these figures.

21 This is right off the HUD website. It was
22 just printed 10 minutes ago.

23 Now, granted they're for 2006. I don't think
24 they've had -- come out with anything different for
25 2007 yet.

1 But, you know -- and Members, just so you get
2 an idea, this is back when our 100 percent median
3 income was 65,700. The 80 percent for a
4 three-bedroom, including utilities, sewer,
5 electricity, water, gas, \$1,439.

6 You know what had it is for Oahu?

7 \$1,483.

8 On the Big Island, \$1,245.

9 So, all of these figures -- Kauai is \$1,344.

10 So, we're right up there with Oahu, gang.
11 And on Oahu, they get their utilities included in
12 this.

13 So, why aren't we including it?

14 You know, that's going to -- nobody making
15 \$50,000 a year can afford a \$1400 rental payment.
16 That's a mortgage payment. I don't know what you
17 guys are thinking. You're just knocking all these
18 people out of this opportunity who desperately need
19 this housing.

20 This is our work force, Mr. Chairman, the
21 people who make 100 percent and below. That's 70
22 percent, again, of our population. They're the
23 people working in the hotels, working retail,
24 working public service jobs. We need to be
25 realistic. Because if this housing is going to

1 serve the people it's meant to serve, again, only 5
2 percent -- only 5 percent of what they have been
3 required to provide in affordable housing is
4 targeted to this income group. And by what you're
5 presenting here as a monthly payment, you're
6 knocking them all out of the opportunity. Nobody
7 making \$50,000 a year can afford a \$1400 a month
8 rental payment. It's absurd. I'm insulted that
9 we're given these figures, Mr. Chairman, to work
10 with.

11 I mean, what are we -- a bunch of chumps?

12 I can't afford \$1400 a month rental, and I
13 just got a raise to \$66,000. We're talking about
14 three-bedroom units here, Mr. Chairman, which
15 actually, to be more realistic, we should be talking
16 about two-bedroom units, because there aren't that
17 many three-bedroom units involved in this. Let's
18 get more realistic even still. It's just I happened
19 to pick that figure and so I stuck with it. But I
20 don't think any of these figures are accurate.

21 I think number 1, if we're going to -- if
22 we're going to go forward with what we've got in
23 front of us today, Mr. Chairman, because we are on a
24 time frame, that -- you know, because they had the
25 maintenance fee as an addition at the last time we

1 met, that would have gone through if we hadn't
2 caught it. So, now they're adding that -- they're
3 including it. So, the \$200 maintenance fee is now
4 included in their 1250 to 1450 payments.

5 You know, you're going to let somebody rent a
6 three-bedroom unit for 15 years at \$1,450?

7 That's absurd. That should be a mortgage
8 payment. They should be buying the unit for \$1450 a
9 month.

10 So, I'd like to see us -- because we don't
11 have figures for 2007, let's just go with the
12 figures that we have that shows \$176 in utility,
13 which I'm sure is more. And if we want to round it
14 out, let's just make it 200. And deduct \$200
15 dollars off these payments, and then we're going to
16 have some realistic rental figures. Because I'm
17 going to tell you right now, when people live
18 paycheck to paycheck, which is what people who earn
19 100 percent or below the median income are forced to
20 do, an extra \$100 a month is beyond their reach. An
21 extra \$200 a month, they're not even in the ball
22 game. That's grocery money, Mr. Chairman.

23 You know, I spent the last 20-some years as a
24 single parent on a single income. I know what it
25 means to live paycheck to paycheck. I know what it

1 means when you're short \$100 at the end of the month
2 to feed your kid. And people who live 100 percent
3 or below the median income, 70 percent of our
4 population, Mr. Chairman, are living paycheck to
5 paycheck, and \$100 or \$200 a month is going to
6 exclude them from this opportunity, this opportunity
7 that is supposed to be geared to them.

8 I think you need to rework your figures,
9 Madam Director, and you need to include what the HUD
10 guidelines say. Monthly rental levels would include
11 the cost of the following utilities: Water, sewage,
12 electricity, and gas. And that's the way they do it
13 on all the other islands. And in our work force
14 housing, it references over and over again the area
15 median income as established by HUD. Those income
16 levels, yes, are established by HUD; but the
17 corresponding mortgage payments -- or, rather,
18 rental payments include utilities. We've got to be
19 realistic.

20 If we're not realistic, who's going to win on
21 this?

22 Not the people that this is targeted to
23 serve. I mean, yeah, maybe if they can get a
24 Section 8 voucher they can qualify. But we know
25 there's 4,000 people waiting for a Section 8

1 voucher. So, you know, forget about that. That's
2 not realistic at all.

3 So, Mr. Chairman, I want to see these rental
4 figures realistic so that the people who this is
5 targeted to serve have a real opportunity here and
6 that it's not just some kind of, you know,
7 opportunity on paper that no one can qualify for.
8 So, I'm suggesting that we reduce these payments by
9 at least \$200 a month. And I would like to see that
10 16- to 25-year option for rent -- for converting
11 them to sale done away with entirely. Because
12 this -- this is one of the first opportunities in
13 the three years I've been on this Council where
14 we've had the opportunity to provide housing for
15 people at 100 percent and below the median income.
16 Everything else out there has been done for 120 to
17 160. And, you know, that's for the lucky people,
18 the 30 percent of our population who make over 100
19 percent. But, you know, the way we've structured
20 our island's economy is a service economy, and, so,
21 we better damn well provide the housing for those
22 people who are providing that service; otherwise,
23 we're going to see more and more of you're local
24 people leaving to go somewhere where they -- where
25 their income level is respected and they can have an

1 opportunity to own a home.

2 And who's this affordable housing going to
3 be?

4 It's going to be for all the young people who
5 come over here to work service jobs from the
6 mainland for three, four, five years, to enjoy Maui,
7 and then go home and get real.

8 Is that what we want? We want to build this
9 housing for people who don't live here, whose
10 parents haven't poured their blood, sweat, and tears
11 into keeping Maui County no ka oi?

12 I don't think so. 80 percent -- you know,
13 I'll swallow that. I would like to have seen some
14 of these units at 50 percent. But at this point, if
15 we can keep it at 80 percent in perpetuity --
16 because those people who rent for 15 years -- you
17 know, nobody wants to raise their family in an
18 apartment building. They want a yard for their kids
19 to go out and play and, you know, have neighbors,
20 grow up in a neighborhood where you know your
21 neighbors, that they're not constantly, you know,
22 transient. So, you know, if they can somehow be one
23 of the lucky few that can move from the 70 percent
24 of our population to the 30 percent of our
25 population -- and I'd like to remind Members that

1 most of the service jobs -- most of the jobs that
2 that 70 percent of our population have, there's no
3 real upward mobility in these jobs. You know, if
4 you're working housekeeping or waiting or whatever,
5 I mean, you're stuck. You might get a, you know,
6 cost of living increase. But you're -- you know,
7 maybe 1 out of 25 or 100 might have an opportunity
8 to move up into management. For the most part
9 they're going to be stuck making that income for the
10 rest of their life. So, you know, either we given
11 them the option to buy or we keep it at 80 percent
12 rental in perpetuity, because 70 percent of our
13 population is going to be earning 100 percent or
14 below the median income in perpetuity.

15 Thank you, Chairman.

16 CHAIR MATEO: Thank you, Ms. Anderson.

17 Members, go back to those three resolutions
18 again. From the discussion that I have heard, it is
19 apparent that the first resolution, approving as
20 submitted, is not an issue at this point. We will
21 not be addressing Resolution 1.

22 Okay?

23 That resolution is gone.

24 What we are looking at at this point is the
25 second resolution before us, which is the resolution

1 approving the project with modifications.

2 We have heard -- and I'm going to ask the --
3 I'm going to ask the Applicant to come on down to
4 the podium so you can be able to address some of the
5 considerations that we're going to recommend, and
6 I'm going to ask you to be quite brief and to be
7 real succinct in telling us, yes, you can, no, you
8 cannot, so we don't play this game.

9 Okay?

10 We need to get down to the specifics. It's
11 either we're going to work to make your project go
12 or you're going to take your project back and come
13 back at another time.

14 Okay?

15 Real easy for the Members and for the
16 project.

17 And I think it has been consistent. I think
18 we have heard from our discussion we want the
19 project to happen, but there's inclusions and
20 considerations that must be made at this point.

21 So, the floor -- I'm going to reiterate some
22 of the suggestions that had been talked about in a
23 little bit, some of which you had already touched on
24 and some that the Members had recently brought up,
25 so you have just heard while sitting in the gallery.

1 And the first modification that we need to do
2 is, essentially, housekeeping. The first
3 modification would be the adjustment of the total
4 number of units in terms of its breakdown. The
5 application that we have before us showed that the
6 breakdown was essentially changed to what it is
7 today, 60 two-bedroom units and 12 three-bedroom
8 units. So, that will be an adjustment made in the
9 modifications of the project.

10 MS. PACI: We agree with that breakdown.

11 CHAIR MATEO: Thank you.

12 The second item housekeeping that once again
13 needs to be discussed -- and I'm going to have to
14 probably ask Mr. Kushi for clarification -- is in
15 the application you reference the second phase to be
16 140 -- 120 to 160. You reference the fact that you
17 are needing the original condition; and the original
18 condition reflects only up to 140 percent.

19 So, Mr. Kushi, do -- in dealing with the
20 original condition of 1989, where this was their
21 condition for development, can we look at the 160
22 percent or must we comply?

23 Because this is your compliance with this
24 directive that only takes it up to the 140 percent
25 of median.

1 Do we have to comply with the original or can
2 we change it to the 160 to comply with today's
3 requirement?

4 MR. KUSHI: Mr. Chair, if you're -- you're referencing
5 Exhibit B to the Maui Lani Project District
6 ordinance?

7 CHAIR MATEO: Yes.

8 MR. KUSHI: Yes, we do. My understanding of that
9 condition is that they were required to do 5 percent
10 at 80, 5 percent between 80 and 120, and 10 percent
11 between 120 and 140. Again, the preface is that for
12 sale or rent. There was no condition tied in as far
13 as I can rent it today and sell it tomorrow. There
14 was no conditions as far as resell.

15 Your reference to what it is today I'm
16 assuming is the Work Force Housing Bill.

17 CHAIR MATEO: Yes.

18 MR. KUSHI: Right. And, again, to remind you, this
19 project is exempt from that Work Force Housing Bill.

20 CHAIR MATEO: But the Applicant -- the Applicant
21 themselves indicate the 160 on this application.

22 MR. KUSHI: Right. That's their proposal. Again, it's up
23 to you to say on resales, if you're going to allow
24 resales, from rental to sale and fee, what the
25 income limit would be.

1 Again, these are part of the 5 percent of
2 these units. Supposed to have another 5 percent of
3 the total units in another category and 10 percent
4 at another category.

5 CHAIR MATEO: Okay. I will -- I will get back to that
6 housekeeping item in a little bit.

7 The other -- another recommendation that you
8 touched on was the maintenance, the homeowner's
9 maintenance. In the application it references
10 homeowner's maintenance and association fees.

11 You clarified for us that the maintenance fee
12 would be in the area of \$200 a month per unit.

13 MS. PACI: Correct.

14 CHAIR MATEO: What is the association fee?

15 MS. PACI: That would include the association fee.

16 CHAIR MATEO: All under maintenance?

17 MS. PACI: Correct.

18 CHAIR MATEO: So, in essence, at this point, then, both
19 maintenance and association fee is a wash? It's
20 included in whatever the base rent is?

21 MS. PACI: Yes.

22 CHAIR MATEO: Okay. Thank you.

23 The other -- the other condition that we
24 heard on the floor, that Mr. Hokama had indicated,
25 was that in the second phase, the 16th to the 25th

1 year of the project, that the -- that be comprised
2 of units that are affordable to families between --

3 Mr. Hokama?

4 VICE-CHAIR HOKAMA: 80-140.

5 CHAIR MATEO: Between 80 percent to 140 percent of median
6 income.

7 Could you comment on that adjustment?

8 MS. PACI: Given our budget constraints at this time, we
9 would not be able to accommodate that change.

10 CHAIR MATEO: Okay. So, at this point, then, this process
11 stops?

12 MS. PACI: Yes.

13 CHAIR MATEO: Okay. Members, discussion?

14 Ms. Johnson?

15 COUNCILMEMBER JOHNSON: I just need clarification first;
16 and this can be from the Applicant or from Staff.

17 What you're seeking and what is before us,
18 you're seeking credit for the entire number of units
19 within this project, 72 units, in satisfaction of
20 the 5 percent that were less than 80 percent; is
21 that correct?

22 MS. PACI: Correct.

23 COUNCILMEMBER JOHNSON: Okay. Why would you then -- if
24 that satisfaction of the requirement, why would you
25 then after a certain period of time be converting

1 now to another section of the -- I guess your
2 requirement, or your proposal, that diverts from
3 that?

4 That's where I'm getting really confused.
5 Because you either want credit for it in
6 satisfaction of that requirement in perpetuity
7 and -- can you explain to me, you know, what's going
8 on?

9 MS. PACI: Sure.

10 First, the 5 percent that we're required to
11 do in Maui Lani and the less than 80 percent, this
12 project will take -- would -- would have taken care
13 of a portion of our total build-out. So, it's not
14 anticipated that the 72 units will cover all -- of
15 that will be required in Maui Lani. So, they would
16 be in the less than 80 percent category for the
17 first 15 years. Now, we're anticipating or we're
18 hoping that people's situations would change and
19 that part of the transition would be that their
20 situations would get better and they would be able
21 to transition to better -- to different types of
22 housing; and, also, that would allow us to absorb
23 some of our losses. Now, the project will never --
24 we will never recover 100 percent of losses; and,
25 yes, we will spread out the losses over the

1 anticipated 3700 units that are built out over Maui
2 Lani. But then, also, you've got to look at right
3 now the market is softening and how much can you
4 absorb in market units. You know, we've got
5 infrastructure costs, we're building the parks,
6 we're building the roads, we -- you know, we've got
7 land costs where we've donated the elementary school
8 site. There's a lot of costs to development and it
9 just continuously -- there's an assumption that it
10 will get absorbed to market units. Well, there's a
11 limit to what can get absorbed to market units.
12 And, so, that's the balance that we've got to create
13 there.

14 Although, you know, there's assumption, well,
15 in that 16- to 25-year period... (end of side 1,
16 tape 3)... still a loss at the end; it's just a
17 smaller loss. And that's what we're looking at.
18 And especially since we've included the maintenance
19 fees, which is -- when you multiply -- you know, and
20 \$200 is very conservative when you think about it.
21 You know, just insurance and on-site property
22 management alone is a large number. I don't know if
23 any of you sit on an association board or you've
24 seen what an association budget looks like. Those
25 are pretty large numbers, and they're actual costs.

1 There's no fluff in those budgets. But those
2 numbers have to be covered someplace, you know. We
3 don't want to cut those costs, especially when it
4 comes to upkeep of a project like this, and that's
5 very important to us if we're going to make this
6 project happen. And, so, that's kind of where we're
7 at.

8 COUNCILMEMBER JOHNSON: And I understand that, Leiane.
9 And I think, though, that when I look at the literal
10 satisfaction of a condition, it's attached to your
11 Maui Lani Development, it says that in order -- in
12 my view, when I read a condition, it doesn't, I
13 guess, say that you shall do it for only "X" number
14 of years. When you satisfy a condition -- let's
15 assume that right now you were to build this as a
16 for-sale project. What would happen, in my view, is
17 that you would come in at the 80 percent, the less
18 than 80 percent, and you would sell those units to
19 help you, of course, recoup some of the development
20 costs, and then we, as the Council, would put
21 constraints, with your assistance, on any resale for
22 a certain period of time, or in perpetuity. That's
23 if you're building it as a for-sale-type unit.

24 Is that correct?

25 MS. PACI: That's not correct. And like I think I

1 mentioned before, because Maui Lani is an older
2 project, we don't have that type of constraints; and
3 I think Ed Kushi mentioned that, also. What's sold
4 today in any affordable range in Maui Lani, if we
5 don't put a deed restriction on it can be sold
6 tomorrow at market.

7 COUNCILMEMBER JOHNSON: Yeah. But what I'm saying is we
8 would put deed restrictions, you know, on these.
9 I'm not saying they could be sold immediately. But
10 what I'm saying is that in my view, then, because
11 you would be offering these for sale, according to
12 what the requirement is within the condition, you
13 need to satisfy that condition that's attached to
14 your original land use approval by providing homes
15 within that 5 percent bracket, less than 80 percent.
16 So, I would see that you'd satisfy it. I have no
17 problem with that. But it's then -- if you change
18 the game plan midway through the process, then
19 there's a question in my mind as to whether you've
20 really satisfied the purpose and intent of the
21 original condition attached to the land use
22 approval. That's my quandry at this point.

23 MS. PACI: Uh-huh.

24 COUNCILMEMBER JOHNSON: Because, to me, if you're going to
25 satisfy the less than 80 percent, then it should be

1 that way in perpetuity, and in my view that would
2 then satisfy your requirement. Other companies, you
3 know, could look at perhaps taking over the project,
4 a non-profit, which would have other sources of
5 income. We're not saying you per se have to manage
6 it for the rest of your lives or the rest of the
7 corporation's life. But what I'm looking at is sale
8 versus rental. Your choice is to do rental.

9 MS. PACI: Uh-huh.

10 COUNCILMEMBER JOHNSON: You're going to incur continual
11 losses, according to you, if you made that choice.
12 But that's the way you're choosing to address this.

13 MS. PACI: And we chose it with input from the community
14 that way.

15 And I understand where you're coming from. I
16 guess my best explanation would be that with our
17 original Project District zoning that there was no
18 restriction put on it where the affordable housing
19 condition had to run for 10 years or 15 years or 20
20 years or in perpetuity, that -- so the 5 percent
21 that we're trying to meet does not have that
22 restriction on it. That's what -- that's just what
23 I'm trying to state today.

24 COUNCILMEMBER JOHNSON: And I understand. But you're
25 also, as I explained earlier, you're getting a

1 201H --

2 MS. PACI: Uh-huh.

3 COUNCILMEMBER JOHNSON: -- process that also is providing
4 for exemptions that ordinarily would not be
5 available to somebody that's not using that process.

6 MS. PACI: Uh-huh.

7 COUNCILMEMBER JOHNSON: So, that is of value, substantial
8 value. Now, I'm not discounting that you've done a
9 great job on your roadways and the circulation and
10 doing a lot of other things. That's not a problem.

11 MS. PACI: And what we could do is -- you know, we have
12 that first 15 years, and since it's a rental period
13 we don't have an issue about it staying in
14 affordable, is, you know, if it goes into that
15 for-sale period is to do a deed restriction. You
16 know, we can have it 10 years and then that for-sale
17 period, if it's in the 25th year, you can tack on an
18 additional 10 years in there where it has to stay
19 affordable for 10 more years to whoever it's sold to
20 next.

21 COUNCILMEMBER JOHNSON: And I understand that. But from
22 my perspective, we don't -- I don't care whether you
23 hold on to it or don't hold on to it. If you turned
24 it over to Hale Mahaolu and they bought it out from
25 underneath you and, you know, absolved you of all of

1 the management costs, great, wonderful. So, I'm not
2 saying that you have to hold on to it for that
3 period of time. If you choose to do that, that's
4 great.

5 But for me, Mr. Chair, I'm just looking at it
6 from what the requirement is and being very simple;
7 and if they want to complicate it, I guess that's
8 their choice. But for me, you know, they could turn
9 around and sell the project tomorrow to Hale Mahaolu
10 and a lot of their other lands -- from my
11 understanding, you haven't specifically been the
12 developer. You have sold the lots or you have sold
13 the tracts and they have been developed by other
14 people. So, you know, I see this as very similar.

15 So, I don't have a problem with where they're
16 going, but I do want it to have some kind of
17 continuity, and I want it to be in satisfaction of
18 the original requirement, and in my mind, you know,
19 that is less than 80 percent; and not for five years
20 or two years, but less than 80 percent.

21 So, that's all I have to say.

22 CHAIR MATEO: Thank you, Ms. Johnson.

23 Ms. Anderson?

24 COUNCILMEMBER ANDERSON: Thank you, Mr. Chair.

25 Just a quick question.

1 In your 201H application you're required to
2 provide a pro forma that shows what your expenses
3 are, what your profit is, you know, intended to be,
4 and the reason that's required is because you're
5 getting -- you're under this process, you're allowed
6 to get exemptions, and exemptions are, you know,
7 dollars saved. And, so, I've been through this
8 application; I see no financial data in here at all.
9 And you're making claims that, you know, it doesn't,
10 you know -- the reason you've structured this way is
11 for economics. But you've got to understand --
12 you've got to give us the facts to substantiate what
13 you're claiming. I mean, we're here on behalf of
14 the public. So, you know, we're making a decision
15 for the public. And you're asking us to give you a
16 waive on many things because you're claiming
17 economic loss unless we do, yet you haven't given us
18 any financial data at all. You can't tell us how
19 much you've spent on the 900-plus units you've
20 already built, you know, what the profit has been,
21 what your expenses were, nothing. So, I have a hard
22 time having you stand up there claiming economic
23 loss when your application doesn't provide anything
24 in the form of a financial statement or a pro forma
25 on this project, when it's a requirement.

1 Can you tell me why it's not included?

2 MR. HIRANO: We prepared the application, and I wasn't

3 aware that there was a financial disclosure or

4 financial requirement. So, if you could provide

5 that reference for me, then I'd be happy to take

6 note of that.

7 COUNCILMEMBER ANDERSON: Did anybody from the State review

8 this project as a 20 -- you know, 201H project?

9 MR. HIRANO: The...

10 COUNCILMEMBER ANDERSON: DH -- or who is it now?

11 MR. HIRANO: The Department of Housing and Human Concerns

12 certified this project --

13 COUNCILMEMBER ANDERSON: Our department?

14 MR. HIRANO: -- as an affordable.

15 Yes, the County.

16 COUNCILMEMBER ANDERSON: But you're using a State statute,

17 Mister...um...

18 MR. HIRANO: It went to the State Department of Land and

19 Natural Resources, Melanie Chinen, Historic

20 Preservation Division.

21 COUNCILMEMBER ANDERSON: No, no, no. I'm talking about

22 the Housing Finance and Development Corporation, or

23 whatever the...

24 MR. HIRANO: We weren't in control of the reviewing

25 agencies. This was Department of Housing and Human

1 Concerns. And Department of Housing and Human
2 Concerns set this up for 11 agencies to review when
3 they went into the application. The State agencies
4 were DLNR, Department of Transportation.

5 COUNCILMEMBER ANDERSON: Yeah, I know all that. My
6 concern is is that the 201H-38 process is a State
7 process --

8 MR. HIRANO: Yes.

9 COUNCILMEMBER ANDERSON: -- that is administered by the
10 Department of Finance and --HFDC.

11 What is it?

12 COUNCILMEMBER JOHNSON: Hawaii Finance and Development
13 Corporation.

14 MR. HIRANO: I understand that there is two options. You
15 could go through the County as a certification
16 agency or the State, and the Applicant chose to go
17 through the County.

18 COUNCILMEMBER ANDERSON: Well, Mr. Chair, I think that we
19 better make sure that there -- all these 201H
20 projects that come forward, they better have some
21 financial data attached to it if they're going to be
22 coming up and claiming we need to -- we can't stick
23 with 80 percent because we need to make some kind of
24 money off of this. I mean, they've already made
25 money. They made money on the market price. This

1 is a small price for them to pay to get all that
2 market housing. And at 80 percent and below, as I
3 said again, it serves the people who are most in
4 need in our community. So, I'll yield back to you,
5 Mr. Chair, to whatever conditions you're imposing.
6 But I am very much against -- you know, they're
7 saying there's not a restriction in the condition,
8 that it has to be in perpetuity. But there's also
9 not permission. They're making an assumption that
10 because it doesn't say it has to be in perpetuity or
11 it has to be for so many years at 80 percent that
12 they can just, you know, recoup their losses after
13 15 years and sell it at 120 percent. There's
14 nothing that allows that. That's just an assumption
15 they're making.

16 And as I said, this is one of the only
17 opportunities we have to get housing at 80 percent.
18 Council before us put this as a condition with the
19 intention that it serve people at 80 percent or
20 below. And, so, I think we need to stick with it,
21 and I think that it needs to be in perpetuity.

22 CHAIR MATEO: Thank you, Ms. Anderson.

23 Okay. We've reached -- we've reached a point
24 where we have one item that the Applicant is not
25 able to accept at this point. I'm going to continue

1 on to see if there's additional areas real quickly.

2 Mr. Victorino indicated another possible
3 modification, recommendation, with the inclusion of
4 utilities meeting standard conservation practices.
5 That means, perhaps, your appliances and fixtures.

6 Is that an item that the Applicant would be
7 able to accept under a modification?

8 MS. PACI: We're acceptable to that change.

9 CHAIR MATEO: There were -- in the prior meeting, by the
10 Department of Transportation there was a request for
11 a bus stop that would accommodate this area.

12 Is that something that the Applicant would be
13 able to accommodate?

14 MS. PACI: As part of our Phase III approval for a
15 regional park, which is neighboring this property
16 and the elementary school, we incorporated a bus
17 stop and turn-around as part of our comfort station
18 and parking lot. So, there's one in very close
19 proximity to the project.

20 CHAIR MATEO: Thank you.

21 Members, at this point we -- the very -- one
22 of the items that we're not able to have the
23 Applicant accept, and that is the second phase of
24 the project, which is the next 16-year on through 25
25 years. The discussion by this Committee was real

1 clear. We're looking at the continuance of at least
2 the 80 percent median income up to at least 140
3 percent median income. The Applicant is not able to
4 go lower than that. And the application reads that
5 they will provide the units for the 120 up to the
6 higher income areas. We are -- we are at an impasse
7 at this point. And if the Applicant is not able to
8 accept this particular item, if we have -- and if
9 the body feels that this was a fair recommendation
10 at this point, then the continuation of our
11 discussion is moot.

12 Ms. Anderson?

13 COUNCILMEMBER ANDERSON: You know, Mr. Chairman, I don't
14 know where the Applicant gets all this, you know --
15 this ability to choose what is acceptable to them
16 and what is not acceptable to them, you know. The
17 condition, again, it's been around for 19 years, was
18 imposed by the Council and they certainly had no
19 problem with it then, which entitled their land and
20 allowed them to build market price housing. So,
21 it's not their choice --

22 CHAIR MATEO: Well, Ms. Anderson...

23 COUNCILMEMBER ANDERSON: -- to say what's acceptable. I
24 mean, either we impose the condition and they go
25 forward with it or they don't.

1 CHAIR MATEO: Yeah. And that's what we're trying to --

2 COUNCILMEMBER ANDERSON: And if they don't...

3 CHAIR MATEO: -- that's what we're trying to get to at
4 this point. They're either going to do it or
5 they're not going to do it. And for us, why go
6 through the process of approving a resolution that
7 provides that, those conditions, because it's not
8 going to get done.

9 COUNCILMEMBER ANDERSON: But that's my point,
10 Mr. Chairman. They have to do it. It's a condition
11 of their zoning.

12 CHAIR MATEO: No, they don't have to do it. They can
13 scrap this whole project and they can come back, as
14 they said, in three years with another project for
15 consideration.

16 COUNCILMEMBER ANDERSON: Well, you know what, I got a
17 problem with that, too, because in our County Code
18 it says you have to -- you have to fulfill your
19 conditions within five years. It's been 19 years
20 and they haven't fulfilled the condition. You know,
21 maybe what -- if they can't come around to what the
22 Council wants and what this community needs, then
23 maybe we should just rescind their zoning, because
24 we have the right to do that, too, Mr. Chair, if
25 they don't fulfill the conditions in five years.

1 And it looks to me that they're 14 years past that.
2 So, you know.

3 Whose best interest are we here for?

4 If they can't -- if they can't deal with this
5 Council asked them to do based on this condition,
6 then I say let's just rescind the zoning.

7 CHAIR MATEO: Ms. Johnson?

8 COUNCILMEMBER JOHNSON: Yes. Let me ask the Applicant a
9 question, if I could.

10 CHAIR MATEO: Go ahead.

11 COUNCILMEMBER JOHNSON: Leiane, because other developers
12 or particularly because of the price range that this
13 particular development is in, and as you stated the
14 housing market may be slowing down a little bit, if
15 you were to approach a non-profit such as Hale
16 Mahaolu or, you know, other housing developer to
17 actually turnkey over this project for a sale price
18 to them, would it be possible for you to consider
19 that as an option and then have this be a workable
20 project?

21 Because what I'm looking at is they can avail
22 themselves of either housing credits or other means,
23 grants, the Weinberg Foundation, for example.
24 There's other ways. Even Lokahi Pacific may be able
25 to provide an opportunity to take this burden, you

1 know, transfer it from you to another entity.

2 That -- is that a real possibility that would
3 make this workable for you?

4 MS. PACI: You know, that's always a possibility. I'm not
5 well versed in what financial opportunity is out
6 there for these non-profits. You know, it's
7 certainly something we've talked about. But it
8 takes a lot more time to research those things.
9 We've gone out and talked to several of them. But
10 like I said, it takes time, more meetings, and...

11 COUNCILMEMBER JOHNSON: Okay. But if we were to place a
12 condition stating that you would have, you know,
13 ostensibly this 15-year period or whatever it is to
14 do just that, is that sufficient time for you to
15 undertake that kind of a venture, where you don't
16 then, you know, have to incur all these expenses and
17 go to the, you know, sale thing?

18 I mean, you guys may not even be around then.
19 I hate to be so blunt. But...

20 MS. PACI: No, I mean, it would be difficult. There's
21 just no guarantee of what will work.

22 COUNCILMEMBER JOHNSON: I understand that.

23 MS. PACI: That puts us in a box.

24 COUNCILMEMBER JOHNSON: Yeah. But by the same token
25 you're putting the County in a box, because years

1 ago, as Ms. Anderson pointed out, you agreed to
2 these conditions and now it's not agreeable. Plus
3 you're using a 201H process, which also has a value
4 to it.

5 MS. PACI: I don't -- maybe there's a misunderstanding on
6 where -- why we're here. We're not disagreeing that
7 we have these conditions, and we've been working
8 through these conditions from day 1, from the first
9 project we started. We broke ground in Maui Lani --
10 in 1996 the first homes came up, The Green's
11 Subdivision. With that first subdivision we had
12 affordable homes in there. And, so, we've been
13 providing affordable homes with every subdivision
14 that we've built. So, it's just that it takes time.
15 I mean, from 1990 when we got our zoning to '96
16 there were no homes being built. That was a
17 six-year period. We're not trying to avoid building
18 this -- our affordable condition. We came to you
19 with this project because we saw an opportunity
20 where we had a parcel with the infrastructure in
21 place right in front of it and we said, hey, we can
22 do an affordable project right away, and that's why
23 we came to you. We've been planning new affordable
24 projects. We have new stuff that's coming out.
25 It's just -- like I mentioned in our opening

1 statements, we're building a new section of Kuikahi
2 in the Maui Lani Parkway right now. When we finish
3 that section we'll have new parcels of land opened
4 up and we will have new affordable homes as well as
5 market homes that will be developed in those areas.
6 It's just -- it takes time.

7 You know, it's just like with this -- the
8 boom in the market the last few years, yes, we sold
9 off several large parcels, but we sold those parcels
10 off so we could build Kamehameha Avenue and the Maui
11 Lani Parkway, install the traffic signal at
12 Kamehameha Avenue and Papa Avenue. Internally we
13 didn't build any homes during this peak time; we
14 were building infrastructure. So, it's all a timing
15 thing. So, we're not trying to avoid our affordable
16 condition, you know. So, we came here in good
17 faith, you know, because we saw an opportunity to do
18 something now for affordable homes, you know.
19 That's why -- that's why we're here. And that's --
20 if this project is not right, if we can't make it
21 fit within the parameters that we got to work in,
22 we're not going to stop. We've got some other
23 things that we're working on planning. It's just
24 that we've got to get the infrastructure in to do
25 it.

1 COUNCILMEMBER JOHNSON: And I'm not disagreeing with that.
2 I understand all that. And I believe you've done a
3 really admirable job. It's just that this 5 percent
4 in the less than 80 percent category is that one
5 component that you had not addressed previously
6 within the other affordables that you built.

7 MS. PACI: And if I could mention the reason for that is
8 that's a very difficult category to do in
9 single-family. And the property that we own is all
10 single-family zoned, with the exception of the
11 Village Mixed Use, which we just got zoned last
12 year.

13 The other -- we've got small pockets of
14 multi-family zoned in Maui Lani, but that's owned by
15 other developers, and we don't have control over
16 that property, and so we don't have a time frame for
17 the construction on those properties. And that's,
18 again, why we came back to you here.

19 COUNCILMEMBER JOHNSON: And I did mention that because you
20 had sold off most of the properties to other people
21 where the profit margin, let's say, would lie in the
22 development of a lot of the market-priced housing
23 you weren't necessarily building those homes
24 yourself, and that's correct.

25 MS. PACI: Yeah.

1 COUNCILMEMBER JOHNSON: So, my thought would be, though,
2 Mr. Chair, at the very least, to place within this a
3 condition that states right of first refusal, like
4 prior to any of this going to the -- I guess the 80
5 percent to 140 percent, right of first refusal would
6 be given to the County, and that we may exercise --
7 I mean, a take-over, if you're open to that, at any
8 time so that if they can't negotiate, if they're not
9 able to do that, if we through our connections would
10 be able to find some entity to be able to undertake
11 this project and basically buy -- do a buy-out. So,
12 then, that way, if we can have that right of first
13 refusal, then in that respect I think at some period
14 of time -- and hopefully not at the end of 15
15 years -- we would be able to do that and then keep
16 this affordable in perpetuity.

17 So, would that be something that you could
18 entertain as agreeable?

19 MS. PACI: Yes, yes.

20 COUNCILMEMBER JOHNSON: Okay.

21 CHAIR MATEO: Thank you, Ms. Johnson.

22 Ms. Baisa, followed by Mr. Hokama.

23 COUNCILMEMBER BAISA: Thank you, Chair.

24 I'm very concerned that we have what appears
25 to be a Mexican standoff. I am concerned because of

1 my obsession with trying to find affordable housing
2 for people. And, you know, of course the issue of
3 affordable is always very debatable. It really is
4 what you can afford to write that check for.

5 I kind of hope -- like Leiane, I tend to be
6 an optimist -- that within 15 years some of the
7 people who are going to find this very difficult at
8 this moment will be a little better off. And one of
9 the reasons I feel that way is because, you know,
10 I've had my own personal experience with myself and
11 my family members and people that I know. You know,
12 if they are encouraged and continue to try to do a
13 little better, their children grow up and -- you
14 know, some of the expenses lessen.

15 You know, it's really interesting. I don't
16 think that we put enough emphasis on how hard it is
17 to be a young family trying to pay the bills. You
18 know, we always think about people who are older.
19 But, actually, it's the young families that are
20 buying groceries and paying school bills and
21 dentists and, you know, everything else that comes
22 with having children. They really suffer because,
23 you know, their income is stretched to the max, and
24 it kind of lessens as they get older and can take
25 part-time jobs and contribute to family income or

1 whatever it is. So, I hate to lose an opportunity
2 to have nice, well-built, beautiful projects built.
3 And, so, I want to -- I want to try to find a way to
4 keep it. And if these folks are willing to consider
5 Member Johnson's idea, I certainly would like to
6 still take a look at that, and I'm supportive.

7 I also support Chair's recommendation that we
8 count all 72 units towards their affordable
9 requirement, their 5 percent requirement.

10 You know, this morning's Maui News, very
11 coincidentally, on page B 12 has an article about
12 "Incomes Do Not Keep Pace With Home Values." And it
13 shows the United States, and it shows all of the
14 states that people are spending more than 30 percent
15 on their income on housing costs, and of course
16 Hawaii is one of those. It says that 37 percent of
17 homeowners spend more than 30 percent of their
18 monthly income on home costs. So, this is not an
19 unusual phenomenon here in Maui, and I guess it's
20 just a national thing. But, again, it doesn't make
21 it right; I agree. Member Anderson's whispering to
22 me, "It doesn't make it right." It doesn't make it
23 right. But it doesn't make it right, either, that
24 we have people living -- you know, I heard senior
25 citizens at our Lahaina Budget Hearing begging with

1 us to get their children out of their homes so they
2 can have sanity, and we're only going to do that if
3 we move. The more we keep bickering around with we
4 want this and we want that and we can't do this and
5 this doesn't fit and whatever, how many affordable
6 homes have we built? I leave that question.

7 CHAIR MATEO: Thank you, Ms. Baisa.

8 Mr. Hokama?

9 VICE-CHAIR HOKAMA: Chairman, just a few questions,
10 please.

11 Those parcels that the partnership decided to
12 sell to other entities, are they required to fulfill
13 their appropriate pro rata share of affordable
14 units, also?

15 MS. PACI: Maui Lani Partners maintained the affordable
16 requirement, so we will fulfill them on our
17 properties.

18 VICE-CHAIR HOKAMA: So, whatever -- so we are very clear,
19 whatever parcels you sold, they can just do 100
20 percent market? They're not required to do any
21 component of -- to satisfy the affordable
22 conditions?

23 MS. PACI: That's correct. But typically in the
24 agreements they have a -- there's a condition that
25 they cooperate with us. So, their sales data comes

1 to us, so if they're in the affordable range that we
2 can document it. And in some cases there's, you
3 know, occupancy conditions and sales.

4 VICE-CHAIR HOKAMA: But in general they're not required to
5 participate --

6 MS. PACI: No, because we...

7 VICE-CHAIR HOKAMA: -- with fulfilling the affordable?

8 MS. PACI: Yeah. We thought it would be too difficult for
9 the County to try to track, so we...

10 VICE-CHAIR HOKAMA: Don't underestimate. We've invested
11 millions in computers and software and everything.
12 If we cannot do it, we need new people to do it.

13 MS. PACI: Well, we just thought we'd make it easier.

14 VICE-CHAIR HOKAMA: You know, then, Chairman, just a few
15 comments I wish to share, because it's interesting
16 with this project. This is a very old, old A&B
17 project concept.

18 In the '80s when Bill Mills was in charge of
19 Oceanic Properties, which is Castle & Cooke land, we
20 also in the '80s, with Castle & Cooke resources, did
21 our due diligence to buy this project, because I
22 worked for that corporation at that time.

23 Interestingly enough, Mr. Mills decided to buy for
24 himself. I was also part of -- around this
25 building, like many others, during the formation of

1 this Project District ordinance. And I would agree
2 with comments by Members earlier that the affordable
3 component should not be viewed as a stand-alone
4 component. It is part of the total project, and
5 therefore the cost of this component needs to be
6 part of the overall project, including the profits
7 component that the market is supposed to bring to
8 this project. So, I would say you should not,
9 Members, look at this as an isolated stand-alone
10 proposal.

11 But I'd also like to remind the Committee
12 Members, Mr. Chairman, with all respect, that the
13 only reason they're here today is because within the
14 Project District they choose to change the site of
15 where they would like to do some affordable
16 components to satisfy their requirement. Even if
17 we... (end of side 2, tape 3)... and where the
18 Applicant says, no, we can't agree, they're still
19 required to perform. And the only ones that will
20 protect the residents' interest is the Department,
21 to ensure that the agreement on what they're going
22 to produce fulfills the intent of Council's
23 condition of zoning. We may not have another
24 opportunity, Members, to influence the outcome of
25 how we want this project to satisfy long-term our

1 desire to fulfill the 80 percent and below component
2 of our community. And I just bring that because
3 those are the things I believe we should take into
4 consideration prior to our final decision,
5 Mr. Chair. They don't need to come back to us. If
6 they say we'll just live with the land use map that
7 was approved by Council the way it is, they won't
8 come back, but they will still be required to
9 fulfill that 5 percent, Chairman. And, again, it's
10 going to be up to our trust in Housing and Human
11 Concerns to ensure they're protecting the Maui
12 County residents' interest.

13 So, do we want to participate or don't we
14 want to participate?

15 I think that's part of a complex situation
16 that your Committee faces, Mr. Chairman. I wish it
17 was more simpler than that, but it's not.

18 So, do we want input?

19 We can work through this document. If we
20 don't, they're going to decide two things, Members:
21 Reapply or not apply at all and live with the land
22 use map as-is.

23 And I just share that with the Members,
24 Chairman.

25 Thank you so much.

1 CHAIR MATEO: Thank you very much, Mr. Hokama.

2 Mr. Pontanilla, go ahead.

3 COUNCILMEMBER PONTANILLA: Thank you.

4 And the comments that Council Chair just
5 spoke about is so true. I just wanted to make some
6 comments in regards to this particular project. You
7 know, we all talk about affordable housing and the
8 need for affordable housing. Although, you know, we
9 have a lot of discussion in regards to this
10 particular project, like Mr. Hokama said, you know,
11 let's work with the people that are before us rather
12 than take a decision today to either up or down this
13 particular project.

14 Because when Leiane mentioned that, you know,
15 starting a project like this will take eight months
16 before they break ground, what other affordable
17 projects do we have right now that can break ground
18 in eight months?

19 Other than Hale Mua, which was approved maybe
20 about three years ago, you know, there's no project
21 in the pipe right now to create affordable housing
22 for our people here in Maui County. Yeah, you know,
23 we can discuss all of the criterias. But, again,
24 you know, we have a developer here today that is
25 willing to come forward to provide this housing that

1 is really needed for our people, although we might
2 not agree to the median income that has been set
3 forward. But I hate to see a project like this be
4 deferred or disapproved and not have anything come
5 back for a long period of time. So, let's work with
6 the developer and maybe, you know, as a
7 recommendation to defer this particular project so
8 that we can work together to come out with a win-win
9 situation.

10 And I think Member Johnson brought up a
11 really good point, because remember the affordable
12 housing next to Safeway, Kahului Town Terrace, this
13 is a similar situation. Although Kahului Town
14 Terrace was for 15 years, this is for 25 years as
15 far as this project goes. And we found out at that
16 time that a lot of people that were renting Kahului
17 Town Terrace were out of the median income bracket,
18 meaning they were making too much money. So, they
19 didn't have the ability to purchase part of the
20 units because that condition wasn't in place. But
21 this provides an opportunity for those in the lower
22 median income, below 120 percent. You know, like
23 everything else, prices go up, people get raises,
24 people get married, income goes up. So, this would
25 give some of those families an opportunity to live

1 there, you know, forever if they want to. But,
2 again, you know, we should be working together,
3 not -- you know, not not creating affordable
4 housing.

5 So, thank you for this opportunity.

6 Thank you, Chair.

7 CHAIR MATEO: Thank you, Mr. Pontanilla.

8 Mr. Victorino?

9 COUNCILMEMBER VICTORINO: Yeah. Thank you, Mr. Chair.

10 And I get the sense that for all of us right
11 now they're basically agreeing to almost everything
12 we've asked except that one point about the 15 years
13 and that guarantee. However, with Member Johnson's
14 suggestion, I will also say that I more or less now
15 lean towards having this project move forward. I
16 think it's important. I was stuck on the 15 years
17 because of the history that we've all gone through,
18 the projects from Kahoma, Skill Village, Waiehu,
19 that the County and our taxpayers helped develop,
20 which now people are turning around 10 years later
21 and selling at market prices. I got -- I'm getting
22 tired of carrying people so that 10 years later they
23 can go out and sell it at a market price. I want
24 some kind of assurances that there be affordable
25 housing in the future, for all of our residents.

1 Because as others have said, we're going to have a
2 service-oriented type of industry for many, many
3 years to come, and I don't think that's going to
4 change, so we've got to protect that group. I also
5 want to see the working people have something. I
6 don't think water's a major issue, in my mind. All
7 the other issues have not been a real challenge, in
8 my mind. The 15 years was. But I have the tendency
9 to agree that if we can work this out in the future,
10 where another corporation can take over and they're
11 willing to satisfy all the other requests we made to
12 this point, then I, too, would lend myself to say I
13 would want to see this project move forward.
14 Because the proof is in the pudding. Maybe it's
15 time we let -- let somebody show us. And I think we
16 give you that opportunity to prove to the people of
17 Maui County that you, like us, believe that the
18 working people are so important that this project
19 needs to be done now. Not next week, not next year,
20 but now, even though eight months, nine months down
21 the road before you break ground. But it's really a
22 step forward today. And I'd be willing to move
23 forward if that condition is the only thing and
24 they're willing to accept that condition, then I
25 think -- they don't need to be deferred. I think

1 this should be put out and taken care of today. But
2 I leave that to you -- your recommendation,
3 Mr. Chair.

4 Thank you.

5 CHAIR MATEO: Thank you, Mr. Victorino.

6 Mr. Molina?

7 COUNCILMEMBER MOLINA: Thank you, Mr. Chairman.

8 What is the time parameters we're looking at?
9 Where are we at this point in terms of the deadline
10 that a decision must be made?

11 CHAIR MATEO: We have until October 8th. October 8 is the
12 drop-dead date. But I believe because of the
13 scheduling of the Council meeting, I believe it's
14 the 5th that we have to look forward to. So -- so,
15 you're right. And the Chair appreciates all of the
16 comments. But we as a body are facing a clock, and
17 that clock dictates how we move and when we move.
18 Because if we don't respond within the 45-day
19 period, then this project's approved as submitted.
20 And, you know, each one of us -- you know, we
21 support the process, we support the need. But I
22 will not approve an affordable housing project just
23 because it comes with the name affordable housing.
24 It has to meet its objectives. It has to meet a
25 goal. It has to provide for the people that we as a

1 body had indicated when we developed our policy that
2 they were target groups. We are -- right now we're
3 focusing in on the 80 and below.

4 Wasn't the discussion when we started our
5 policy we needed to take care of the gap group?
6 That gap group was what?

7 It was the 120 to the 160. And now we're
8 saying easily, yeah, you know, let's focus on the
9 lower ones. So, we got to be consistent as the
10 body. And as I said, the title alone "affordable
11 housing project" does not make it easier to get
12 approved. So, you know, it is tough. I virtually
13 have one more meeting date before we come up with a
14 recommendation. So, Chair is pressed; the body is
15 pressed. And scheduling is difficult, because
16 immediately following this meeting we have a Land
17 Use meeting that we probably -- you know, will
18 continue on this evening.

19 So, you know, I hear -- I hear the -- I hear
20 the concerns of the body. It was the initial
21 Chair's intent to move this project forward with
22 recommendations. And at this point, because we
23 already know that the Applicant has difficulty in
24 meeting the recommendation of -- consideration of an
25 80 percent, you know, we ran into a snag.

1 But, Mr. Molina, thank you very much for that
2 question.

3 October 5th is really our drop-dead date.
4 Our next housing meeting is the deadline for us to
5 come up with something that -- you know, addressing
6 one of these resolutions.

7 So, I believe -- or I hope that, you know,
8 the Members have the opportunity to come and talk
9 story so we're able to come up with some kind of a
10 definitive.

11 Ms. Johnson, go ahead.

12 COUNCILMEMBER JOHNSON: Yes, Mr. Chair. And because time
13 is money and because they would also like
14 resolution, I had an opportunity to speak with
15 Mr. Molina, because personally I would just as soon
16 put the conditions, draft them, and if it passes it
17 passes; if it doesn't pass it doesn't pass and do it
18 today. So, I asked Mr. Molina if -- when his
19 meeting convenes if he would be able to then recess
20 it for a short period of time so we could then
21 conclude our business and at least move this project
22 forward or do whatever we're going to do, and do
23 that. That's another consideration. Because I
24 don't want to drag this on and on and on. I mean,
25 everybody has to come back, they have to come back

1 again. You know, I think that we all support
2 affordable housing. I don't think there's anyone on
3 the Council that doesn't. So, you know, it's just
4 crafting it and drafting the conditions in such a
5 way that they're agreeable but that it also gives
6 us an opportunity to really step into the picture
7 and maybe go to Lokahi or, you know -- I think it's
8 Hawaii concerns of the community or, you know,
9 Catholic concerns of the community, because I know
10 Hale O Wainee was built in a very creative way. And
11 even Mr. Katsuda had expressed extreme interest in
12 the other project, the Kahului Town Terrace. So, I
13 mean, he may be interested in just seeing this go
14 forward, too, and step in to help us get housing
15 that's affordable in perpetuity, which I think is
16 what we want. So, that's another consideration,
17 Mr. Chair.

18 CHAIR MATEO: Thank you, Ms. Johnson. Chair appreciates
19 it.

20 Members, at this time the -- I guess the
21 biggest thing on the table is still the percentages.
22 This is not counting the -- Ms. Johnson's
23 recommendation for taking a look at the entity who
24 will run the facility.

25 With the Members, what consideration is can

1 we get consensus on that you would like to add in as
2 modifications?

3 And, you know, nobody really had -- this is
4 the -- modifications was, I guess, captured by the
5 Chair from discussion that we have heard, so we have
6 not even gotten consensus on whether or not the
7 modifications that was thrown out, you know, is
8 something that each one of us agree on or we have
9 consensus on.

10 Mr. Hokama?

11 VICE-CHAIR HOKAMA: Chairman, I know you have many options
12 before you. And while I will await your
13 recommendation, I have one question for the
14 Department, please.

15 As you understand the project as being
16 proposed currently, with the original submittal, do
17 you believe that this project would qualify for
18 federal tax credits?

19 MS. MEDEIROS: I'm not familiar enough with the federal
20 tax credits to know whether it would qualify.

21 VICE-CHAIR HOKAMA: Okay. Because, you know, we brought
22 up the Kahului Town Terrace. One of the driving
23 factors of that project, Members, was the federal
24 tax credit issue. And I just bring that because it
25 did influence how that situation occurred and

1 progressed and got resolved. So, I just -- it would
2 be interesting to know whether or not this project
3 would have qualified.

4 Would the Applicant know whether or not as
5 submitted it would be able to qualify for tax
6 credits?

7 MS. PACI: I'm not sure what all the rules are. But then
8 the -- we would have had to serve the median incomes
9 of 50 to 60 percent.

10 VICE-CHAIR HOKAMA: So, as you understand, you wouldn't
11 qualify?

12 MS. PACI: Not at the median ranges that we're proposing.

13 VICE-CHAIR HOKAMA: Okay. We appreciate that response.

14 Mr. Chairman, if you feel to take a short
15 recess to contemplate your options prior to your
16 recommendation, I await your direction, sir.

17 CHAIR MATEO: Easier said than done...(chuckled)...

18 Thank you, Mr. Hokama.

19 COUNCILMEMBER ANDERSON: Mr. Chair, just...

20 CHAIR MATEO: Ms. Anderson, go ahead.

21 COUNCILMEMBER ANDERSON: Just a quick comment.

22 I would request that they look into the tax
23 credits because they're all concerned about economic
24 benefit. And maybe the benefit to you guys might be
25 greater if you did take those tax credits and adjust

1 your project accordingly so that you can.

2 And then the other thing, Mr. Chairman, is if
3 we are not making a decision today, I would like
4 Corp Counsel to check into whether or not this
5 project was bonded. Because according to the County
6 Code, if you don't meet your conditions of zoning
7 within five years, the option is for the Council to
8 take the bond money and do it ourselves. So -- I
9 mean, I know he can't answer that question now. I'm
10 just asking that...

11 MR. KUSHI: I can.

12 COUNCILMEMBER ANDERSON: Oh, you can?

13 CHAIR MATEO: Okay. Ms. John -- Ms. Anderson, thank you
14 very much.

15 Mr. Kushi?

16 MR. KUSHI: Yeah. The five-year -- I think Mr. Pontanilla
17 brought that up, and that's under your conditional
18 zoning statute, and that was passed a couple years
19 ago, and new laws do not go back to 1989. So, it's
20 not -- they're not affected.

21 COUNCILMEMBER ANDERSON: It was -- it was adopted in 1991
22 and I think there was a previous ordinance to that,
23 Mr. Kushi.

24 MR. KUSHI: Not on affordable housing.

25 COUNCILMEMBER ANDERSON: No, no, no, I'm talking about

1 conditional zoning. The condition of zoning to be
2 met within five years and that a bond -- you know, I
3 think it's worth looking into, Mr. Chairman between
4 now and the next meeting.

5 CHAIR MATEO: Thank you very much.

6 Members, the Chair will call for a brief
7 recess of five minutes. We will reconvene at ten to
8 1:00 exactly.

9 We are in recess. (Gavel.)

10 RECESS: 12:45 P.M.

11 RECONVENE: 12:50 P.M.

12 CHAIR MATEO: Meeting of the Policy Committee for
13 September 12th, 2007, will reconvene.

14 Members, thank you very much for allowing the
15 Chair the opportunity to come up with...a
16 determination as to what we're going to do at this
17 point. It is the Chair's recommendation that we
18 defer this item. And prior to deferring it, the
19 Chair will ask each of the Members to submit to the
20 Chair in a day or two a written...if you have any
21 considerations for modification, that you submit it
22 to the Chair in writing. The Chair will have a list
23 compiled that will be shared with all of the
24 Members. And at our next scheduled Housing...uh,
25 Policy Committee meeting, we will start the

1 discussion on those considerations.

2 Okay?

3 VICE-CHAIR HOKAMA: No objections.

4 COUNCILMEMBER VICTORINO: No objections.

5 COUNCILMEMBER BAISA: No objections.

6 COUNCILMEMBER PONTANILLA: No objections.

7 CHAIR MATEO: Thank you very much.

8 Again, we will defer the item. And if
9 there's any additional comments or recommendations,
10 uh, comments or discussion, Ms. Anderson?

11 COUNCILMEMBER ANDERSON: Yeah, since we're all here,
12 Mr. Chair, and before you adjourn the meeting, I'm
13 wondering -- we're supposed to be meeting at 1:30,
14 so I'm wondering if the Land Use Chair can give us
15 some direction, so we can all eat, what's going to
16 happen.

17 CHAIR MATEO: I heard he was going to provide us lunch.

18 COUNCILMEMBER ANDERSON: We all need to eat, that's for
19 sure.

20 CHAIR MATEO: Mr. Molina?

21 COUNCILMEMBER MOLINA: Well, thank you, Mr. Chair.

22 Well, I won't be a tyrant today. So, what
23 we'll -- out of consideration for the need to
24 re-energize ourselves, we'll open up the meeting at
25 1:30 as scheduled on the agenda; and then we'll take

1 a recess, as long as it takes, I guess, if the
2 Members need an additional half an hour, I guess;
3 and we could possibly then reconvene at around
4 2:00 P.M., if that is satisfiable to the Members.
5 Okay, or later.

6 COUNCILMEMBER ANDERSON: Well, I mean, that means we all
7 have to be here at 1:30 in order to adjourn and
8 recess. And at least five of us --

9 COUNCILMEMBER MOLINA: You know what? We'll.

10 COUNCILMEMBER ANDERSON: Because I've got to leave the
11 building to get lunch.

12 COUNCILMEMBER MOLINA: Okay. What we'll do, we'll open at
13 1:30 and we'll make a decision from there to decide
14 how long we'll be out to nourish ourselves.

15 CHAIR MATEO: Thank you very much, Mr. Molina.

16 Members, any additional announcements?

17 Seeing -- go ahead, Ms. Anderson --

18 Ms. Johnson, go ahead.

19 COUNCILMEMBER JOHNSON: My question, Mr. Chair, is when
20 would we be hearing this item, then? Would it be on
21 the 5th of October? Would that --

22 CHAIR MATEO: No. It's on our very next Committee
23 meeting, next week Tuesday.

24 COUNCILMEMBER JOHNSON: Okay. That's -- that's fine. And
25 that's -- how about -- it's going to be posted.

1 And is it already posted?

2 CHAIR MATEO: We already have it -- right after this

3 meeting, she's going to work like hell and get it

4 out.

5 COUNCILMEMBER JOHNSON: Okay, okay. All right. Thank

6 you.

7 CHAIR MATEO: Additional -- additional announcements?

8 Mr. Victorino?

9 COUNCILMEMBER VICTORINO: Nope.

10 Thank you.

11 CHAIR MATEO: Thank you very much.

12 Policy Committee Meeting for September 12th,

13 2007, is adjourned.

14 (Gavel.)

15 COUNCIL MEMBERS VOICED NO OBJECTIONS. (Excused BKM).

16 ACTION: DEFER pending further discussion.

17 ADJOURN: 12:54 P.M.

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1 STATE OF HAWAII)
2 CITY AND COUNTY OF HONOLULU)

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4 I, LESLIE L. TAKEDA, RPR, CSR #423, do hereby
5 certify that the foregoing pages comprise a full,
6 true, and correct transcription of the audiotaped
7 proceeding taken in the above-entitled cause, to the
8 best of my ability.

9

10 Dated this 2nd day of October 2007.

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15 LESLIE L. TAKEDA, Notary Public, State of Hawaii
16 My commission expires February 11, 2011

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