

KAUA‘I PLANNING COMMISSION
REGULAR MEETING

Excerpt

November 22, 2016

The regular meeting of the Planning Commission of the County of Kaua‘i was called to order by Chair Mahoney at 9:02 a.m., at the Lihu‘e Civic Center, Mo‘ikeha Building, in meeting room 2A-2B. The following Commissioners were present:

Chair Sean Mahoney
Ms. Kanoe Ahuna
Mr. Roy Ho
Mr. Kimo Keawe
Ms. Glenda Nogami Streufert

Absent and Excused:
Mr. Wayne Katayama

The following staff members were present: Planning Department – Michael Dahilig, Kaaina Hull, Leslie Takasaki; Office of the County Attorney – Deputy County Attorney Jodi Higuchi Sayegusa; Office of Boards and Commissions – Administrator Jay Furfaro, Commission Support Clerk Darcie Agaran

Discussion of the meeting, in effect, ensued:

HEARINGS AND PUBLIC COMMENT

New Public Hearing

Zoning Amendment ZA-2017-1: To amend portions of PM-94-82 relating to Condition No. 7 concerning affordable housing.

Mr. Dahilig: We do have a new public hearing for the Commission this morning. It’s Zoning Amendment ZA-2017-1 to amend portions of PM-94-82 relating to Condition No. 7 concerning affordable housing. There is a Director’s Report pertaining to this matter, as well as agency comment from the County of Kaua‘i.

Mr. Chair, the Department would recommend opening the public hearing at this time.

Chair Mahoney: Is there any member of the public that would like to testify on this agenda item?

Mr. Dahilig: Mr. Chair, we do not have anybody signed up to testify on this particular public hearing. The Department would recommend making a final call for any testimony and if not, closing the public hearing at this time.

Chair Mahoney: Is there any member of the public that would like to testify on this agenda item? Seeing none.

Mr. Dahilig: Again, our recommendation would be to close the public hearing.

Chair Mahoney: Okay. Is there a motion?

Ms. Nogami Streufert: I move to close the public hearing.

Ms. Ahuna: Second.

Chair Mahoney: It's been moved and seconded. Any discussion? Hearing none. All in favor say aye. (Unanimous voice vote) Motion carried 5:0. Thank you.

NEW BUSINESS

Zoning Amendment ZA-2017-1: To amend portions of PM-94-82 relating to Condition No. 7 concerning affordable housing.

Mr. Dahilig: Thank you, Mr. Chair. I neglected to, I guess, ask if, potentially, we could move Item I.3. [sic] before the presentations on the TIGER Grant and General Plan just because we do have the Housing Director here and would like to just expediently move it for her for her convenience.

Chair Mahoney: Okay.

Mr. Dahilig: Alright. So this is Item I.3. [sic]. We are in receipt of a request from the Housing Director to amend Condition No. 7 on a Planning Measure 94-82. The condition was Condition No. 7 relating to affordable housing, and initially, the affordable housing condition that was passed about twenty (20) years ago was to require that there were 16 single-family lots that were to be appraised and the County would purchase that at fair market value for those lots. What has transpired, given changes in how the development has gone over the past twenty (20) years, D.R. Horton has authorized the Housing Director to make a request to this Commission to forward a measure up to the Council to change the conditions, and what they're asking is that instead of the County purchasing 16 lots, instead the developer would produce 32 turnkey duplex houses to be available to those eligible at 140% of the area median income or below as set by the U.S. Department of Housing and Urban Development.

The Department, as stated in our November 16th memorandum, does not have any objections to this proposal and because it's a request coming directly from a sister agency that is charged with the enforcement of this particular condition, we would defer to their judgement at this time and we would actually defer if they would like to make a presentation concerning this request to the Planning Commission. So with that, Mr. Chair...

Chair Mahoney: Would someone like to come up and make a...from the agency? State your name for record, please.

Kanani Fu: Good morning. Kanani Fu, Housing Director.

Gary Mackler: Good morning, Commissioners. Gary Mackler, Housing Development Coordinator for the Housing Agency.

Ms. Fu: What you have before you is a request to amend an ordinance that was approved in 1982, and this is in reference to what we refer to as "Kohea Loa" and their first buildout, which is "Ho'oluana". The original ordinance was granted under the condition that 16 lots be sold to the County at cost, less 10%. In working with D.R. Horton and looking at this ordinance...so fast forward twenty (20) something years later, they are now building and developing out this parcel. We are working closely with D.R. Horton for them to, one, deliver their affordable housing obligations, but also from the Housing Agency standpoint, to get the best opportunities for our families. We have agreed and we like the recommendation of amending the ordinance, so we have requested the Planning Commission to consider that.

Chair Mahoney: Okay. Are there any questions for the applicant from any of the Commissioners?

Mr. Keawe: I have one. Kanani, what would be the...I guess it's 140% of the median income. What would that be in dollars as far as what they're looking for as the price of these units?

Ms. Fu: So as far as pricing for these duplex units, what happens is we look at a formula provided through HUD on a yearly basis. And this year, I can tell you for a family of four (4), a family can make up to \$116,000 a year to qualify to reside in Ho'oluana. Approximately...what is considered affordable is approximately 30% of their gross income can be used for housing. If you have a family at the high-end with \$112,000, 30% of their income given interest rates 3.75% and HOA fees, we're probably looking at them qualifying for a loan at about \$459,000. So the sale price will vary based upon the family – their income.

Chair Mahoney: Okay. Any other questions? Commissioner Ho.

Mr. Ho: Kanani, what is that breakdown into a monthly payment?

Ms. Fu: It can vary. We're looking at approximately \$459,000. There will be potential Homeowner's Association fees tied into that mortgage, so approximately \$1,500 to \$1,800. Again, it's based upon prevailing interest rates at the time of sale, as well as the adjusted area median income for the island, which is determined annually by HUD.

Ms. Nogami Streufert: As interest rates rise, does that mean that the price goes down?

Ms. Fu: Yes. In that sense, if interest rate rises, their borrowing capacity lessens, so it's based upon the borrowing capacity of the qualified applicant.

Ms. Nogami Streufert: It's really, then, the applicant; that the requirements will be on the applicant, rather than on the County or on the Housing Department to make it affordable for these people. In other words, if it's affordable now with 3.7% but tomorrow it goes up to 4.2%, I'm qualified at the 3.7% but I'm not qualified at the 4.2% because I'm really at the...then what happens?

Ms. Fu: Affordability is just determined on income. It's not determined on the outside factors. But what a family can afford...so the price of the home, for example, just to go \$100,000, 30% of that is affordable for a house. The sale price of the home is set just on the income that is determined by HUD. What a family can afford is then determined on their...it's their responsibility to make the mortgage, to secure the lender, and those things. We can assist with those things as far as financing, but the price is set only based on income. It's not set based on prevailing interest rates or outside factors.

Chair Mahoney: Commissioner Ho.

Mr. Ho: When the family qualifies for a house in that place, are you a guarantor of the loan? Or you just help them secure it?

Ms. Fu: We have been guarantors of loans before. Particularly, it's based upon availability of funds and the types of funds we have. We are restricted with Federal funds of who we can serve because of income. We do not anticipate financing these loans, but we can. The option is there. Because typically, from our standpoint, if the homes are set for this rate...excuse me, this affordability, for the most part we do have families that qualify for traditional financing outside banks that they can utilize.

Chair Mahoney: Okay. Commissioner Ahuna.

Ms. Ahuna: Will there be any support in regards to applicant/application support? Like to help the applicant actually apply and walk through the process?

Ms. Fu: Yes. The homes will be distributed out based upon our Home Buyer Loan Program and the participants that we currently have. We have approximately 350 families on that list and we have Home Buyer Loan Specialists that work with the families early on to get them prequalified and get them ready for home buyer. And it's not only just for Koheea Loa, for this phase, it's for all other properties and parcels that become available on Kaua'i. So our program does do some homeownership, some financial readiness, and then we do have them attend some financial literacy classes, so they do receive support from us, as well as non-profit organizations and other private organizations trying to get them home buyer ready.

Chair Mahoney: Any other questions?

Ms. Ahuna: I do.

Chair Mahoney: Commissioner Ho.

Mr. Ho: Are you...?

Ms. Ahuna: Yeah. Go ahead.

Chair Mahoney: You have the floor.

Mr. Ho: Okay. Do you have to qualify for this? I mean, do you have to be an island resident, pay taxes in the State of Hawai'i?

Ms. Fu: For this particular project, there is a six-month marketing period where it's only offered to Kaua'i residents, so that will not be... The marketing period is for six (6) months only to Kaua'i residents.

Chair Mahoney: Commissioner Ahuna.

Ms. Ahuna: So this is kind of like an extension to what's already...the affordable housing that's already there currently, so to speak, or...? Like, in expanding the units that's going...

Ms. Fu: The current ordinance just...it plainly states that the County buys 16 lots at prevailing market rate less 10%. Right now it's approximately \$2 million; that's what we're estimating just to buy 16 lots. What we are asking for in this amendment is that in lieu of the 16 lots, that D.R. Horton develop and deliver 32 completely built, turnkey units on these 16 lots. So we are not...16 lots, we only get 16 homes. Here we are able to get a little more density with 16 lots and 1 duplex on each lot, and we are also...because D.R. Horton is developing these units, they come online timely with the market units, so there are a lot of benefits through this amendment. In addition, we see that when you have the developer developing affordable units as well, there's that design consistency with the market and the affordable, so we see that as a benefit for our residents.

Chair Mahoney: I think it's a good strategy that...the way you're doing it.

Ms. Nogami Streufert: Just one more question. I like the idea. I like the way that you're thinking and the flexibility, but is there any stipulation that once you buy one of these units that a resident has to...should live in it rather than somebody buying it for speculation and then having it be either resold or...I think there are some areas where you have affordable housing where if it's sold within the first "x" number of years, there has to be a first right of refusal by the County or someone else. Is there anything like that that's going to be here? Or is there anything that says that in order to buy one of these units, it cannot be for speculation, it has to be for people who live here?

Mr. Mackler: So the 32 duplex units are subject to the requirements of our housing ordinance, Ordinance 860, which is our affordable housing ordinance which requires a 20-year buyback as a deed restriction on all of the restricted sales. So during that 20-year period, the purchaser is required to owner-occupy, and if they are to sell the unit, they have to first...the County can exercise the first option to repurchase and resell the unit.

Ms. Nogami Streufert: Great. Thank you.

Chair Mahoney: Okay. That sounds good. Any other questions/concerns for anything? No? Okay.

Mr. Dahilig: Again, Mr. Chair, our recommendation is to concur with the Housing Director's recommendation to amend this condition, and the action proposed to the Commission would be to approve and forward to the Council for its action.

Chair Mahoney: Okay. The Chair will entertain a motion.

Mr. Dahilig: Just to clarify, this is Item F.4.a.

Chair Mahoney: Do we have a motion on the floor for Item F.4.a.?

Ms. Nogami Streufert: I move to accept the Director's Report on the Zoning Amendment ZA-2017-1 to amend portions of PM-94-82 relating to Condition No. 7 concerning affordable housing.

Mr. Keawe: Second.

Chair Mahoney: And that includes the recommendation to the...okay. It's been moved and seconded. Any discussion? Hearing none. All in favor say aye. (Unanimous voice vote) Opposed? (None) Motion carried 5:0. Thank you.

Mr. Macker: Thank you.

Mr. Dahilig: Thank you, Mr. Chair.

Ms. Fu: Thank you.

Respectfully submitted by:



Darcie Agaran,
Commission Support Clerk