

PUBLIC HEARING

JULY 11, 2018

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, July 11, 2018, at 1:30 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 Arthur Brun
Honorable Mason K. Chock
Honorable Ross Kagawa
Honorable Arryl Kaneshiro
Honorable JoAnn A. Yukimura
Honorable Mel Rapozo

Recused: Honorable Derek S.K. Kawakami

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

“Bill No. 2687 – A BILL FOR AN ORDINANCE TO AMEND CHAPTER 8, SECTION 8-2.1(A) AND SECTION 8-4.2(A), AND CHAPTER 10, SECTION 10-5A.7(A), KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO THE COMPREHENSIVE ZONING ORDINANCE AND LĪHU'E TOWN CORE URBAN DESIGN DISTRICT,”

which was ordered to print by the Council of the County of Kaua'i on June 13, 2018, and published in The Garden Island newspaper on June 21, 2018.

The hearing proceeded as follows:

JADE K. FOUNTAIN-TANIGAWA, County Clerk: Committee Chair Chock, we have a few registered speakers and no written testimony on the item.

Committee Chair Chock: Okay. Can we have our first registered speaker, please?

Ms. Fountain-Tanigawa: The first registered speaker is Lonnie Sykos, followed by Sandra Herndon.

Committee Chair Chock: I do not see Lonnie Sykos here at this time, so perhaps we can move to Sandra Herndon.

Ms. Fountain-Tanigawa: Sandra Herndon, followed by Billy De Costa.

SANDRA HERNDON: Sandra Herndon, for the record. I want to acknowledge this Council for the step of moving into the direction of more affordable housing because there probably is not anyone on this island, including the visitors, that do not understand that it is an essential part of us moving forward as a community. That being said, I think the idea of the Rice Street project is wonderful. I do not know how well-thought-out it is, because I think that there needs to perhaps be an amendment to this in regard to the possible rent cap for those units that are being rented. I do not like to use the word "restriction," but a cap on how soon they can flip that property once it is built so that it is not sold at a much higher price than what it was originally set for. I think there are a lot of things that need to be looked at and considered as the responsibilities of those people who are benefiting and the people who are actually doing the building on these homes. I would love to see this happen in a way that the people who live here on this island have a place to live. I am very blessed. I have a roof over my head and sometimes I am able to share that space with other people who do not have that blessing in their life. I work with people...I have had to take a second job, by the way, because of the rent increases. But I work with people who live out of their cars, trying to maintain the two (2) or three (3) jobs that is required and still, some of them do not have a house to live in. So please, when you put this forward, look at all of the aspects of it so that it comes to a place where those people who are really serving our community have a roof over their heads. Thank you.

Committee Chair Chock: Thank you. Mr. De Costa.

Ms. Fountain-Tanigawa: Followed by Jim Edmond.

BILLY DE COSTA: Thank you, Council, for having me. Billy De Costa. I am currently going to speak on Bill No. 2687. I, too, am really excited to see a group of ladies and gentlemen putting together a comprehensive plan to make affordable units or apartments possible. I am just a little worried because when I heard my parents speak thirty (30) to forty (40) years ago about the developments that we have in Kōloa, Kīlauea, or Princeville, they did not have the vision. Now, we have a bunch of units that are going to go up and our hands are tied. I do not want to see Līhu'e be that development. I want us to have a vision where there are truly affordable apartments for local families, not necessarily of certain income brackets, but just be able to have a stepping stone to live, work, and play in a very respectful city. Because if you all know, when you look across all of the cities in Hawai'i, a lot of it comes with a lot of traffic, homelessness, crime, and drugs. We love Līhu'e. It is our city. I teach the Elsie H. Wilcox Elementary School and King Kaumuali'i Elementary School children who live in Līhu'e and they want to be proud of that city when they grow up. I only came here today to tell you folks that we trust in you with our vote. Please make sure that there is a policy or language within this developing permitting process that ensures Līhu'e's growth to be a smart growth, a safe city, and something that you folks can look back and say, "Wow, we made an impactful decision." I do not want to see it become an investment playground for people to turn around and make a large revenue on their property values to be at a higher assessment. I am an environmental teacher and I truly believe in taking care of our ecosystem and a sustainable cultural holding capacity. Maybe this is a great way to partner up with Kaua'i Community College (KCC) and have affordable college

apartments so that we can attract other college students. Maybe we can have the bus system be able to shuttle them to and from college. Right now, a lot of kids do not come to KCC because there are no affordable apartments. A lot of our college graduates move away because they cannot afford the rent of an affordable apartment. I do not want to see wealthy people from the mainland renting those apartments as like a timeshare or a vacation spot, because it is cheaper than having their two (2) weeks in Po'ipū or two (2) weeks in Princeville. I trust you folks. I am honored to be here today. Thank you.

Committee Chair Chock: Thank you, Mr. De Costa. Mr. Edmonds, I see that Lonnie Sykos is back in the room, so I would like him to speak and you may come up after him. Thank you.

LONNIE SYKOS: For the record, Lonnie Sykos. Councilmember Brun, this is very commendable. I congratulate you on this, but it is problematic in how do you control what gets done? I am not from Kaua'i, so I am familiar with urban renewal projects in other places and inevitably what happens in urban renewal is that your low-income housing and businesses all get displaced as that area gets redeveloped and the expense of the redevelopment caused the price of everything to go up. So it is problematic everywhere for how you control the end use of your urban renewal. Because right now, what is happening on Rice Street is if the buildings get renovated, it costs big bucks to renovate the buildings and then that has to be recovered through lease and rent. Or if you tear the building down and build a new one, you have even more of an investment. So what is lacking is how do we create an incentive to create affordable housing and disincentives to use it for other things? That is what is problematic to me here, is it creates the opportunity for affordable housing, but it also creates the opportunity for unaffordable everything else. Thank you.

Committee Chair Chock: Mr. Edmond? Did you say he was on the list?

Ms. Fountain-Tanigawa: Jim Edmond.

Committee Chair Chock: Yes, we have you signed up for this item. Is that not correct? Okay. Next speaker.

Ms. Fountain-Tanigawa: Eileen Kechloian, followed by Bridget Hammerquist.

Committee Chair Chock: Again everyone, this is on Bill No. 2687, the zoning amendment. I want to make sure that everyone is on the same page.

EILEEN KECHLOIAN: Hi, my name is Eileen Kechloian. Basically, I am in favor of high-density being grouped together and having little urban centers that have access to shopping, buses, and everything that someone needs so that they do not have to leave their neighborhood. I think this is a good idea, but I do want to ask some questions, but I do not have the answers before I can really feel that I know what you guys are talking about. The first one, is this project in the Lihū'e plan and the General Plan? Was it designated that way or is it just floating by itself?

Committee Chair Chock: I will take your questions and we can respond to them, but it is not for dialogue between us.

Ms. Kechloian: I understand. These are just questions. I have more.

Committee Chair Chock: Please continue.

Ms. Kechloian: What exactly are the developers or owners of this project giving in contribution back to the County for this wonderful gift they are being given? What concerns me is in other parts of the Country, you cannot upzone just one little area. If you are going to go from R-20 to R-40...everyone has R-20 or R-40. You cannot just say, "Okay, this little area." I think that needs to be looked at if that is legally doable here or not, and if the other landowners would have the right to sue the County for not upzoning them as well. Does this have a time sensitivity to it? We are trying to solve a really big housing problem. So if we are going to solve the housing problem and that is really the focus here for affordable housing because that is the way the Bill is being presented, then it should have some sort of timeframe. If you want to renew it, you can, but instead of being able to just land-bank it and have it worth even more money down the road and not have the affordable housing built in the meantime. Those are my questions. I would like clarification inside of the resolution as far as the infrastructure and exactly what they mean by affordable housing and is it a percentage or all of it? Thank you.

Committee Chair Chock: Thank you very much. Next speaker.

Ms. Fountain-Tanigawa: Bridget Hammerquist.

BRIDGET HAMMERQUIST: Good afternoon. Thank you for having me back. Bridget Hammerquist. I just had a question as well. I did read the Bill that is proposed and it was not clear what part of Rice Street would be involved. It might help the public to have a good geographic demarcation. I might have missed it, but I was not able to pick it up. Also, if the upzone is impacting several owners, are all of the owners applying for that change? If they are, are they contributing anything to the community as part of the right to change the structure or the layout of that area into high density? I was fortunate to go back when Kaua'i High School marched in the Memorial Day parade in Washington in 2016 and the Mayor came and we stayed in a community called Arlington at Lexington. It was an upzoned kind of town center with everything walkable. Nothing was very high. I think four (4) stories was the highest. It was really very nice. There were bookstores, movie theaters, restaurants, hotels, and cafes with tables on the streets and it gave the community a really nice feel. I think this could be a really doable thing, but I think just a little clarification would help so that when the Bill comes back again, we will know what it is really entailing. Thank you.

Committee Chair Chock: Thank you. Anyone else?

Ms. Fountain-Tanigawa: There are no further speakers.

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

FELICIA COWDEN: Felicia Cowden, for the record. In general, I am not opposed to this. It makes some sense. I think the piece that is most important to me, and I have not really seen it either, is it all affordable or is it a percentage of affordability? That is the kind of thing that really matters. I would want to know how much is market rate and how much is affordable. I would like to see at least half of it be affordable, because we can easily have market rate, a really nice area all the way down there on Rice Street and I do not think that would be solving the challenges that we have. That is my big question, but I am relatively open-minded to the idea, as long as it does address our housing issue. Thank you.

Committee Chair Chock: Thank you. Anyone else?

GREG CROWE: Greg Crowe. Good afternoon everyone. As everyone said, Councilmember Brun, thank you very much for getting this Bill forward. We all agree that we need some real dramatic changes to address our affordable housing problem. One thing I have not heard being mentioned by other people that I found was key in many of the studies that I have doing, is that we need to address the issue of permanent affordability, because otherwise, we have "drops in the bucket" going in and we need a fire hose. But if the bucket is leaky, it does not even matter if we have a fire hose. It is not going to solve the problem. Permanent affordability needs to be factored in there, unlike the great success that County had for building affordable housing over the last fifteen (15) to twenty (20) years. Ken talked earlier this morning about five thousand (5,000) units, but we still have a crushing affordable housing problem because most of those units went back to full market rate after a certain period of time. So, unless we address this issue of the "leaking bucket," I do not see that we are going to really solve our affordable housing problem. That is one of the things that I would like to see addressed in this Bill and in general, for how we try to solve this problem. It is a tough one, and I appreciate your efforts on it. Thank you very much.

Committee Chair Chock: Thank you. Jesse.

JESSE BROWN-CLAY: *Aloha.* Jesse Brown-Clay for the record. I just wanted to start by saying thank to all of to your service to this island. My question and statements are regarding this Bill that you have introduced. I want to say thank you for introducing it. My question is, what is the intention of the Bill or the desired outcome? My guess and my hope is that it is a Bill that will allow for more housing on Kaua'i and ideally, affordable housing, a focus on increasing density in urban areas for as much as Kaua'i has urban areas. But my concern is around language that would require affordable housing, that would require some percentage of affordable units. It touches on a larger issue of the State and County defining what "affordability" is and the structure and framework for what that means. As it was just mentioned, how long it remains affordable and what "affordable" is. I would love to see something that required affordability. I would also love to see some kind of language that required a commitment within a time period. My concern is that without any of that language, what the Bill does in my mind, is it just empowers people who are already wealthy or empowers people who are already landowners, and

it is a handout to them to increase the value of their land and their homes. That is a big concern to me because it further entrenches people who already hold this power and takes away—and makes it more difficult for those who do not have land or homes to get into the market. My understanding is that by increasing density, you increase the value of your land. It is a huge concern for me, to just see language in there. I hope that all of you will take time to—I would like to see the growth of the urban areas here so that people can walk, bike, and take public transit to work. I think it is one way that Kaua'i is going to deal with its growing population, because I know what I hear from local families is “keep Kaua'i, Kaua'i” kind of thing. I do not want a ton of development in the rural areas, but I would love to see something that allows for more affordability rather than wealthy people getting wealthier. Thank you.

Committee Chair Chock: Would anyone else wishing to testify on this item? Are you coming up? No? We will go a second round if no one else wants to go.

JANET MULLER: Janet Muller. I just have some questions. I want to know how much area is involved, how many homeowners own that land, who they are, what they are going to give to the community for the benefit of being able to do that, and what percentage would be affordable housing? I would love to see a plan. I would like to see a drawing, this is affordable housing, and they have the area exactly described. I do not know what step we are in; one, two, or three. But I think all of that needs to be shared with the community. Thank you.

Committee Chair Chock: Thank you. Councilmember Brun.

Councilmember Brun: There is a map of where it covers. I think we covered that on the first reading. It is available. There is a map of what is being covered, just to answer that question right now.

Committee Chair Chock: Okay. Thank you. Would anyone else like to testify for the first time? Bruce.

BRUCE HART: For the record, Bruce Hart. In general, as Felicia said and I said it the last time I testified on this, I think the reality is that all of us are coming to realize—some of us that are involved in this issue more than others sooner, but sooner or later, the whole island is coming to realize that we have to do something about housing. I think that developing the urban areas is a viable option. I am for this, in general. I would like to, maybe the audience would know that there is a lot to be worked out yet, so this is not the final time we are going to discuss this issue and all of the decisions have not been made. Everyone will get a chance to weigh-in on those issues. I think we should also, to the young man who was up here, “affordability” has never been defined for the Kaua'i community because it is not possible to define it. It is really not possible. What is “affordable?” For one person who is making fifty thousand dollars (\$50,000) a year, what is affordable as opposed to a person who is making one hundred fifty thousand dollars (\$150,000) a year? It is really difficult to craft law where you can exclude a certain portion of the population from purchasing a home. There are all of these different factors that come into play, and I am aware of them. I just wonder if maybe we should not have some discussion by Councilmembers of this. Let the public know that there is all of these

details and the devil is in the details. This Council cannot just do anything that it wants do it. It has do it within the rule of law. I know you are trying. We are all trying.

Committee Chair Chock: Thank you. Would anyone else like to testify for the first time? If not, second time? Lonnie.

Mr. Sykos: For the record, Lonnie Sykos. I think the public is being pretty clear here, that one of the things that we are looking for is a change from past practices. The past practice was developers came in, wanted to do developments, did the development, and did not build housing. That is a huge part of our housing problem today. The County allowed all of the resort development to occur without requiring the developers to build employee housing, which under the Hawai'i Constitution, we have the right to do. What our question is, is if we approve this density and if, in fact, it leads to the building of what will probably be apartments in that area, what direct benefit will the public get in trading the increase in density, which along with it brings the increase in potential profits? What does the public get as a direct exchange for increasing the profitability of the property? It could be that we do not get anything that is tangible, but what we get out if it is affordable housing. So that is what I am personally hoping for. But we are not going to get affordable housing if that is not carved in stone going into this, because the money is in building luxury deals and trust me, if you build luxury things, it will sell. It will sell to people that never set foot on Kaua'i. It is just a safe place to park their money, and it is a relatively low-risk that the property is going to go down in value. Low wages means you have to have low rents. When we are generally talking about affordable housing, the number I always hear is one hundred sixty percent (160%) of the median income. Well, one hundred sixty percent (160%), what about the people at one hundred percent (100%)? What about the people at eighty percent (80%) or sixty percent (60%)? Fifty thousand dollars (\$50,000) a year, what about all of the people living on thirty thousand dollars (\$30,000) or less a year? They are the ones that there is no housing for. How do we get housing built for the people that need it most, which are the people at the bottom of the food chain? Thank you.

Committee Chair Chock: Thank you. Does anyone else want to testify for a second time? If not, Eileen.

Ms. Kechloian: Eileen Kechloian. Councilmember Brun, what I would like to see is to have a plan up here that we can all look at so that we can talk about it and people can say, "Okay, there are so many landowners and this is the current zoning." We just need a lot more comprehensive information to make an intelligent decision. Thank you.

Committee Chair Chock: Thank you. Bruce.

Mr. Hart: For the record, Bruce Hart. I stand corrected and I thank you Mauna Kea, but there is a definition. Then, the problem becomes are you going to get developers that will build those houses? In other words, what Lonnie said, if you are making thirty percent (30%) of the median, I do not think you can build a house that is affordable for them, or if you can, it is not zoned or you

cannot get through the regulations. It becomes a really complicated—I mean, it is a complicated problem. How are we going to—I have to tell you what I morally feel. Is it justifiable that someone that does not make as much gets a house and the person who makes more, has to pay more? That is really difficult for me to reconcile as justifiable. I have never been a person to begrudge someone who makes a lot of money if they make it honorably and legally. They get to buy bigger homes and more expensive homes. It does not bother me. At the same time, I, myself, would like to be able to buy a home. I am not going to be able to do it on the income I have, and I do not see any foreseeable future where I am going to be able to do it. I do not know what to tell you folks. I love you all. That is how I feel.

Committee Chair Chock: Thank you. I love you, too. Would anyone else like to testify for a second time? Going once. Alright, this will conclude the public hearing for Bill No. 2687. It will be heard in Committee next week, where I am sure a lot of the questions that you posed today will be answered and posed to our Administration. Thank you for your input. This concludes the public

There being no further testimony, the public hearing adjourned at 2:00 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jade K. Fountain-Tanigawa', with a long horizontal flourish extending to the right.

JADE K. FOUNTAIN-TANIGAWA
County Clerk

:ct