

PUBLIC HEARING

MAY 4, 2016

A public hearing of the Council of the County of Kaua'i was called to order by Mason K. Chock, Chair, Planning Committee, on Wednesday, May 4, 2016, at 1:54 p.m., at the Council Chambers, 4396 Rice Street, Suite 201, Historic County Building, Līhu'e, and the presence of the following was noted:

Honorable Mason K. Chock
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Arryl Kaneshiro
Honorable KipuKai Kualii
Honorable JoAnn A. Yukimura
Honorable Mel Rapozo

The Clerk read the notice of the public hearing on the following:

“Bill No. 2627 – A BILL FOR AN ORDINANCE TO AMEND CHAPTER 10, KAUA'I COUNTY CODE 1987, AS AMENDED, BY ADDING A NEW ARTICLE 5B, RELATING TO THE LĪHU'E PLANNING DISTRICT (*County of Kaua'i, Applicant*),”

which was passed on first reading and ordered to print by the Council of the County of Kaua'i on April 6, 2016, and published in The Garden Island newspaper on April 13, 2016.

The following communications were received for the record:

1. Cowden, Felicia, May 4, 2016
2. Hazelton, Dana, April 25, 2016
3. Kanna, Nancy, May 4, 2016

The hearing proceeded as follows:

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Committee Chair
Chock, we have two (2) members of the public who would like to testify on this matter.

Committee Chair Chock: Thank you. Can you read the first person?

Ms. Fountain-Tanigawa: The first registered speaker is Kurt Bosshard, followed by Nancy Kanna.

Committee Chair Chock: Thank you. Good afternoon. If you could just state your name for the record, and you have three (3) minutes for your testimony.

KURT BOSSHARD: Kurt Bosshard, Wailua Homesteads and Līhu'e. Friends and Councilmembers, thank you for the opportunity to speak. Thank you to the Department of Planning for opening up a dialogue on the issue of Additional Rental Units (ARUs) and Additional Dwelling Units (ADUs). By virtue of my job, I get to meet a large cross-section of our community and the details of their lives. The same issues come up with my clients and friends; housing shortage and cost, cost of living, concern for their children's continued viability on the island, and traffic. My opinion is that we need to open up a broader discussion relating to the housing shortage. The ARU proposal before you should stimulate that discussion, but I believe the discussion as to density and ADUs needs to be broadened to both residential and agriculturally zoned lands.

The so called "affordable housing" does not appear to be affordable. Thousands of property owners have chosen to utilize their own properties to house their children and grandchildren, and/or to subsidize their income through a rental. These living units are generally modest and many thousands are unpermitted as living units. For many of my acquaintances and divorced clients, these are the only units they can afford. What is the County's response? I think one of the responses was the rice cooker law, which criminalizes these minor zoning violations. Over the recent years, the County has made the Building Codes more restrictive and expensive. The County has raised the cost of a water meter to over fourteen thousand dollars (\$14,000). The State and County have been working to change out cesspools such that a modest renovation permit can trigger a change to an impractical septic system costing between fifteen thousand dollars (\$15,000) and twenty thousand dollars (\$20,000) if they have the space on the property in the first place.

Presently, the County tax office is aggressively identifying those properties which have these extra living units in order to increase the real property taxes on these properties. The next step will be to connect the living unit information from the tax office to the Department of Planning with an accompanying enforcement action, which will devastate many local families, potentially increase the living unit shortage by thousands, and drive rents further through the roof. So where do these people go? Where will families getting housing vouchers from our Housing Agency, the United States Department of Housing and Urban Development (HUD) housing, go? There are no vacant lots for local people to build on and the cost to build is prohibitive.

The first four (4) months of this year, there were forty-four (44) vacant lands sales with an average price of one million dollars (\$1,000,000).

Committee Chair Chock: Sorry Kurt.

Mr. Bosshard: I will come back.

Committee Chair Chock: If you could come back for your additional three (3) minutes. Thank you.

Mr. Bosshard: Thank you very much.

Committee Chair Chock: Next on the list.

Ms. Fountain-Tanigawa: The next speaker is Nancy Kanna.

Committee Chair Chock: Thank you. Ms. Kanna.

NANCY KANNA: Honorable Chair Rapozo, Vice Chair Kagawa, Planning Committee Chair Chock, and Members of the Council, I am Nancy Kanna, Governmental Affairs Advocate for the Kaua'i Board of Realtors (KBR), testifying on behalf of its five hundred seventy-five (575) members and affiliates. KBR supports Bill No. 2627, which allows for Additional Rental Units in the Lihu'e Planning District.

Based on figures of projected population growth, which is primarily local born and immigrants from Asian nations, by year 2035, there will be a need for three thousand eight hundred (3,800) new housing units on Kaua'i. At present, there is an immediate need for one thousand six hundred (1,600) units. It takes years for a development project to get off the ground, and it takes millions of dollars that our County, quite frankly, does not have. Where do we turn? We turn to the private sector and to our local people for help.

The aim of the Bill is to provide some relief to the housing shortage. It will not solve it. In addition, rental rates will not go down until there is an increase in the housing supply. This Bill is a first step toward a larger process.

KBR asked its professional property managers a very important question, where is the demand the greatest? The answer was, hands down, our *kūpuna* or elderly, young people, and young families. These population groups have the greatest need for housing on Kaua'i. We also asked our property managers another important question, should an ARU be limited to no more than eight hundred (800) square feet, or should a given unit be allowed to expand to a fifty percent (50%) of lot coverage, in other words, become a duplex? Again, it was clear to our professional property managers that limiting the ARU to eight hundred (800) square feet not only serves the population base with the greatest need, but it is also more likely to preserve the integrity of our neighborhoods.

Population growth on our beautiful island is inevitable. Do we want to send our children to live somewhere else or do we find solutions to create housing on Kaua'i? Do we want to continue to have larger living spaces at the expense of urban sprawl and the exorbitant cost of constructing infrastructure or do we learn to live more densely and preserve our beautiful open spaces?

The Bill additionally allows an opportunity...I have ten (10) seconds left.

Committee Chair Chock: Okay.

Ms. Kanna: The Bill additionally allows an opportunity for illegal multi-family units in the Līhu'e area, the ability to convert to a legal dwelling, potentially fixing safety issues, and allows the property to be taxed accordingly. KBR cares deeply for its community, its neighborhoods, and housing for our *keiki*, *kūpuna*, and families. *Mahalo* for the opportunity to testify.

Committee Chair Chock: Thank you. Would anyone else in the audience like to testify for the first time? If not, Kurt, if you would like to come back up for your second three (3) minutes. Thank you.

Mr. Bosshard: Thank you, again. We have forty-four (44) vacant land sales in the first quarter of this year at an average price of one million dollars (\$1,000,000) and a median sales price of four hundred thousand dollars (\$400,000). Of residents that sold, the average price was one million dollars (\$1,000,000) and the median sales price was six hundred thousand dollars (\$600,000). These trends are worsening with each passing month. For most local people, and this is my opinion, the only place for them to build is on their own property and it is going to either be through an ARU or an ADU process. There are not very many ADU situations still left. I believe that in approximately 2006 or so, the ADUs were eliminated on agricultural land with the certificate debate that you painfully had to go through about whether to extend those. This is why I am putting this together, the whole affordable housing issue has to deal with this. My point would be to use the existing properties that there are, which are more in the hands of the local people.

Large subdivisions give you thirty percent (30%) affordable housing that obviously, shows that the affordable housing formula is not working. I do not agree with the prior speaker that the housing shortage is one thousand six hundred (1,600) units. There are one thousand six hundred (1,600) units right around us here to Puhi probably if you count what has been legislated as being "illegal dwelling units," which is a cooking device more than eight (8) feet from either your sink or refrigerator. Eight (8) feet is two (2) feet plus me. My understanding is you have to put every cooking device inside that or you are committing a misdemeanor zoning offense. If you use that criteria, then in my

opinion, you have at least five thousand (5,000) to ten thousand (10,000) illegal units. Every one of us in this room knows people; family, friends, others, or neighbors, who have these units. What are you going to do to them?

We are right on the verge of hooking the computer from the tax office to the Department of Planning. What happened with the Bed & Breakfast is going to happen to the local people. You cannot avoid it. You cannot just enforce against those people. Every zoning violation has to be treated the same. Now, I know you are not going to like the sound of it, but I am saying do not hire extra inspectors, do not hook up the computer; declare a housing emergency and back off. I understand that expanding the ARU and ADU...

Committee Chair Chock: Sorry.

Mr. Bosshard: I am red.

Committee Chair Chock: Yes, you are red. You have run out of time. I appreciate your testimony. You can be assured that we will be in contact with you. It sounds like you have a lot more to share.

Mr. Bosshard: I do.

Committee Chair Chock: And I am willing to hear it. Councilmember Kagawa.

Councilmember Kagawa: Can I make a suggestion? If he has something in writing, that would be very helpful.

Committee Chair Chock: Yes, absolutely.

Councilmember Kagawa: Because I think we all seem very interested in some of his ideas.

Committee Chair Chock: Thank you for the suggestion. Do you have your testimony in writing? No. Would you be willing to send it in to Council testimony?

Mr. Bosshard: Of course.

Committee Chair Chock: Leave your contact information as well so we can be in touch with you.

Mr. Bosshard: Come see me right down the street here. Thank you very much.

Committee Chair Chock: Would anyone else like to testify? Mr. Sykos.

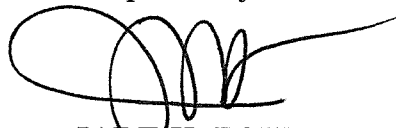
LONNIE SYKOS: For the record, Lonnie Sykos. I have been to a lot of different communities in my life, and most communities, all communities at one time or another in their history struggled with all of the problems that we do today. I would make the observation that I completely agree with what the speakers just said that the cost of both land and new construction is prohibitively expensive to create affordable housing. In most places in the world when you are talking about affordable housing, you are talking about three (3) story cinder block apartment buildings as the most efficient way to create space. Unfortunately, it does not matter where in the world you build those, they are as ugly as those cement, Stalin era buildings in Moscow, and they are not very pleasant to live in as well.

Perhaps what we should do as part of this conversation is look at changing our perspective on what dwellings are. In the past, Councilmember Yukimura has raised the possibility of micro-units, a different out-of-the-box example from what we are currently in, as a way to minimize costs. On the Big Island, they allow the use of shipping containers. For roughly four thousand dollars (\$4,000) or five thousand dollars (\$5,000) per shipping container, you can get three (3) of them, put two (2) of them parallel and another one on top, the locking mechanisms that they use on flatbed trucks or to get them on and off the ships...I am not sure what the technical word is. They are engineeringly approved to stack them with. So it is very inexpensive. For twenty thousand dollars (\$20,000) or less, you can probably get three (3) of these in place. They are made out of sheet metal, either aluminum or galvanized steel. It is easy to cut holes to put windows, doors, and fire suppression systems in. There are all kinds of ways that we could reduce the cost of housing if we are willing to deal with the fact that the construction industry is not going to make their perfect current profit margins off of each project. We need to think out of the box or we are never going to get enough housing. Thank you.

Committee Chair Chock: Thank you. Would anyone else like to testify? If not, this concludes the public hearing for Bill No. 2627.

There being no further testimony, the public hearing adjourned at 2:09 p.m.

Respectfully submitted,



JADE K. FOUNTAIN-TANIGAWA
County Clerk