

MINUTES

HOUSING & INTERGOVERNMENTAL RELATIONS COMMITTEE

September 23, 2020

A meeting of the Housing & Intergovernmental Relations Committee of the Council of the County of Kaua'i, State of Hawai'i, was called to order by KipuKai Kualii, Chair, at the Council Chambers, 4396 Rice Street, Suite 201, Lihu'e, Kaua'i, on Wednesday, September 23, 2020 at 8:37 a.m., after which the following Members answered the call of the roll:

Honorable Mason K. Chock
Honorable Felicia Cowden
Honorable Luke A. Evslin (*via remote technology*)
Honorable Ross Kagawa
Honorable KipuKai Kualii
Honorable Arryl Kaneshiro, Ex-Officio Member

Excused: Honorable Arthur Brun*, Ex-Officio Member

Minutes of the August 19, 2020 Special Housing & Intergovernmental Relations Committee Meeting (County Housing Policy Workshop).

Upon motion duly made by Councilmember Chock, seconded by Councilmember Cowden, and unanimously carried, the Minutes of the August 19, 2020 Special Housing & Intergovernmental Relations Committee Meeting (County Housing Policy Workshop) was approved.

Minutes of the September 9, 2020 Housing & Intergovernmental Relations Committee Meeting.

Upon motion duly made by Councilmember Kagawa, seconded by Councilmember Chock, and unanimously carried, the Minutes of the September 9, 2020 Housing & Intergovernmental Relations Committee Meeting was approved.

The Committee proceeded on its agenda item as follows:

Bill No. 2774, Draft 4 A BILL FOR AN ORDINANCE AMENDING CHAPTER 7A, KAUAI COUNTY CODE 1987, AS AMENDED, RELATING TO THE HOUSING POLICY FOR THE COUNTY OF KAUAI (This item was **Deferred.**)

Councilmember Kagawa moved for approval of Bill No. 2774, Draft 4, seconded by Councilmember Chock.

Councilmember Kualii: We have one (1) testifier. JoAnn Yukimura, you may begin.

There being no objections, the rules were suspended to take public testimony.

JOANN A. YUKIMURA (*via remote technology*): Thank you. Good morning.

Councilmember Kualii: Good morning.

Ms. Yukimura: Committee members, thank you very much for this opportunity. I am getting a lot of feedback. I think last time, it was something with Scott's machinery.

Councilmember Kualii: We can hear you fine.

Ms. Yukimura: Can you hear me now?

Councilmember Cowden: Yes.

Councilmember Kualii: We can hear you.

Ms. Yukimura: Hello, I cannot hear you.

Councilmember Cowden: Yes.

Ms. Yukimura: Hello?

Councilmember Kualii: Hi, we can hear you.

Ms. Yukimura: Okay, thank you very much. Thank you for the opportunity to testify once again on Bill No. 2774. I have five (5) main comments. Please do not exempt town core and multi-family developments from affordable housing requirements. In the very places where we want to encourage growth, where we are pouring incentives and subsidies, where infrastructure is likely to be provided, where a car is less likely to be needed, you would refuse, through the exemptions, to ensure that there will be affordable housing for the long-term in these key areas. If the town core is successful, as we all want it to be, even if the prices were initially affordable, they will not stay that way for long if the area is successful. Thus, if you support the exemptions, you are not planning for the future and you are not planning for all people. You say that the units will be affordable by design. If so, they should be able to easily meet affordability requirements. You say that millennials cannot afford to live on Kaua'i. If you require that a certain percentage of the units be affordable, millennials should be able to buy those units.

Point two, do not reinstate the one hundred forty percent (140%) Area Median Income (AMI) as part of the range of affordable housing. The purpose of the County's housing law is to guide the County in using taxpayers moneys to provide housing for people for whom the market cannot provide. From Housing Director Adam Roversi's presentation at the Housing Workshop, and based on the County's Nexus Study, it is clear that the market does provide housing for those in the one hundred forty percent (140%) bracket at a profit. If you include the one hundred forty percent (140%) in the definition of affordable housing, you will be allocating scarce

resources for those who can meet their housing need on their own over those who cannot—widening the gap between the haves and the have-nots.

Point three, please support long-term affordability. It is important to understand why long-term affordability is critical to solving the affordable housing problem. When the County allocates its scarce resources or uses its police powers to develop or acquire affordable housing, that effort is an investment. If the house is affordable for twenty (20) years, that is the period of return on investment. If a house is affordable for ninety-nine (99) years, that is a far greater return on investment, not so much in terms of money, but in terms of what a safe, sturdy house in a good neighborhood means to a family that can afford that. Perhaps we should measure value in terms of affordable years. If the house built with taxpayer or governmental assistance is affordable for only twenty (20) or thirty (30) years, we will never catch up with our housing need. If, however, we have an ever-growing inventory of affordable homes, we may be able over time to meet the need of many or most of those unable to afford the ever out-of-reach market prices.

Point four, remove the bias towards single-family housing and apply it to multi-family housing. In the current law, a developer's obligation can be reduced if the development consists of single-family housing—a provision of the past in a time when the prevailing public policy is to encourage the opposite, and which you are using as reason to exempt town core from affordable housing obligations. I recommend that the provision be removed or applied to multi-family housing.

Lastly, change the provision where the value of land donated must be equal to the in lieu fee. Rather, should be easy and safe to develop (i.e., no hazardous materials, flat) and should be able to support the number of units owed, because you want the donation of land to be the best choice.

If I have more time, I want to go back to the point about long-term affordability. If we allow people to take a house provided with taxpayer help and resell it at a speculative profit at the expense of the next qualified family, we will have a policy of helping a few at the expense of many in need. Bill No. 2774 is the most important piece of legislation of this year's Council term and one that will have impact for years on perhaps the most important issue facing our families. Please take the time to do it right. *Mahalo*.

Councilmember Kualii: Thank you very much. I believe we have no other testifiers.

Ms. Yukimura: Are there any questions?

Councilmember Kualii: No clarifying questions. Thank you very much.

Councilmember Cowden: I have one.

Councilmember Kualii: Councilmember Cowden.

Councilmember Cowden: I have a clarifying question. When you are talking about the in lieu trade for developable land, can you give me one more

clarification? I have “no toxicity”...does that include infrastructure? What is the piece on there that you are saying?

Ms. Yukimura: Yes, in my plan it would be land and off-site infrastructure as a real win-win for both the developer, because I appreciate that you moved the percentage over from thirty percent (30%) to twenty percent (20%), but I was doing that in context of a big plan. Anyway, so you reduce that and then land and off-site infrastructure reduces it in half again, so it is effectively a ten percent (10%) requirement. Like Koa'e Makana, for example, in Kukui'ula, they did not have to pay the forty million dollars (\$40,000,000) that it took to create the vertical construction and the on-site infrastructure. So in answer to your question, Councilmember Cowden, it should be a land and infrastructure alternative, because if you get land, but you do not have the infrastructure, it takes so much longer to develop. If you have land and off-site infrastructure, the County or a nonprofit can go immediately to build, use tax credits, use capital, whatever you have...federal funds.

Councilmember Cowden: Okay. Thank you.

Ms. Yukimura: It is the fastest way.

Councilmember Cowden: Okay, thank you. That is clear.

Councilmember Kualii: There being no further testimony or no clarifying questions, the Housing & Intergovernmental Relations Committee is now in recess.

There being no objections, the Committee recessed at 8:46 a.m.

The meeting was called back to order at 1:51 p.m., and proceeded as follows:

Committee Chair Kualii: I would like to call the meeting back to order and back from recess. The remaining item is Bill No. 2774, Draft 4. I continue to be grateful to you and thank you for your hard work on this Bill. Similar to what I mentioned last week, it was my hope that we would finish today, but I know we had a couple of amendments that we were working on. Since then, one of them will not be introduced and the other one just needs a little bit more time. What we are going to do today is to bring in the Housing Director in case you have any questions on any potential amendments that you may be working on. If not today, we want those amendments to be put forward at our next meeting. Our Housing Director is here to answer any questions regarding the Bill or to discuss any possible amendments that you might be working on.

Councilmember Kagawa: I have a question.

Committee Chair Kualii: Question?

Councilmember Kagawa: We have testimony today from the Kaua'i Habitat for Humanity (Habitat) and the Contractors Association of Kaua'i (CAK). The CAK wholeheartedly supports Kaua'i Habitat for Humanity and some of their suggestions. Everyone knows how Habitat has been successful in creating affordable

housing and building affordable housing for our local residents. Have you looked at the testimony and are there any amendments that are suggested from this testimony that we should be passing?

Committee Chair Kualii: We definitely did hear from a couple of nonprofit developers such as Habitat and the former Director of Habitat, Mr. Stephen Spears, who is now with another nonprofit affordable housing entity. In fact, that is the one outstanding amendment that we are working on with our Housing Director, and he is working on that with our County Attorney. That amendment will be before us in two (2) weeks.

Councilmember Kagawa: Is that to change from fifty (50) to thirty (30)?

Committee Chair Kualii: No. It is just addressing how nonprofit developers engage into the whole process with the Housing Policy. The last amendment that we passed on the term of affordability or the buyback provision was to go from the current twenty (20) years to fifty (50) years. It is twenty (20) currently and the current amendment is from twenty (20) years to fifty (50) years. The other amendment that we had talked about, but we had not put forward or voted on was to go instead of twenty (20) to fifty (50), to go from twenty (20) to thirty (30). Some of that came about with the concerns of the nonprofit affordable housing developers. We met with them and spoke with them further and those were addressed by the Housing Director.

Councilmember Kagawa: Just to be clear, what I am reading is that Habitat and Stephen Spears, they are suggesting thirty (30), because that is the length of a normal mortgage. They are saying that if you go for fifty (50) years, it far exceeds the typical long-term mortgage.

Committee Chair Kualii: What we were hearing from them originally was that it would be a problem and it would prevent Habitat from doing all the great work that they are doing. Since then, we have learned otherwise. Whether it is thirty (30) or fifty (50), it is not going to prevent them from getting the financing and doing the good work that they are doing. Director Roversi, please help me if I said anything wrong.

There being no objections, the rules were suspended.

ADAM P. ROVERSI, Housing Director (*via remote technology*): Sure. That is broadly correct. Stephen Spears did originally send some written testimony that was concerned that the fifty (50) year affordability period would be challenging for Habitat for Humanity's financing model, which uses a thirty (30) year second mortgage to impose a period of affordability on their projects. We had also previously heard some comments, either at the Workshop or in previous hearings, there had been some assertions from either the Board of Realtors or other lenders that posed financing difficulties. We did some research on this end. One of the statements that had been made at a prior meeting was that a deed restriction beyond twenty (20) years or beyond thirty (30) years, the length of a typical mortgage, would make financing impossible because Fannie Mae and Freddie Mac will not acquire loans on properties going over that period of time. That was just an oral statement that I recall being made. Since our last meeting, we have done internal research here, we

have spoken to some local lenders, we followed up with Fannie Mae and Freddie Mac, we touched base with the folks who drafted the Nexus Report, and we also had a follow-up meeting with Stephen Spears, specifically about the testimony that he had submitted based on his experience at Habitat. In checking those things off, we confirmed with Fannie Mae and Freddie Mac that the statement that they will not purchase deed restricted mortgages is simply false. They do it all the time for fifty (50) years and more. They even purchase properties that have permanent deed restrictions...or purchasing loans rather, attached to properties that have permanent affordability requirements. It is not the case that Fannie Mae and Freddie Mac look unfavorably on those. In fact, they have specific programs that are designed solely to serve those sorts of mortgages, because they have an affordable housing mission as part of their financing obligations. Separate from that, we heard back from some of the local lenders who had previously expressed concerns, who then came back after checking with the lenders that they work with...these are some of the mortgage brokers...they also confirmed that, no, in fact, they had been incorrect and those affordability provisions do not bar financing.

In our one-on-one meeting with Stephen Spears, he actually conveyed the same thing. He backtracked on his initial written testimony and said that he had checked with lenders that they are operating with currently, which is primarily through the United States Department of Agriculture (USDA), and he confirmed in our one-on-one meeting that effectively, the statement that the fifty (50) years renders their projects unfinanceable is incorrect. He confirmed that they could still procure financing. To be fair, he did still note that it is more convenient to have a shorter period of affordability than a longer period of affordability. It makes financing simpler, because it meshes more readily with what the local lending market is used to. Across the board, the various folks who had raised concerns all backtracked to some extent on the prior statements that this is kind of a nonstarter. They recognized after more research that there were methods of financing that fit within a longer affordability period. As a side note, I should also observe that at least for Habitat for Humanity, and this would not apply for all nonprofits, but because Habitat traditionally, and this might not be the same going forward, traditionally, the County has participated financially in Habitat's projects by providing financing. Not a lot of financing, but some. Because the County has partnered with them in their projects one way or another, traditionally they have always been viewed as exempt from the Housing Policy. Habitat is not being required to comply with the specific AMI and affordability requirements that are set out in the Housing Policy anyway. In a simplistic sense, the Housing Policy, whether it is twenty (20), thirty (30), or fifty (50) years, has never been applied for Habitat for Humanity's projects. It is sort of a moot point how Habitat does their financing and what we are doing. That does not mean that moving forward, if Habitat had a project and the County has no funding involvement whatsoever, that the Policy could not be read to apply to them. That is why we are working with Committee Chair Kualii, as he just mentioned, on designing a new provision to specifically address nonprofit housing developers. That is not really carved out in the existing policy. It is written with the view of how we approach market developers who are coming to make a profit on their development. It does not really have a way of clearly and reasonably addressing people who are truly nonprofit housing developers and that is kind of their mission. We are working on that. That is a little more involved than simply picking the period of affordability.

Committee Chair Kualii: Thank you, Director Roversi. Do we have further questions? Councilmember Cowden.

Councilmember Cowden: This is a follow-up to that. I do not know how recently, but maybe you spoke to Stephen Spears yesterday. I have had several calls from him and others within the past three (3) days, definitely asking for the thirty (30) years and not the fifty (50) years. I am not hearing that revision in the conversations that I have had. I think that if this is going to be moving out another session for us, I would like to see a letter from them and the others that say that. I am looking here at CAK's letter and this is dated yesterday. Maybe they did not hear that. I have spoken also to a lender asking, "Why is there a big difference between a local lender versus somebody from California? There is a lot more attachment to the success here." Unless I am really hearing directly from them, I am on the thirty (30) year page. Also to me, when I think about Habitat for Humanity, rather than carving out a special circumstance for them, I would think they would be setting a standard. If they cannot get a mortgage beyond thirty (30) years, then how would a private one get one? It seems to me that Habitat has a very strong reputation. They would be easier to lend to on those longer timelines. When we are looking at fifty (50) years, we are not just looking for them, right? We are looking for our private developers, is that correct?

Mr. Roversi: Correct.

Councilmember Cowden: A private development would have a harder time. When we are looking at a rental versus a purchase, I think those do not have to be tied to the same amount. Fifty (50) years on a rental program is easier for me to think about than on a sale program.

Mr. Roversi: You have thrown a lot of things into those statements. First, we are not carving out an exception in the amendment that we are working on just for Habitat. We are designing a provision to address all affordable housing projects so that they are not strictly speaking...let me take a step back. The way the current Policy is written, when an affordable housing developer comes in to my office and they say, "We want to develop twenty (20) lots in Kapa'a and we want to do half of the units at fifty percent (50%) AMI and we want to do half of the units at one hundred twenty percent (120%) AMI, because that pencils out for us." That is all workforce housing or even very affordable housing at fifty percent (50%). The way the current Policy is written, unless the County is involved in that project and can with a straight face say that it falls under a Housing Policy exemption, on the face of the current Housing Policy, I do not have the flexibility to say, "Well that sounds great. That is an amazing community benefit that you are going above and beyond what the Housing Policy would require of you." Technically, I would be required to say, "Well, that sounds great, but I need you to produce a certain percentage of the units at eighty percent (80%), a certain percentage of the units at one hundred percent (100%), and a certain percentage of the units at one hundred twenty (120%) or one hundred forty percent (140%)" under the current Policy. The way the Policy is written, we do not have the discretion to manipulate those percentages in workforce housing requirements to suit a developer who is truly a workforce developer wanting to do something a little different. That is the provision that we are working on that would suit in the future a Habitat project that the County was not involved in or a different nonprofit developer that has nothing to do with Habitat. There are some

new entities on Kaua'i that have some development ideas that exception could fall into.

Councilmember Cowden: So you are saying that that creates some flexibility?

Mr. Roversi: Back to the affordability issue, to reiterate, Habitat for Humanity has not been required to meet any of the Housing Policy requirements so far. What I meant to convey regarding our conversation with Mr. Spears, was that he no longer was of the opinion that a fifty (50) year affordability period prevented them from proceeding, but he still reiterated that he had a preference for that. I am not telling you that he is backtracking from his request that it be put to thirty (30) years, he has just withdrawn the statement that fifty (50) years is a non-starter. I would encourage you to speak directly to him rather than just trusting my statement, so that you could hear that from "the horse's mouth." With regard to the Contractors Association of Kaua'i, I have not seen their testimony, so I do not know what that says or does not say. I cannot speak to that.

Committee Chair Kualii: If I remember, and I am not looking at my notes, but Mr. Spears used the word "comfortable," that is what he is most comfortable with...the lower the better and less than the term of a mortgage was his preference.

Mr. Roversi: Correct.

Committee Chair Kualii: Any other questions? Council Vice Chair Kagawa.

Councilmember Kagawa: I just wanted to state that CAK stated in their testimony that they support the testimony from the Kaua'i Habitat for Humanity. It was well-thought-out, rational, reasonable, and very clear that Habitat is on track with what CAK supports. That is basically what they said.

Mr. Roversi: Thank you.

Committee Chair Kualii: Any other questions? Councilmember Evslin.

Councilmember Evslin: Thank you. One quick note and then a question. I also did speak to a mortgage broker yesterday who had initially raised red flags and who then said that after further research the financing issue was not an issue. I think that her concern along with some other concerns I keep hearing is more on the equity side and the concern that people would opt out of a fifty (50) year deed restriction, because they cannot build equity with it. I will talk more about that in discussion. It seems like that was the bulk of their concern at the moment. The question for Adam...former Councilmember Yukimura this morning in her testimony mentioned the incentive for single-family homes in the current Housing Policy, that you get a reduction in your requirement if you provide single-family homes. The concern in my mind was if someone was building a multi-family development in an R-8 area and they would have to provide single-family homes for their lower income ones, whether the incentive should apply to multi-family homes as well. I just wanted

to get your initial impression on that and whether you support the incentive as it is or whether you would be open to changing it.

Mr. Roversi: Sure. Former Councilmember Yukimura was correct that there is an existing incentive in the Housing Policy that would allow a twenty-five percent (25%) reduction in the workforce housing assessment if the developer builds single-family units to satisfy their workforce housing requirement. I would presume that this was written back in 2008 or approved in 2008, it was probably drafted well before then, because at the time, there was a preference for single-family homes, standalone single-family homes on Kaua'i that was sort of the standard method of development. I do not disagree that it does not necessarily make sense as an ongoing incentive. Since listening to JoAnn Yukimura's testimony earlier today, I was thinking about ways that could be finessed to more accurately suit the different developments that could take place. I am just presuming that the original incentive was likely designed in a way that a developer, and I am just making up a hypothetical situation, who is building fifty (50) single-family units does not try to satisfy their workforce requirements by building some substandard apartments in a different location. The idea I am guessing is that the folks receiving these workforce units deserve, on some level, homes and housing that is equivalent to the market rate housing. In theory, rather than simply incentivizing single-family units, it could be replaced with something along the lines of an incentive that just provides an incentive when the workforce units that are provided are comparable to whatever market rate units are being developed. In that case, if a developer was truly developing a multi-family project and that was their market goal, there could be an incentive if the workforce units that they were going to provide would be similar in design, square footage, quality, finishes, et cetera to the market rate units. You could say that if you are going to do that and make your workforce units of similar quality to your market units, we will provide you with a similar twenty-five percent (25%) reduction. They would have to figure out for themselves if that is worth it or whether they would rather provide workforce units that are a little smaller, have vinyl instead of granite counters, have fiberboard cabinets instead of solid wood cabinets, and then they would fail to receive the incentive. That would be a way to improve the quality of the workforce units that are provided so that they are a good long-term benefit for the people who receive them. That is a longwinded answer and hopefully I got to the point.

Councilmember Evslin: Thank you. I appreciate the answer. We have a few more weeks here to maybe work on this a little bit more. Thank you.

Committee Chair Kualii: Councilmember Cowden.

Councilmember Cowden: I have two (2) questions. While we were speaking of former Mayor Yukimura's responses and input, she was bringing up the point about the in-lieu trade for developable land. We right here have an in lieu fee schedule. Can you speak to the in lieu trade for developable land? I know we have been doing that. Did you understand her concerns, Director Roversi? How would that be changing what we have?

Mr. Roversi: The way the current Ordinance is set up...and I will try to be quick. A developer comes in with their project. They are told that they need to provide a certain number of workforce units based on what they propose to

do. They have three (3) ways of satisfying that requirement. They can build whatever the defined number of units is in actual physical units, they can pay money based on the in lieu fee schedule, or they can provide land with associated infrastructure so that the County itself would then build the housing units. Different choices suit different sorts of developers. Presumably, the long-term descendants of sugar companies who have vast land holdings, but do not have vast cash reserves, it would be simple and beneficial for them to utilize the land in lieu option. Whereas, perhaps for a developer who is purchasing land to build their development, it would make less sense maybe for them to do a land donation, because they do not have any land. They would have to buy it and then give it to the County. If a developer were coming in and buying land to build residential houses, it might be simplest for them, since they are in the business of building houses, to build a few more houses at workforce price points. On the other hand, if we have a resort developer building a hotel who are not involved in residential construction and do not have a vast land reserve, perhaps it makes the most sense for them to pay the in lieu fee, because they are not in the business of building residential housing. Different solutions to satisfy the workforce housing requirement fit different development scenarios. I think it is valuable to have the different options embedded in the Ordinance. With regard to the specific notion that the land provided in a land in lieu situation under the current Ordinance is required to be equal to or greater in value than what the in lieu fee would be. Since I was not the one who wrote the original Ordinance, my presumption is that that was sort of a safeguard to be sure that a developer was not allowed to provide the County with very low-value land to satisfy their workforce housing requirement. The land would have to be comparable to what the in lieu fee would have been. The current Policy does go on to say that the land provided needs to be sufficient to satisfy the construction of the number of units that would be required. That is embedded in there already, as is the infrastructure requirements and the requirement that the Council approves the land. The Council gets to be involved in that process the way it is currently written.

Councilmember Cowden: Can you give me the page number that that is on? I am struggling to find it.

Mr. Roversi: The land in lieu does have some benefits. If a developer elects and makes the decision after their assessment to provide land to the County, the whole notion of periods of affordability effectively goes out the window, because the County now owns that land. Our typical model is that if we are going to be developing land, we are going to have whatever is built on it be affordable forever. As a past actual example, we would typically do a ground lease to the 'Ahe Group, they would build the project, they would operate it for sixty-five (65) years, and after those sixty-five (65) years, the vertical infrastructure would revert to the County so that it could stay affordable forever. To that extent, having the land in lieu has some benefits. There are also some repercussions for that as a sole focus that you all should think about. If we were to prioritize land in lieu, and land in lieu is a good thing, I promote that, if we were to prioritize that across the board as opposed to the payments or the development of the actual units, it would then become the County's obligation to develop all workforce housing. We would not have private developers in some instances developing housing.

Councilmember Cowden: Thank you.

Mr. Roversi: At least under the way that the Housing Agency is currently set up, we do not have the staff or the financial resources to be the sole developer of housing. That is part of the goal of the workforce housing policy is to push some of that burden on the development community who is already involved in that business.

Councilmember Cowden: Thank you on that. I have been looking at pages 7 and 8 of the Bill for that. I do not see where it says "land in lieu." I see in lieu fees. I do not see where it says "land in lieu." I was trying to understand how her suggestion was different than what we have. I cannot actually...maybe it is on page 5.

Mr. Roversi: I can point you to the exact section. It is in Section 7A-3.1, Subsection (b). It is titled "Satisfaction Alternatives" that provide the alternatives to actually building units.

Councilmember Cowden: Okay.

Mr. Roversi: Subsection (a) is the in lieu fee schedule if you want to pay money. Subsection (b) starts off titled "Dedication of Land." It starts off "Subject to the approval by the County Council, land in lieu may be dedicated to the County for all or a portion of the required number of workforce units."

Councilmember Cowden: Okay, so that is Section 7A-1.5, maybe? I am not finding it where you are saying it is.

Mr. Roversi: 7A-3.1.

Councilmember Cowden: It is not there on what I am looking at.

Council Chair Kaneshiro: That is because we did not make any changes to that Section so it will not be in this Bill. What we have in front of us are just the amendments.

Councilmember Cowden: Okay, so it is not in here.

Council Chair Kaneshiro: You have to look at the original Ordinance.

Councilmember Cowden: Okay. I was looking and I could not find it.

Mr. Roversi: It is a relatively short paragraph. I would be happy to read it for the record if you would like.

Councilmember Cowden: Okay, thank you.

Mr. Roversi: It says, "Dedication of Land. Subject to approval by the County Council, land in lieu may be dedicated to the County for all or a portion of the required number of workforce units. Such land shall be transferred by fee-simple title and at no cost to the County. The value of land to be dedicated shall be equal to or greater than the comparable amount of assessed in lieu fees. Land

to be dedicated shall be suitable to satisfy workforce housing requirements, and suitability of dedicated land may include, but not be limited to, size, configuration, physical characteristics, environmental constraints, off-site infrastructure, zoning, access, location, and other relevant criteria as required by the Housing Agency.”

Councilmember Cowden: So the Housing Agency could say we need the off-site infrastructure?

Mr. Roversi: Correct and the Housing Agency’s determination would be subject to the County Council’s approval. Council has to approve the dedication of land and sign-off on the Housing Director’s analysis of whether the land is appropriate to satisfy the workforce housing assessment.

Councilmember Cowden: Thank you. That is what I needed. In 7A-1.2, where we pretty early on, through Councilmember Evslin, made all of this go to...excuse me, I am in the wrong spot. When we look at the exemptions, the exempted areas like the town cores, are we still at the one hundred twenty percent (120%)? It looks like that came out again.

Mr. Roversi: My understanding is that was removed by a vote of the Committee at the last Committee Meeting.

Councilmember Cowden: Thank you. I just wanted to make sure where we were at with that. We are back to our original where there are no exemptions for these town cores, is that correct? There are no deed restrictions, there are no...I should not have said exemptions. It is exempt from all the rest. We went back to that original position?

Mr. Roversi: That is my understanding.

Councilmember Cowden: In the Līhu‘e area then, we have had within three (3) years the density quadrupled from R-20 to R-40, forty (40) units per acre, plus an additional dwelling unit (ADU) with no exactions. I am a little uncomfortable with that. Just so you can expect it for next time, Ho‘ike was going to do a time lapse filming of the traffic right in front of the bowling alley. This is just to see that while we have no visitors and we do not really have R-20 right there, how problematic the traffic is right there. Just sitting there in front of the glass, you see how much it struggles. I try to think about how realistic we could actually do forty (40) units per acre plus an additional dwelling unit, so that is essentially eighty (80) units per acre in that area. It seems that is asking for a problem.

Mr. Roversi: Those are really planning and zoning issues. The Council approved the General Plan and the Council approved the additional rental unit (ARU) increase in density in Līhu‘e. I will leave that to you folks.

Councilmember Cowden: I was a dissenting voice, so I am just holding that there that we are creating a problem.

Committee Chair Kualii: Members, are there any final questions for our Director? If not, I will call the meeting back to order.

There being no objections, the meeting was called back to order and proceeded as follows:

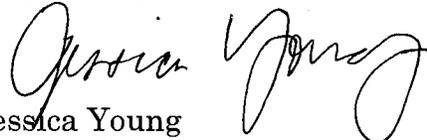
Committee Chair Kualii: I do not know of any amendments, but if you have any, you can introduce them right now. Any final discussion for today? I will just say that what I wanted to happen, happened. I think you all get it. If you have an amendment, please work on it and bring it to us in two (2) weeks. It is my sincere hope that we take final amendments in two (2) weeks and if we have to spend some time working on those amendments, we can work on them. If that amendment is to change the term of affordability, put it forward and we will deliberate and vote on it again, if we need to. Right now, the amendment that we passed on the term of affordability or the buyback provision as some people call it went from twenty (20) years to fifty (50) years. It is my intention to defer, unless anyone else has any other comments or final discussion. Council Chair, do you have anything?

Council Chair Kaneshiro: Nope.

Councilmember Chock moved to defer Bill No. 2774, Draft 4, seconded by Councilmember Cowden, and unanimously carried.

There being no further business, the meeting was adjourned at 2:27 p.m.

Respectfully submitted,



Jessica Young
Council Services Assistant I

APPROVED at the Committee Meeting held on October 7, 2020:



KIPUKAI KUALII
Chair, HIR Committee

*Beginning with the March 11, 2020 Council Meeting and until further notice, Councilmember Arthur Brun will not be present due to U.S. v. Arthur Brun et al., Cr. No. 20-00024-DKW (United States District Court), and therefore will be noted as excused (i.e., not present).