

MINUTES

HOUSING & INTERGOVERNMENTAL RELATIONS COMMITTEE

May 1, 2024

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, May 1, 2024, at 8:31 a.m., after which the following Members answered the call of the roll:

Honorable Bernard P. Carvalho, Jr.
Honorable Felicia Cowden
Honorable Bill DeCosta
Honorable KipuKai Kualii
Honorable Ross Kagawa, Ex-Officio Member (*present at 8:52 a.m.*)
Honorable Mel Rapozo, Ex-Officio Member

Excused: Honorable Addison Bulosan

Minutes of the April 3, 2024 Housing & Intergovernmental Relations Committee Meeting.

Upon motion duly made by Councilmember Carvalho, seconded by Councilmember DeCosta, and carried by a vote of 4:0:1 (*Councilmember Bulosan was excused*), the Minutes of the April 3, 2024 Housing & Intergovernmental Relations Committee Meeting was approved.

Minutes of the April 17, 2024 Housing & Intergovernmental Relations Committee Meeting.

Upon motion duly made by Councilmember Carvalho, seconded by Councilmember DeCosta, and carried by a vote of 4:0:1 (*Councilmember Bulosan was excused*), the Minutes of the April 17, 2024 Housing & Intergovernmental Relations Committee Meeting was approved.

The Committee proceeded on its agenda item, as follows:

Bill No. 2914 A BILL FOR AN ORDINANCE AMENDING CHAPTER 7A, ARTICLE 9, KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO GOVERNMENT ASSISTANCE FOR WORKFORCE HOUSING (**This item was Deferred.**)

Councilmember Carvalho moved to recommend approval of Bill No. 2914 on second and final reading, seconded by Councilmember DeCosta.

Committee Chair Kualii: I do not see our Housing Director here. Is there anyone from the audience that is here from the Housing Agency? He may be on his way, but I think that we can get started. Members, as you know, this is the Bill that we have been working on in Committee and we can continue to work on it. I am not in a rush for us to pass this Bill out of Committee today, but we do have some amendments to work on. I know of at least one (1) amendment for Bill No. 2914. Let us start with that amendment. Councilmember Carvalho, would you like to introduce that amendment on my behalf?

Councilmember Carvalho moved to amend Bill No. 2914 as circulated, and as shown in the Floor Amendment, which is attached hereto and incorporated herein as Attachment 1, seconded by Councilmember Cowden.

Committee Chair Kualii: Members, basically this motion changes, if you look at section (a)(4) on page 1...thank you Housing Director for joining us. We have before us the first amendment to Bill No. 2914, and I was about to explain that my amendment, on section (a)(4) on the first page was to change the percentage from seventy-five percent (75%) to fifty percent (50%). That percentage is the differentiation of the credit. There is a full credit and a half ($\frac{1}{2}$) credit instead of a full credit and three-quarter ($\frac{3}{4}$) credit. The cut-off point, and Housing Director, you can correct me if I am wrong, the cut-off point would be eighty percent (80%) and below, which is by National standards of affordable housing and between eighty percent (80%) and one hundred twenty percent (120%), which many also call affordable housing, but the distinguishing description is sometimes workforce housing.

There being no objections, the rules were suspended.

ADAM P. ROVERSI, Housing Director: Adam Roversi, for the record. That would be correct.

Committee Chair Kualii: Basically, it would be giving full credit to the affordable housing of eighty percent (80%) and below and it is giving the half ($\frac{1}{2}$) credit to the workforce housing, which is between eighty percent (80%) and one hundred twenty percent (120%). The high point being one hundred twenty percent (120%) and below. The above one hundred twenty percent (120%) would be market. That is the simple policy value change, if you will. I am proposing a full credit value of the eighty percent (80%) and below and a half ($\frac{1}{2}$) credit value between eighty percent (80%) and one hundred twenty percent (120%). Of course, I ran it by the Housing Director, he was okay with it, and I ran it by the County Attorney, and his opinion was that it was fine as to form and legality. Members, are there any questions?

Councilmember DeCosta: I have a question. Can you explain to me the reason for lowering the credit from seventy-five percent (75%) to fifty percent (50%)? It seems that eighty percent (80%) area median income (AMI) affordable housing is a must and that is a group that we have been targeting through Habitat for Humanity, but the one hundred twenty percent (120%) workforce housing seems like an inventory base that we do not have on-island. Those are teachers, nurses, policemen,

and firemen. Why would we provide less credit to those individuals? Can you explain that to me?

Committee Chair Kualii: When we first started, we had nearly seven hundred (700) people on the Home Buyer list, that are looking to afford a house that is eighty percent (80%) or lower. I am trying to make that a priority. Also, in the long run, it is credits and ideally, we want developers to build units. I feel that the value of the credits should go to groups like Habitat for Humanity, because their entire purpose is to build affordable housing. I would rather support a nonprofit affordable housing developer at full credit level and a for-profit or private developers at the lower level while still supporting them as well, because we need housing of all types. It is a value call; if you feel differently, you feel differently.

Councilmember DeCosta: I want to support any one of the constituents sitting here and be *akamai* by you informing of why you believe this change is a good thing. I am looking at this...let us say, if a developer wants to do housing, are we giving them half (½) credit for every affordable dwelling that they build?

Committee Chair Kualii: It will be for every unit that they build in excess of their required amount, because there is a requirement. Often, they will probably only build what they are required, because they are not experts in building affordable housing. They will leave that to an entity like Habitat for Humanity or others similar to that.

Council Chair Rapozo: Could I say something? This might be a question for you Committee Chair Kualii. I tried to find if there was any language in the Bill that would restrict the spending of the funds that were received from the credits. Going back to Councilmember DeCosta's thought, not too many developers build more than is required. With this Bill, they are allowed to purchase the credits. With the money that is generated from the sale of those credits, does the Bill require that those funds be used for affordable housing?

Mr. Roversi: It does not.

Committee Chair Kualii: Do you have a follow-up? Go ahead.

Councilmember Cowden: That purchase is one hundred seventy-five thousand dollars (\$175,000). Is that right? Is that the cost to purchase housing credit? Did I remember that correctly?

Mr. Roversi: No, the one hundred seventy-five thousand dollars (\$175,000) from our prior meeting was a rough estimate of what an in-lieu fee would be under the current Housing Policy. A developer who chooses to not build units is required to have the option to pay that in-lieu fee instead. The assumption was that the in-lieu fee amounts would inform what credits could sell for between people who have them and developers who have a workforce housing obligation.

Councilmember Cowden: When we sell these credits...that is my worry, that they will sell the credit, but it will not be enough to build a unit. Then, we end

up with less units after selling credits for less than the cost of building a unit. That is my worry. Do we not have a value that is assigned to selling a credit?

Mr. Roversi: The transfer of credits is solely between the holder and buyer of the credit. We are not trying to insert ourselves into that transaction. It is up to them to decide what the value is, given the nature of their project and situation.

Councilmember Cowden: Okay. I am not comfortable with that.

Councilmember DeCosta: Could I do my follow-up? Thank you, Adam. You are the expert. We have met many times and you have helped to change my mind. I believe that we all are experts. Those sitting in our constituent base are our public experts, they know what they want in their communities. Do you believe that this decrease from seventy-five percent (75%) to fifty percent (50%) credit is a good thing for a developer when in the process of crafting a development plan of how many excess units they will do for affordable housing? Do you believe that this is a good percentage base to cut it down to?

Mr. Roversi: Ultimately, I think that is a policy call. I am somewhat neutral. It does prioritize the increase production of lower priced units, which there is a higher need for on Kaua'i. I am not saying that we do not have a need for gap housing.

Councilmember DeCosta: Before I do not remember my thought, can I stop you? You and Committee Chair Kualii stated that there are seven hundred (700) individuals on the Home Buyer list. Eighty percent (80%) AMI is the largest inventory that we need. Am I correct?

Mr. Roversi: Eighty percent (80%) and below.

Councilmember DeCosta: Do you know the reason for that? Those are the individuals that apply for County housing because they cannot afford a regular house. Did you know that firemen, policemen, teachers, and nurses cannot afford regular houses, either. That is the gap group that we are missing. I think that we are only focused on the sixty percent (60%) to eighty percent (80%) AMI and not worried about those not returning from college. All I want to know is if this process would hurt that. If you look at the inventory on Kaua'i, there is none. Habitat for Humanity creates the inventory for the sixty percent (60%) to eighty percent (80%) AMI. There is nothing for the rest of the public that earns a slightly higher income and does not qualify for the County's Home Buyer list. How can we fix that with this fifty percent (50%) process? Can we fix it?

Committee Chair Kualii: Adam, before you answer that, let me make it clear that this Bill is indeed creating a new credit that does not exist, rather than just thinking of it as going from seventy-five percent (75%) to fifty percent (50%), it is going from zero percent (0%) to fifty percent (50%). It is creating a half (½) credit that does not exist right now.

Mr. Roversi: Correct. Today, there are no credits. An affordable housing developer building units that they are not required to build receives no benefit from the County. This Bill is attempting to incentivize entities within our community other than just the Housing Agency to build affordable housing. It is true that we have a higher need for the lower-income units. It is not exactly true that there is nothing for the gap group. We are working to create that ourselves and just last week, we broke ground on the first ground at the homes at Limo Ola. Those will be provided to those earning a higher income, but there is certainly a dramatic need for the group that you are speaking about, which is often referred to as the gap group, as well as the lower-income group.

Councilmember DeCosta: I did not know that this was a new thing.

(Councilmember Kagawa was noted as present.)

Committee Chair Kualii: Yes, it is a newly proposed credit system.

Councilmember DeCosta: You did not explain that to me. You did not state that this was a newly proposed half ($\frac{1}{2}$) credit for developers to incentivize them to build affordable housing units. Otherwise, there is no incentive for developers to build, correct?

Mr. Roversi: I believe that we did discuss that at prior meetings when I laid out that we have a credit system now, but it only applies to Department of Hawaiian Home Lands (DHHL). The whole purpose of this proposed Bill is to expand the credit system to a wider group of builders, try to incentive and provide financing for other groups such as Habitat for Humanity, Permanently Affordable Living (PAL) Hawai'i, and Kaua'i Housing Development Corporation (KHDC) to assist them in helping the County to build units. The County is going to continue to build housing units, but we want to broaden the playing field, so that the County is not the primary or the only "game in town."

Committee Chair Kualii: Like he stated, this is basically a policy call, and I stated that it was a value call. Do you want to differentiate the value of a full credit for this type and a half ($\frac{1}{2}$) credit for that type?

Councilmember DeCosta: Okay, now I understand. Thank you.

Councilmember Cowden: I do not understand. I am going to ask it in a different way. If there is a developer that is building a subdivision or apartments, and they are required to put a percentage into affordable housing, that is where they get their credits. Let us say that we are using round numbers, they are required to build one hundred (100) affordable housing units. This states that they can sell fifty percent (50%) of that requirement. Is that what this is stating? Could they buy fifty (50) units, but not buy one hundred (100) units? If it is at fifty percent (50%), would they be buying the credit and still be required to build the other fifty percent (50%)? Is that what this is saying?

Mr. Roversi: I believe that is a separate amendment than what we are talking about that may be brought up on the floor and discussed. The number that Committee Chair Kualii is speaking to is how the credits will be awarded at step number one.

Committee Chair Kualii: Councilmember Cowden, I think process-wise, you are getting ahead. We are in section (a)(4). You might be speaking on section (d). The first fifty percent (50%) is how the credits are valued for the type of unit that the developer is building. If the project is eighty percent (80%) and below affordable housing, then the developer will receive full credit. If the project is in the range of one hundred twenty percent (120%) down to eighty percent (80%), the developer will receive half ($\frac{1}{2}$) credit. The other part of the requirement where a developer can only use fifty percent (50%) is in section (d) and we will get to that. Members, are there any further questions on this first part of the amendment, section (a)(4)? If not, let us move down to the second and final part of this amendment, which is section (d), the part that Councilmember Cowden was speaking about.

Councilmember Cowden: It is important to me that if there is a development, then they do not end up building less affordable housing...whether someone buys that credit. I want to make sure that if there is a certain number of units that they are required to build, then that certain amount of units goes into existence whether it goes to Habitat for Humanity or themselves. I want to make sure that we are not cutting it in half ($\frac{1}{2}$)...

Committee Chair Kualii: The requirement is the requirement. The amount a developer will build beyond the requirement is what they are eligible to earn credits.

Councilmember Cowden: If a developer buys the credits at a fifty percent (50%) discount, then is the County getting half ($\frac{1}{2}$) as much? That part is not very clear to me.

Committee Chair Kualii: It is not a fifty percent (50%) discount.

Council Chair Rapozo: Committee Chair Kualii, let me set the scenario so we could focus on one scenario while having this discussion. Let us say that a developer is building a 100-unit subdivision. There is a twenty percent (20%) affordable housing requirement, so we are only speaking to if a developer builds more than twenty (20) affordable housing units. They need to build twenty (20) affordable housing units.

Councilmember Cowden: Let us say that they built thirty (30) affordable housing units.

Council Chair Rapozo: If it is below the median AMI, then the developer will only receive half ($\frac{1}{2}$) the credit. For the extra ten (10) affordable housing units that the developer builds, they will receive five (5) credits. That is how this credit system works. The reality is that the developer who is required to build

twenty (20) units, can purchase those credits and not build any affordable housing units. In my opinion, that is the downside.

Committee Chair Kualii: That is the part we are looking at, section (4)(d). This is not a discount; this is a limit. This states that if you are required to build twenty (20) units, then you can only purchase credits for ten (10), then you have to build the other ten (10) units.

Councilmember Cowden: Okay, that was my question.

Mr. Roversi: It might be helpful to quickly revisit the discussion from the prior Committee Meeting regarding what the current system is. Let us put credits aside and pretend that they do not exist because right now, they do not. If a developer is required to build twenty (20) units of affordable housing as part of their larger project, they have several options. They can build the units either for rent or for sale, they can give the County land that would need to be approved by Council, or they can pay the in-lieu fee that we discussed earlier. Right now, in our current system, a developer has the option of writing a check instead of building any affordable housing units. Under the current system, that check would then go into the Housing Development Fund and be utilized by the Housing Agency to help subsidize housing, do infrastructure work, and all the things that we do help generate housing. Under this credit system, it would allow an extra option. A developer who is required to build twenty (20) affordable housing units can do the exact same things that they could do under the current system, or they could purchase credits from an affordable housing developer who has gone above and beyond the regular requirements and that would put up to fifty percent (50%) of the check writing. The in-lieu fee that would have gone to the County or the purchase of the credit instead of into the County's pocket, it would go into the pocket of the affordable housing entity that went above and beyond to build more units than required. By financially supporting their efforts, we hope to continue to build more affordable housing so that the County Housing Agency is not the primary entity doing that work. It provides a little bit of financial "leg up" to other private entities to try spread the burden of developing affordable housing and it mimics an existing credit system that we use for DHHL.

Councilmember Cowden: Does it work for DHHL?

Mr. Roversi: They have received credits on Kaua'i for one (1) project and to my knowledge, they have never attempted to market or sell those credits to anyone to realize the financial benefit of having received them in the first place. I would not judge the program based on DHHL's lack of effort in utilizing the credits given to them.

Committee Chair Kualii: I would say that probably once this system is in place, having heard the testimony of the folks from Habitat for Humanity, they would probably be a good an example of how this system helps them to do more housing. Adam, can you confirm in that instance where there are one hundred (100) units and twenty (20) units are required, currently does the requirement only state that it has to be under twenty percent (20%) or lower?

Mr. Roversi: No, there are two (2) different levels of requirements built into the Housing Policy. If your entire project is, I believe twenty (20) units or less, then the workforce housing that you develop has to be on average one hundred percent (100%) for the families that make one hundred percent (100%) AMI. If a developer is building beyond those twenty (20) units, then the Housing Policy sets out specific percentages of your workforce housing if there are a certain number of units at eighty percent (80%) AMI, one hundred percent (100%) AMI, one hundred twenty percent (120%) AMI. It depends on the size of the developer's project and the category that the developer falls into as far as the workforce requirements.

Committee Chair Kualii: Then in that instance, even the for-profit developer, for anything beyond the twenty (20) required, they can choose to build a little more of the eighty percent (80%) and below, a little more of the one hundred twenty percent (120%), and could get both types of credits. It is not credits for one type of developer or another, it is credits based on the AMI, so they are eligible for that as well.

Mr. Roversi: If they were building over and above what they are required.

Committee Chair Kualii: ...and were in excess and at eighty percent (80%) and below for the full credit. Do you have a question?

Council Chair Rapozo: I have a follow-up. Adam, when was the last time that we had a for-profit developer build more affordable housing than was required?

Mr. Roversi: The only entities that I am aware of who have done what we are speaking about are the three (3) that I quickly mentioned before, KHDC and they have built a few units.

Council Chair Rapozo: They are a nonprofit. I am asking about for-profit organizations.

Mr. Roversi: I am unaware of any for profit organizations...

Council Chair Rapozo: This Bill targets the nonprofit developers because in all the years that I have sat here, there are no for-profit organizations that I am aware of that gave more than the requirement. In fact, they are always trying to find a way to do less by giving something else.

Mr. Roversi: Generally speaking, you are correct here on Kaua'i in our current environment, but looking back to one of our last committee meetings, we did briefly discuss the subdivision that I visited on Maui that has this existing credit system. The project that I visited there was a for-profit developer voluntarily building fifty percent (50%) of his project at affordable prices. I am told, because of his expectations of this credit system...

Council Chair Rapozo: Were those subsidized projects?

Mr. Roversi: That project was not a subsidize project.

Council Chair Rapozo: Was it a pure for-profit developer that built...

Mr. Roversi: He was building fifty percent (50%) of his subdivision as his market rate homes and the fifty percent (50%) was at one hundred twenty percent (120%) AMI prices. He had not received the credits yet because the all the housing had yet to be built, but it was described to me by the County of Maui's Housing Authority and by my discussion with the developer himself that he was incentivized to do that in part by this credit system that allows him to cover some of that financial gap between the market rate units that he could sell and the one hundred twenty percent (120%) units that he wanted to provide for the community. He may have partly been an individual who was financially stable and wanted to give back to the community and this credit system helped him to pencil out so that he was not losing money doing what he was trying to do.

Committee Chair Kualii: Members, are there any further questions? Members, is there any final discussion on the amendment?

Councilmember Cowden: Partly, I am looking at how full this room is and knowing that there are children eager to move along...

Committee Chair Kualii: If we vote, we could move along.

Councilmember Cowden: If we vote, we could move along and we could also make a mistake.

Committee Chair Kualii: It is an amendment. These are the two (2) items that we fully deliberated and discussed. If you can not support it, then you can vote no. Do you have further questions?

Councilmember Cowden: It is not evident to me how any of this is going to yield more housing, so I do not know why...

Committee Chair Kualii: It is an incentive and it is worth giving a try, do you not agree? It is credit that is an incentive.

Councilmember Cowden: I suppose, and I do know that there is at least one (1) developer who is saying that they want to do fifty-fifty (50/50). They have been trying but have a Land Use Commission issue.

Council Chair Rapozo: I do not vote today. Are we back in order or are the rules still suspended?

Committee Chair Kualii: Yes, calling the meeting back to order, but please stay there, Adam.

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

Council Chair Rapozo: I do not vote today, because I am not on the Housing & Intergovernmental Relations Committee.

Committee Chair Kualii: We have four (4) of our five (5) members present. Our Vice Chair is not here. We need three (3) votes to pass on the amendment. This is just the amendment. We will take testimony on the Bill.

Councilmember Kagawa: I am not on the Housing & Intergovernmental Relations Committee, but I will be voting under full Council.

Council Chair Rapozo: I support this amendment because I think that it makes it a better Bill, especially the fifty percent (50%) part in section (5)(d) as well as section N(a)(4). I am struggling with this. I am not inclined to support the Bill next week because the issue that we face today is inventory. That is the problem, we do not have homes. I am not sure how many of you saw this morning's headlines from The Garden Island. I was depressed yesterday, but I am even more depressed today. The headline stated that the median home price on Kaua'i in March was one million six hundred thousand dollars (\$1,600,000). I was shocked when it was one million three hundred thousand dollars (\$1,300,000) and now, it is one million six hundred thousand dollars (\$1,600,000). When I look at this Bill, I understand the intent and the nonprofit developers could benefit. I do not see much benefit for the for-profit developers. I do not know of anyone that would come here and willing...if they do, for the generation of credits...each time that we sell a credit or someone receives a credit, that is one (1) less unit on our island. That is one (1) less property that needs to be built, so I asked the question relating to the proceeds of these sales of credits. There is no requirement that those funds be utilized for affordable housing. I think that should be in this Bill as well. The fact of the matter is that...let us use Coco Palms Resort as an example, because they have a housing development. They do not even have an idea of where this project will go. I have heard rumors, and they do not have to build units until after the project is complete. They could simply purchase credits and not have to build a single house. If you have the money, you do not need to build affordable housing. At a time when we need inventory, we do not need money or credit, and I am not going to mention the specific nonprofits because there are a couple of them on-island that do a very good job, but they are going to benefit in the way of cash. Yes, some of these nonprofit organizations only do nonprofit construction. If you look at the scenario where you only have a nonprofit developer that only builds affordable housing, and you have a for-profit developer that builds a development. Let us say that these two (2) developments are both one hundred (100) units. Both projects require a twenty percent (20%) affordable housing component. The nonprofit developer needs to build at least twenty percent (20%) but builds one hundred percent (100%) and they end up with eighty (80) credits. The for-profit developer needs to build at least twenty percent (20%), but only needs to buy twenty (20) credits from the nonprofit and he is absolved from the requirement to build affordable housing. As a result, we lose twenty percent (20%) because the nonprofit was building all their units anyway. For me, as a nonexpert individual, I think that we should increase the in-lieu fee, because the one hundred seventy-five

thousand dollars (\$175,000) will not buy us a unit. With the increase in the in-lieu fee, developers will have two (2) options: constructing the units or paying the in-lieu fee, which would go to a fund managed by the County to work with a nonprofit agency. This arrangement would grant the County control over the funds, ensuring they are dedicated to the construction of affordable housing. Right here, you give up control. Basically, it states that a developer could sell eighty (80) or ten (10) credits at one hundred seventy-five thousand dollars (\$175,000) a piece. That is one million seventy-five hundred thousand dollars (\$1,750,000) that could or could not be used for affordable housing versus the County receiving one million seventy-five hundred thousand dollars (\$1,750,000) and the County leveraging those funds with private nonprofits through creative financing and all the Federal tools that we have to build inventory. I wanted to make the point that inventory is key. Today's headline only further strengthened my argument. Councilmember Kagawa mentions basic economics often, supply and demand. If you increase the supply, the prices go down. In my opinion, this would be used for developers to get away from building units. Thank you.

Committee Chair Kualii: Councilmember DeCosta.

Councilmember DeCosta: I have a follow-up. I want to add to that although I am not an expert, I think I know a little about housing. I own several houses, so I think I qualify to say that what we are missing is the developer who recently sold the credits to a nonprofit who will build affordable homes that no longer has to build affordable homes in the community. Now, they can focus on building market-rate housing. Market-rate housing at an average cost of one million six hundred thousand dollars (\$1,600,000). I see a fireman, a nurse, a teacher, and a Spectrum cable employee, none of them with a five percent (5%) down can qualify for a one million six hundred thousand dollars (\$1,600,000) house. What sort of community do you think the developer will create on Kaua'i? I will tell you. It is the type of community that I walked through this past Sunday, Kukui'ula subdivision in Kōloa. It will be a specialized community with high-end houses because the developer will want to sell those houses at the highest price, not to a teacher, fireman, accountant, or County EM3 employee that earns ninety thousand dollar (\$90,000) a year. They are going to sell it to the people who want to move here and become residents. You folks all know who they are. Thank you.

Committee Chair Kualii: Can we keep the discussion to the amendment? We still have the Bill as a whole to discuss. We are not in a hurry to pass this out of Committee today. I am not sure if there any other amendments, I am going to ask if there any other amendments, but just let us focus on this amendment relating to the fifty percent (50%) instead of the seventy-five percent (75%) with a fifty percent (50%) limit on how many credits can purchase on a project. They cannot purchase credits for one hundred percent (100%) of the requirement.

Councilmember Cowden: I have a short comment. Fifty percent (50%) is better than how it is, so I will be voting for it. I want to be very careful when we look at the rest of it.

Committee Chair Kualii: Members, is there any other final discussion points on the amendment?

Councilmember Carvalho: After listening to our discussion and hearing our Housing Director, I understand the bigger picture that this is another option that we have to look at moving forward. The next chapter will be a big discussion, if you will, but for today's discussion, I think this ties into what Adam was saying, this Bill gives us another option.

Committee Chair Kualii: I will take a vote on the amendment.

The motion to amend Bill No. 2914 as circulated, and as shown in the Floor Amendment, which is attached hereto and incorporated herein as Attachment 1 was then put, and carried by a vote of:

FOR AMENDMENT:	Carvalho, Cowden, DeCosta, Kualii	TOTAL – 4,
AGAINST AMENDMENT:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Bulosan	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Committee Chair Kualii: The motion to pass the amendment carries. Now, we are back to full Bill. Members, are there any other proposed amendments for today? No other amendments today. Members, it sounds to me that you would like further work on this Bill and that you will work with the Housing Director on any potential amendments.

Councilmember DeCosta: I did work on my amendment.

Committee Chair Kualii: We will defer today and this Bill will come back in two (2) weeks. After the meeting today, begin your work with the Housing Director and Allison who is helping us put our amendments together. Is there anyone from the audience wishing to provide testimony? Thank you, Housing Director Roversi. Please come forward and state your name. You may take the chair and make sure that the green light is on in the middle.

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

LOUISE SAUSEN: *Aloha*, I am Louise Sausen. I figured that since I drove from the North Shore and until my item comes up, I will speak to whatever is on the agenda. I am glad that you have this one million six hundred thousand dollars (\$1,600,000) affordable. The only way that you can make anything affordable for our people is if the government subsidizes the loans. We have many places built as affordable housing. Individuals are working five (5) jobs in one family, and they do not qualify for the loans. All this is not acceptable. I am sorry, but it is. I am going to call it what it is. All of you folks should be representing the people. I understand that there are logistics and other things. Also, I think we have to go in the direction of single-family wall homes. They worked fine.

Council Chair Rapozo: I am sorry. What was after single-family?

Ms. Sausen: Single wall homes, because the extra drywall created in America and brought here...we have a lot of respiratory diseases going around. Why? The humidity here. The inside of the drywall is killing us. The only way that we can have affordable housing anywhere in Hawai'i is if the government subsidizes the loans. When I was a kid, Sears Appliance Repair used to sell single wall housing in kits. Where are you going to get the water from? Our streams are already being diverted all over the place. What about electricity? We are part of a co-op, and we pay. Housing, everyone is ready to be homeless. Oh, but are the homeless are only individuals who do drugs? Take a drive down to Lydgate Beach Park and you will cry when you see the people, but we allow other entities to be sent in from other states with a one-way ticket. We should be shipping those individuals back out. They are the individuals who receive the food stamps. They are the ones receiving the medical. I am a senior citizen, I have Medicaid A and B. That is all that the government gives to me.

Committee Chair Kualii: Thank you, Ms. Sausen, that is your time.

Ms. Sausen: This is all a burden to our children, and the rents are going up.

Committee Chair Kualii: Your time has expired. Thank you. Can we have the next testifier? Please come forward.

MELANI PIMENTAL, Executive Director of Kaua'i Habitat for Humanity: Melani Pimental, Executive Director for Kaua'i Habitat for Humanity speaking on behalf of Kaua'i Habitat for Humanity. Good morning. Thank you for having us, Chair, Committee Chair, and Councilmembers. I am here to voice support for this Bill. I will say that I am speaking on behalf of a nonprofit builder and developer. I do not have the experience to speak on any matters related to private development or for-profit development. However, I do echo Adam's comments from earlier, where he stated that a bill like this would definitely help to generate the much needed support to fund our housing projects. Many cases with, along with the median cost here of one million six hundred thousand dollars (\$1,600,000) this week, it is land prices. We have to buy land like everyone else in order to build homes. The going prices can sometimes be one million dollars (\$1,000,000) per acre, right? The cost of putting in utilities is now at an all-time high, as well. Again, funding like this would greatly enable us to continue and provide more of these housing opportunities for our people. In addition to us at Habitat for Humanity, there are other nonprofits that do exist that build one hundred twenty percent (120%) AMI and below. As you folks were discussing earlier, Habitat for Humanity is at eighty percent (80%) AMI and below, which is the larger need in many areas of our island community today. I do agree that all levels of housing are needed and need to be developed, and we certainly are not seeing enough to Chair Rapozo's point where we create more supply. We will see some changes in our pricing. I do commend you folks for your exploration of the topic because it is important. It requires careful consideration for all the different ramifications. That is the end of my testimony and I do look forward to hearing more from the Committee and the Council on the topic. Thank you.

- Committee Chair Kualii: Thank you. We have a clarifying question.
- Council Chair Rapozo: I have a clarifying question. Sorry, I will send it over in writing instead.
- Committee Chair Kualii: Do you have a clarifying question?
- Councilmember DeCosta: It is a question relating to building.
- Committee Chair Kualii: I assume that you folks are thinking that she is an expert because this is her entity, but it should be a clarifying question on her provided testimony. Otherwise, you will need to follow up in writing or with a phone call.
- Councilmember Cowden: I will follow up.
- Committee Chair Kualii: Thank you. Will the next person wishing to testify please come forward?
- Councilmember DeCosta: Thank you, Melani.
- Councilmember Cowden: Thank you, Melani.
- FERN HOLLAND: Fern Holland, for the record. Good morning, everyone. Pleasure to be here. I wanted to echo my support in you folks for doing all that you can to address this. Chair Rapozo, like you mentioned, the numbers speak for itself, one million six hundred thousand dollars (\$1,600,000). We have to do everything, so anything that we can do to increase the supply, address the six thousand (6,000) vacant homes that we apparently have across the board, we are not going to waste any more time. I just wanted to voice that support. Thank you, folks.
- Committee Chair Kualii: Thank you. Is there anyone else from the audience wishing to testify?
- CASSIE JOHNSON: My name is Cassie Johnson. *Aloha*, and thank you folks. I am twenty-nine (29) years old and I am from the North Shore of Kaua'i. I did not plan on speaking this morning. This is emotional because we think about this all the time. I was born and raised here, and I have known since I was a child that I could never afford to live in my home or own a home here. I work with children now. I wanted to speak because I work with children now, and have gotten to the place in my life where I realize that it is likely impossible that not only will I not own a home here, even though I work and aspire to provide a great life for myself and future family. I look at the children that I work with, and I realize that most of the children are from families that can afford to live here. While that is amazing, I want to be able to work with more children that grew up like myself, but they cannot afford programs to give them abilities to own a home one day. They cannot receive support from their parents because their parents do not have the finances to place them into any extracurricular activities that would provide them with further resources to allow themselves the opportunity to afford a one million six hundred

thousand dollar (\$1,600,000), nine hundred thousand dollar (\$900,000), or seven hundred thousand dollar (\$900,000) house. I apologize for my emotions. As you know, this is a very emotional topic, but I hope to speak knowing that this is probably going to go through. I think that a lot of us see where this is going, but I hope that no matter where this Bill goes, you folks keep in mind that there are many children that realize that they will never be able to own a home here in Hawai'i. *Kanaka* or local, however many generations they have lived here, they realize what their future is going to be, but at the least, if we think about providing them with understanding this...I did not start understanding any of this until a few years ago, and I am twenty-nine (29) years old. If we give them the perspective at a young age, maybe there will be a chance for the children to understand this affordable home act, how to get into the program, and all those things. That is all that I have to add. Thank you.

Committee Chair Kualii: Thank you.

JOELL EDWARDS: My name is Joell Edwards, resident of Wainiha. Good morning, Councilmembers. I am going to speak today in support of this Bill. I am going to use the voice of my son and daughter-in-law who now live in Dallas, Texas. They are University of Hawai'i graduates with zero dollars (\$0) of debt. They had enough good grades so they are not in debt, which is remarkable. They were also farmers in Wainiha in Kilauea. They were also small business owners. They had everything going for them that you would say on paper. They should be able to buy a home. They had their first baby and while their baby was in the Neonatal Intensive Care Unit (NICU) on O'ahu, they received the notice that their house was being sold and a 45-day notice. They moved to another place and got another 45-day notice. That is when my raised his hands up and said, "Mom, we have to leave here," taking my only grandson with him, so I implore you to think about these kids that have grown and raised here and are working hard. It is not a lack of hard work. Most of them are working three (3) jobs. My daughter is working three (3) jobs, but we need to start looking out for them.

Council Chair Rapozo: I have a clarifying question. Thank you for being here. I share your pain. My daughter lives in Austin. My son lives in Oregon. I no longer have any kids here. You urged us to support this Bill. Can you clarify what in this Bill makes you believe that we are going to create more inventory?

Ms. Edwards: Well, it sounded like you were going to create more inventory. I would hope that.

Council Chair Rapozo: This Bill gives a developer an opportunity to purchase credits and not build inventory.

Ms. Edwards: Oh, then my apologies.

Committee Chair Kualii: A developer would be selling the credits to another developer, and that developer could be, as an example, the young lady from Habitat for Humanity. Then, they will use that money to build more affordable housing.

Ms. Edwards: Is that in addition to the PAL program?

Committee Chair Kualii: We disagree, but I think it does increase inventory.

Council Chair Rapozo: I agree. If this was a bill specifically for Habitat for Humanity, I would have a completely different philosophy.

Committee Chair Kualii: Habitat for Humanity was just an example.

Council Chair Rapozo: This is limited to any developer that may not build affordable housing.

Councilmember DeCosta: I have a clarifying question. Thank you. I am not going to give you a question to confuse you, but a question that you can answer because I am curious. Do you see any development projects going on from Kīlauea to Hā'ena?

Ms. Edwards: No. Well, the development that we do see happening is certainly not low-income housing. The development that we do see is plowing of existing homes and enlarging them for folks that do not reside here full time.

Councilmember DeCosta: Correct. The question that I want to ask is related to the development that you see happening. That developer has the opportunity to buy these credits and not have certain individuals like our *kanaka*, those in the eighty percent (80%) AMI, or those working three (3) jobs in their community, because they do not want to have those individuals in our community. They prefer to have their own individuals in their community. Is that what you are seeing on the North Shore?

Ms. Edwards: Absolutely.

Councilmember DeCosta: Thank you.

Ms. Edwards: Thank you.

Committee Chair Kualii: Is there anyone else from the audience wishing to testify? Seeing none, we will call the meeting back to order.

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

Committee Chair Kualii: Members, if there is nothing further, we can make a motion to defer and come back to work on this in two (2) weeks.

Council Chair Rapozo: Could I make a short comment? I want to be sure that I make myself clear, because it is confusing, and it is new. Currently, we do not have this in place. There is no ability in Hawai'i to purchase and sell credits,

but I think and I am hoping that one of the Committee members will at least look into adding a...

Committee Chair Kualii: That has already been noted. Chair, I will do that.

Council Chair Rapozo: I am making my request public that there be a restriction or requirement that these funds generated from the sale of these credits must be used for affordable housing. It has to be. We cannot "give away the store." Ms. Sausen made a very good point. She said that if we want to see affordable housing, then we need to subsidize. That is a given. What other way could we do it? Whether it is a County, State, or Federal subsidy...if we do not subsidize, then the price on that screen is what you will see. This Bill will remove the County's control of those funds. Once those credits are sold...again, this is not a bill that is specifically for Habitat for Humanity, because Habitat for Humanity is amazing and wonderful at what they do, but this is not limited to only Habitat for Humanity. This Bill is for any developer out there that could generate one million seven hundred thousand dollars (\$1,700,000), one million two hundred thousand dollars (\$1,200,000), or one million three hundred thousand dollars (\$1,300,000) in sale of their credits and turn around and build non-affordable housing. That is not restricted in this Bill, but it needs to be. I believe that if collect the in-lieu fee from the developer...make it fair. Increase the in-lieu fee to four hundred thousand dollars (\$400,000), not one hundred seventy-five thousand dollars (\$175,000). You cannot purchase a lot for one hundred seventy-five thousand dollars (\$175,000) let alone build the infrastructure. Increase it to four hundred thousand dollars (\$400,000). Let us put that money into the Revolving Fund that will go to Habitat for Humanity or nonprofit organizations that will build affordable homes. That way, we have complete control over the funds. With this Bill, we are giving away the funds. Thank you.

Committee Chair Kualii: Councilmember Cowden, followed by Councilmember DeCosta.

Councilmember Cowden: I am thankful that this discussion is up. I am super thankful to see a room filled with folks from the most impacted part of our island, which I believe to be those from Anahola to the end of the road. We have such a profound problem with being pushed out of houses. I knew Cassie as a child, and I have known a lot of these folks as a child. We have no place. It is so heartbreaking, so I am supportive of what we work on to do. I appreciate what Council Chair Rapozo said relating to transferring the money and ensuring that it goes to the County's Housing Agency, which was the reason that I brought up the one hundred seventy-five thousand dollars (\$175,000). One hundred seventy-five thousand dollars (\$175,000) is nothing and developers will simply buy out of it, but I do like what is in the Bill, that it has to be in same *moku*. It is going to stay in the same region. We call it a zone. Thank you all for being here. You all make a difference. I appreciate it.

Committee Chair Kualii: Councilmember DeCosta.

Councilmember DeCosta: Chair Rapozo always speaks volumes. It is almost considered a ditto, but relating to the in-lieu fee of one hundred seventy-five thousand dollars (\$175,000)...he mentioned four hundred thousand dollars (\$400,000). I believe that I have a few good friends that live in 'Ele'ele through the housing provided by Habitat for Humanity. Melani, you are an excellent Executive for Habitat for Humanity, and you folks do excellent work. I believe that my friends purchased their home at around two hundred eighty thousand dollars (\$280,000). Even if we sell the in-lieu fee of four hundred thousand dollars (\$400,000) to the developers, you are basically giving Habitat for Humanity one hundred twenty-five thousand dollars (\$125,000) per home to cover all their administrative expenses. We might have to visit that figure. I do disagree with a comment made by Councilmember Cowden relating to keeping the funds in the same *moku*. I am little worried about that because right now, the *moku* that has the money, and the in-lieu fees are on the Westside. I believe that 'Ele'ele has a big project. I believe there is a project in Waimea. There might be a small project in Kīlauea. I would like to share the funds with all the *moku* across the island. Hā'ena and Hanalei are just as important as those on the Westside. You all are. We are here for you. Thank you.

Committee Chair Kualii: Members, is there any other final discussion points before take a motion to defer? I will state that our affordable housing crisis is almost insurmountable, but the only way we are going to get to it is by trying to do this piece and that piece. This credit system is just an attempt to incentivize more affordable housing developments of all types, from one hundred twenty percent (120%) to eighty percent (80%) and eighty percent (80%) and below. The one thing that I would, yes...a nonprofit organization like Habitat for Humanity, whose mission is to build affordable housing, and Ms. Pimental made it clear, too, she stated eighty percent (80%) and below. They are doing it anyway, but they can do more and better if they can receive additional funds by selling credits. The developer is also being incentivized by being able to earn credits for doing more than what is required. Otherwise, they will only do what is required. I think that is what happened in the past. Yes, those developers may purchase the credits rather than build it, but whether they build it or an entity like Habitat for Humanity builds it, it does not necessarily matter. We simply need more units. We absolutely need more affordable units. Whether it is workforce or AMI affordable, below eighty percent (80%), we need all of that. This is just an attempt to create an incentive and to support more affordable housing development. The number one probably that we all said, we have been working on this for years, is the pricing issue. The problem is due to supply and demand. We need more supply of all types. The government, through Federal grants, cannot construct enough. We need everyone to build, so we are trying to incentivize private developers, as well.

Councilmember Carvalho: Without repeating, I am looking at this as just one more step to get to where everyone is at. We need to take every opportunity and ensure that as we navigate through this opportunity, whether it is in Wainiha, Kekaha, or throughout the entire island, this is just the next step to opening the door to affordable housing with whichever resources come our way. With this particular Bill, that is how I see it. We will get to that point, and you have the commitment from me, but overall, I think this is the next step.

Committee Chair Kualii: After this meeting end, I am committed to working with Adam on the point that Council Chair Rapozo brought forward relating to the requirement. I think that it was implied that this would happen, but to have language that states it is required, I have no problem with doing that. We will do that. Also, relating to increasing the in-lieu fee, I think during the previous meeting there was a lot of sentiment regarding that, but that will be a separate bill. As the Committee Chair for Housing & Intergovernmental Relations, I will work on that as well. At this time, I would like to take a motion and second for a deferral, which means that this Bill would come back again to our Committee Meeting in two (2) weeks.

Councilmember Carvalho moved to defer Bill No. 2914 as amended to Bill No. 2914, Draft 1, seconded by Councilmember Cowden, and carried by a vote of 4:0:1 (*Councilmember Bulosan was excused*).

Committee Chair Kualii: The motion carries. Bill No. 2914 has been deferred.

Bill No. 2915 A BILL FOR AN ORDINANCE AMENDING CHAPTER 7A, ARTICLE 5, KAUA'I COUNTY CODE 1987, AS AMENDED, RELATING TO HOUSING ELIGIBILITY AND SELECTION
(This item was Deferred.)

(Councilmember Kagawa was noted as not present.)

Councilmember Cowden moved to recommend approval of Bill No. 2915 on second and final reading, seconded by Councilmember Carvalho.

Councilmember Cowden: I do have an amendment.

Councilmember Carvalho moved to amend Bill No. 2915, as circulated, and as shown in the Floor Amendment, which is attached hereto and incorporated herein as Attachment 2, seconded by Councilmember DeCosta.

Committee Chair Kualii: It sounds like we have three (3) different amendments. Let us start with Councilmember Carvalho. This first amendment was based on concerns from the last Committee Meeting, coming from the Housing Director to try and address those concerns. I think those concerns were raised by Councilmember DeCosta. Would you like to speak on this amendment? This relates to the preferences, fifty percent (50%).

There being no objections, the rules were suspended.

Mr. Roversi: *Aloha,* Committee Chair and Councilmembers. Adam Roversi, Housing Director for the County, for the record. The proposed amendment to section (4)...first quick context. This Bill is dealing with the selection process of homebuyers when the County specially has affordable housings for sale or when County requires a private developer to develop homes and they are required to sell those under the County's Home Buyer' system. This affects

the process of selecting individuals from the existing Home Buyer list, which now is roughly about one thousand two hundred (1,200) individuals. The proposed amendment to section (4) would allow the County to implement the preferences that are contained within the Bill up to fifty percent (50%) of the units that are available for sale in a particular project. Prior to this amendment, it allowed the preference to be applied to all the homes in the project, so this limits the preference to be applied to fifty percent (50%) of the project. This was developed in response to a concern that was expressed during the last meeting. Currently, the Home Buyer list is based on who signed up first. It is a first-come, first-served basis system irrespective of where an individual currently lives or works, and life situation. The preferences that were proposed in the original bill, the main bill, allowed prioritizing the individuals on the list based on the location of the individual's current housing situation and employment. For example, if there were homes for sale in Waimea, the Bill as a whole would have provided preferences for those who currently live, have immediate family, or work in Waimea. It was expressed during the previous meeting that we have a lot of individuals that have been on the first-come, first-served list for some time. By establishing this preference on one hundred percent (100%) of this project, essentially, we are stepping over some of those individuals that have been waiting. Basically, this fifty percent (50%) limit says that for at least half ($\frac{1}{2}$) of the houses, we are going to stick with the first-come, first-served system, honoring the existing the list and its priorities, but for fifty percent (50%) of the homes, we are able to respond to the community concerns that I have heard repeatedly of ensuring that a project that is developed in a community is at least partly tailored to serve that community and not people from elsewhere. This is an attempt to do both.

Committee Chair Kualii: Yes, and these preferences are in addition to how the list was established in the first place, which are income qualifications, the eighty percent (80%) AMI and below, Kaua'i residency, and being a first-time home-buyer.

Mr. Roversi: To clarify, almost correct. There is no income requirement to place yourself on the Home Buyer list in the first instance. Income comes into play depending on the homes that are for sale eventually and depending on the sources of funding to build the homes. The homes are offered at different price points, so that is when the income requirements come into play, when you go to purchase the home. It is not an issue to get on the list in the first place.

Committee Chair Kualii: One last thing, is the list at six hundred ninety (690)?

Mr. Roversi: We have just under one thousand two hundred (1,200) in total. We consider several hundred of those on the Home Buyer list to be inactive because the mail gets returned. They have not updated their address, so we have no way of contacting those individuals. We have a ballpark of nine hundred (900) active participants on the Home Buyer list. That is a best guess based on the active and inactive.

Committee Chair Kualii: Go ahead, Councilmember DeCosta.

Councilmember DeCosta: I believe that a lot of this arose because I asked you those questions. I heard those same concerns from the community that you are hearing about with Waimea and Kīlauea. They are wanting their people in their geographic areas, and I stated that I believe that the person on the list that has been on the list the longest should have that preference. Now, explain to me...I have the same amendment coming up so we can “kill two (2) birds with one stone.” With this amendment, we are going to take fifty percent (50%) of the thirty (30) homes that are going to be built at eighty percent (80%) AMI. Fifty percent (50%) is fifteen (15). Fifteen (15) of those homes are going to first be offered to those on the seniority list, so those who were on the list since 1985 and are first on the list, will be first on the list and will receive a call. Am I correct? Simple “yes” or “no.”

Mr. Roversi: Yes, they will get the first option.

Councilmember DeCosta: Keep it simple. The other fifty percent (50%) need to be on the Home Buyer list and will have the preference on where to live depending on home address and employment location.

Mr. Roversi: Correct.

Councilmember DeCosta: Perfect. Then, we are satisfying two (2) groups of people, and no one is being chosen over another because in the old version, we could bypass the seniority list and place individuals in all the homes based on whether the person lived or worked in the geographic area. Is that correct?

Mr. Roversi: It was up to the old project. It did not require a preference for every home.

Councilmember DeCosta: Right, but are we satisfying that with the fifty percent (50%)?

Mr. Roversi: Correct. The only thing that I would point out in the statement that you made is that we do not always offer homes only to those in the eighty percent (80%) AMI and below. We do provide homes at higher income levels, too.

Councilmember DeCosta: Thank you for that. I am sorry if I was wrong, but I like what it does now. Thank you.

Committee Chair Kualii: Councilmember Cowden.

Councilmember Cowden: I appreciate that this basically overlaps with what my amendment was going to be, and I appreciate the improvement that was would probably come from Councilmember Carvalho. Could you explain the fourth priority on page 3 and page 4? I think is very important and it also replaced the...

Committee Chair Kualii: That would be the third, ABC, correct?

Councilmember Cowden: It states, “Fourth Priority – Essential Workers Preferences. Essential Worker providing critical community services such as health care, public safety, emergency first response, education, and provision of maintenance of necessary community infrastructure.” This is saying that they are one of the prioritizations that create some sort of number that helps to determine who goes into that call list on that fifty percent (50%).

Mr. Roversi: Would you like me to speak generally about that preference category?

Councilmember Cowden: Yes, both that preference category on the bottom of page 3 and the bottom of page 4, item (3).

Mr. Roversi: Prior to these amendments, in the original Bill, there was a provision. Let me share a little quick background. Broadly speaking, the Bill establishes our ability to provide a selection preference to individuals who live and work in the geographic area of the housing project. In the original version, there was a “catch-all” category that allowed the Housing Agency to develop administrative rules to create other preferences, but it did not specify those administrative rules. We did discuss in the last meeting that the intent of the administrative rules provision was because we wanted to develop a description of an essential worker category, so we could provide the same sort of preference to specific categories of employees that provide essential services to the community such as firemen, teachers, medical service workers, etcetera.

(Councilmember Kagawa was noted as present.)

The amendment that is before you eliminates the general authority to create administrative rules to establish preferences because there were concerns about that. Now, it specifies what was discussed before. We want to add in a preference for up to fifty percent (50%) of the units in a project, not all units as we just discussed, for those in that essential workers category in addition to those who already reside in that area. The reason that this appears throughout this amendment is because there are multiple scenarios in which selection preferences are provided. The very section, Section “A”, deals with the selection of buyers within the County’s Home Buyer list. This does not come up for County projects so much, but in a situation where the Housing Agency is requiring a private developer to develop for sale housing. They are required in the first instance to select buyers from the Home Buyer list. In that case, they would be in Section 1. If they go through the entire Home Buyer list and cannot find any ready, willing, and able buyers for their homes, then they are allowed to offer homes for sale through a lottery process to Kaua’i residents that may not be on the Home Buyer list. The reason that same language relating to essential work appears in Section “2”, and you only get to that point if the developer has exhausted the Home Buyer list. Then, it appears another time in the section for rental housing. This first part, Section “1”, deals only with homes that are for sale, individuals that are on the Home Buyer list. Section “2” addresses only the category of lottery use, if the Home Buyer list has already been exhausted. The third section deals with the selection process of individuals for rental projects. It is not required, but each section contains the same exact language that allows a potential preference for essential

workers. Again, restricting the application of any of the preferences, just fifty percent (50%) of the units in a project, so we are still respecting the first-come, first-served priority for those who have been on the Home Buyer list for some time.

Councilmember Cowden: Well, I want to say that I appreciate that and I think that it strengthens, and is better than my amendment. I also noticed this amendment takes out the grammatical and spelling errors.

Committee Chair Kualii: Councilmember DeCosta.

Councilmember DeCosta: My question is based on one of our discussions. I think that it is important for all the constituents currently listening. You mentioned essential workers, and essential workers are a big thing on Kaua'i. You mentioned several categories, policemen, firemen, and medical nurses. I do not know of an essential worker fireman or policeman that came to Kaua'i within the last year, but I did see a bunch of nurses that came. There were a lot, and they are called travel nurses. My question for you is relating to traveling nurses coming from the mainland. Until we have the fifty percent (50%) category in place, how simple would it be for a traveling nurse, categorized into the essential worker category that you mentioned, to be placed on the Home Buyer list and be ready to purchase a house? That was part of our discussion, to ensure that those with seniority are chosen for half (½) of the list. How simple would it be for a traveling nurse as an essential worker to be placed on that Home Buyer list? Tell me right now.

Mr. Roversi: After someone moves to Kaua'i and declares Kaua'i as their primary residence, it would probably take about two (2) or three (3) months to qualify onto the Home Buyer list.

Councilmember DeCosta: Thank you. These traveling nurses are contracted for ninety (90) days, three (3) months. Do you folks know that there are a number of traveling nurses at Wilcox Medical Center? Did you know that our Kaua'i Community College (KCC) graduates do not get a job as a nurse. They have to move away to obtain at least two (2) or three (3) years of experience. Whereas, an electrician, plumber, or carpenter apprentice on Kaua'i can find a job today and work to become full-time. After graduating from a nationally renowned college at KCC with some of the best instructors, our graduate nurses cannot find a job. Do you know the reason? Large companies can hire private nurses to fly to Kaua'i to work a 90-day contract and then, these traveling nurses are able to sign up on the Home Buyer list. Companies can market the Home Buyer list to potential employees...I am finishing my discussion, then I will ask him my question.

Committee Chair Kualii: Councilmemembr DeCosta, you are making a speech. Please ask the question.

Councilmember DeCosta: Is it possible that this process can be made for traveling nurses to get on your Home Buyer list?

Mr. Roversi: Anyone that moves to Kaua'i, becomes a resident, and is over eighteen (18) years of age can be placed on the Home Buyer list.

Councilmember DeCosta: You answered my question. Thank you, Adam. I needed to put some preference before the question.

Committee Chair Kualii: Members, are there any further questions for our Housing Director? With the example of the traveling nurse in mind, if their assignment ended in three (3) months and they left, they would have to remain a resident. If they got onto the Home Buyer list, they would be at the bottom of the list, say 1,001.

Mr. Roversi: They would be at the bottom of the Home Buyer list. They would also have to own no other real estate. That was another requirement prior to signing up on the Home Buyer list. You can not own real estate anywhere else. If a traveling nurse owned something in another state, they would not be able to be on the Home Buyer list.

Council Chair Rapozo: I have a clarifying comment. There is no bottom of the list with a preference, right?

Mr. Roversi: The way that we envision that it would operate, say that we have...it establishes a preference within the existing Home Buyer list. If there are three (3) firemen, they would each receive a preference, but those who have been on the list the longest would still be at the top of that group. If we were for a particular project, electing to provide a preference for people, for fire department employees.

Committee Chair Kualii: When you are providing...you have multiple preferences, right? If they meet more than one, do they receive a higher score? How does it measure out?

Mr. Roversi: No, the way we envision it for administrative ease is that a preference is a preference. Let us use a concrete example where we are building a project in Waimea. Within this system, there is a preference for those who work in the community, a preference for those who already live in the community, and we elect to impose a preference for nurses, because the Kaua'i Veterans Memorial Hospital (KVMH) needs more nurses. All those individuals would have the same preference, that would shift to where they are on the existing Home Buyer list as a group. It does not give them two (2) points because they happen to be a nurse and live in the community.

Committee Chair Kualii: Additionally, a preference is not valued any more than any other preference. It is simply that if you have a preference then, you move above someone without any preferences.

Mr. Roversi: Correct.

Committee Chair Kualii: While still following the placement of the list.

Mr. Roversi: Right. Even within these preferences categories, the first-come, first-served nature of the Home Buyer list is reflected to some extent, assuming that there are multiple people with preferences on that list.

Committee Chair Kualii: Members, are there any further questions? Are we all okay with his explanation of how the essential worker language appears in those three (3) different areas? As far as this amendment goes, that is all. Are there any further questions on this amendment? If not, let us have a final discussion on the amendment.

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

Councilmember DeCosta: I like this amendment. I know that Committee Chair Kualii and Councilmember Carvalho had a discussion with the Housing Director, but this was my amendment also. I put this in for the exact reason that I made that earlier statement...sorry if I was not leading up to my question, but eventually, I did up crafting it into a question. Basically, the essential workers are folks that come in from the mainland. They are not Hawai'i residents. They are mainlanders that come to work. I am going to use nurses as an example, because my wife is a nurse working at KVMH. There are a lot of nurses that fly in from the mainland. Wilcox Medical Center and KVMH have travel nurses. Why? We need them. Why? We do not hire nursing graduates from KCC. The Housing Director stated that it is almost a three-month process. In fact, I think they can get on the Home Buyer list online. They can call their traveling nurse friend who is already on Kaua'i as a resident, request that friend to pretend that they were roommates to provide proof of Kaua'i residency and eventually, be put onto the Home Buyer list. After ninety (90) days, that company or hospital can use the County's Home Buyer list as an advertisement to those traveling nurses to stay on island. With the affordable housing project in Kilauea, Waimea, or 'Ele'ele, they will be able to potentially purchase a house. How great would it be to place a traveling nurse from Oklahoma into our community? We have young local KCC nursing graduate students. If they were hired, they would have a job. Then they would have the financial ability to be one of the individuals to purchase a house, but they cannot. The reason why I would support this amendment is that at least fifty percent (50%) of the list would be those on the seniority list. The other fifty percent (50%) of the list would be used to bring in essential workers and/or those who already live in the geographic area. I am going to be supporting this, but I want to make this statement clear about the sort of people that could come if we are not careful on how we craft our language. I like to look deeply into the language. Thank you.

Committee Chair Kualii: Are there any other members with final discussion?

Council Chair Rapozo: I have a quick discussion point as a non-committee member. Have you ever been in line at the airport and have someone tap you on the shoulder to move up in the line? You moved up in line because it was a pilot or crew member and they were allowed to "cut." Adam, I feel horrible today, because I appreciate what you do and I know the intent of this Bill. I forgot the name

of the girl who received the 45-day notice from her rental. Is she still here? She spoke earlier. How many families have had that happen? I know that I have in my family where in the last three (3) years, they have lived in five (5) locations all over this island. I have a nephew who was originally from Kapa'a and moved to Lihu'e. Then, they sold the house and moved back to Wailua, sold the house again and moved back with his entire family because there were no rentals. We all come from different areas. We have individuals that have been on that list for a while and some of them are at the threshold of possibly purchasing a house through the County Housing program, but when you start to put preferences...where is the geographic preference for the gal that has moved three (3) times in the last year? The person would like to live in this area, but since there are no houses, they are forced to live where there is availability. I am struggling with the fact, and I know that the amendment with the fifty percent (50%) makes it better. I appreciate that, but that does not level the playing field. Fifty percent (50%) of that list could still be cut. I think that if someone is on the list and met the requirement by going through the course and doing everything that was needed, then it should be your choice when the housing projects come up. I had a family discussion with my wife and kids about purchasing our first home ever, but it is in Waimea, Kilauea, or Kapa'a. I asked them if they wanted to move because it is the only choice that we may ever have. I may not get that shot, and no disrespect to nurses, firemen, policemen, or whoever, but I did what I needed to do get onto the list, and I have been on that list. I do not think that it is fair that someone might have a preference over me simply due to their profession or because one of that individual's family members lives in that area. One of the geographical preferences is having immediate family members in the area. Then there would be me who has been sitting on the list for the last two and a half (2½) years, having to wait again. I have a fundamental issue with the fairness of this Bill. When I spoke with Adam, I understood the benefits of this. If you keep individuals near the employment area, then you are saving them from getting onto the road and driving in traffic. There are pros and cons, but I think fairness for me is a top issue. I think that we will be removing individuals from an opportunity that I believe may be their only chance in their life to own a home. To be honest with you, I am torn. I am sort of inclined to leave it up to the list, original language where calls are made in the order of the list, and those called can make the determination on whether they want to move or not. Some folks are going to lose their shot. Thank you, Committee Chair.

Committee Chair Kualii:

Councilmember Cowden.

Councilmember Cowden: I appreciate what Chair Rapozo had to say. Again, I am also thankful to have the room filled with what we would call Zone 5, which is the end of the road on the North Shore. This is the most expensive area. When I saw North Shore before, I did not know what it is this week, but it was two million seven hundred thousand dollars (\$2,700,000). It was even higher and what we are doing is we are completely "gutting" our whole community, and it is not even just Hā'ena and Hanalei, it is Anahola and North. We had a testifier state that she did not even know about these things. Whenever I am in the grocery store, I tell individuals all the time "Kauai.gov/housing." Everyone in this room, get your names on the list. Most people do not know what is on the list. They do not even know that this list exists. I have to almost sit with people to put them onto the list. We have crazy expensive costs for everything that we want to buy up there, because there are

not enough employees for a restaurant to be open more than four (4) shifts a week. They can not begin to keep their businesses open, so they have to charge much more. I buy my gas, food, everything right in that area to try and keep those businesses open. Without this preference, people do not...you said people can drive, they do not want to drive from Hanamā'ulu to Hanalei. They are not going to do it, so we just do not even have it. I do not mean to have emotion. I appreciate what Councilmember Carvalho amendment says, the statement that Council Chair Rapozo made. This month, I also lost my kid and grandkids to the continental United States, essential worker, largely because of economics, so I am in that pain. I feel you; I hear you. I am with you, and I am going to support this amendment.

Committee Chair Kualii: Members, is there any further final discussion on the amendment?

Councilmember Kagawa: Thank you, Committee Chair. As a non-committee member, when I think about fairness, I think about the situation that happened last week where we purchased from Community Development Block Grant (CDBG). It was seven hundred ninety-five thousand dollars (\$795,000) for the house because it was eighty percent (80%) AMI and below. I think the mortgage is going to be two hundred thirty thousand dollars (\$230,000). You are looking at about a five hundred thousand dollar (\$500,000) subsidy from the County, or the Federal money that the County is receiving. That is five hundred thousand dollars (\$500,000) to help one (1) family. We have nine thousand (9,000) families in need on Kaua'i. That is how short we are. When we care for one, I think of the fairness for the eight thousand ninety-nine (8,999) that may never get called. We are far below this. Yes, it is going to take a multi-problem approach, but we have a serious inventory problem and that is the only way that we are going to make a significant debt in this problem. It is not only about the North Shore, it is everywhere, the Westside, Līhu'e...if they do not have significant help from their families while looking for homes, then they are struggling. As Council Chair Rapozo stated last week, he went on a trip to visit his daughter, and saw the beautiful house selling for two hundred eighty-nine thousand dollars (\$289,000) in the outskirts of Austin. On Kaua'i, you can not even build a simple, nice one thousand two hundred (1,200) square foot house with a pool for less than four hundred fifty thousand dollars (\$450,000). That is how expensive the materials are to ship here and the cost a labor. We are somehow really getting robbed by the shipping companies and by those that sell materials. We are getting "jipped" big time. That with the shortage of supply is causing that to be one million three hundred thousand dollars (\$1,300,000) more than a home in the mainland. It is a system that is not working from the federal government, all the way down. When they ask about what the problems are, it is the government. If the government would get out of the way, then things would get better. We need to somehow fix that issue.

To me, Adam's amendment makes sense in cases where we grew up, generations here...I know all the Westside families that need housing are possibly in areas like Pākalā or Kaumakani. If we had a Westside affordable housing project, you would want to have flexibility to give those individuals that have been living there for generations a chance to purchase the house, not choose someone from Kapa'a with all their family in Kapa'a and work in Kapa'a or Līhu'e. It does not make sense for those individuals to get a house on the Westside, or become the only one in

their family to live on the Westside. On Kaua'i, we are built on family, *'ohana*. You do not want a Westside person being first on the list for an affordable housing project in Kīlauea, but they are going to take it. They are going to take it if the opportunity is presented, but it does not make sense. A Kīlauea project should go to a North Shore family that was raised and have a chance to remain there at affordable price. In some ways, I like the flexibility of it, but I do not like the politics of it sometimes because what you want to see come out in the end may not necessarily come through, who is working there, who knows who. If you get the politics out of the way, this would be a great amendment. I feel that those first on a list is...you want to be fair in that way, but sometimes, there are other ways that are not fair, as well. You need to consider those things just as important. It is not only fair because you are the first in a line. It should be fair according to what makes sense for the island. If someone works down at Pacific Missile Range Facility (PMRF), that individual should receive a place on the Westside. Is someone going to drive from Līhu'e or Kapa'a all the way to PMRF every day? I think in those ways, I would prefer housing to have some flexibility, but hopefully, when the Housing Agency has the flexibility, they do it right and fair, as you say in our word, right? That is all I have to say. I am not on the Committee, but I will be like, Council Chair Rapozo, struggling with the vote on the amendment. Thank you.

Committee Chair Kualii: Members, do you have any other final discussion?

Councilmember Carvalho: I appreciate the discussion, and I think the heavy discussion from everyone, but I find the flexibility and opportunity to move it to the next level. I know there are a lot of things we need to do, like working closely with the Housing Agency and taking some of the recommendations, not just doing things on our own, but overall, I think that we are moving in the right direction. The bigger picture is forthcoming, and more opportunities will come. That is how I see it.

Committee Chair Kualii: Councilmember DeCosta.

Councilmember DeCosta: The last point that I would like to make, since we do have North Shore, Zone 5 "in the house," and Councilmember Kagawa mentioned the Westside, not sure if that is Zone 2.

Councilmember Cowden: Zone 1.

Councilmember DeCosta: Thank you for that. I do not really look at myself as your zone Councilmember. I am a zone islandwide Councilmember. Kīlauea, has a small development coming up, not sure how many houses. Adam, you do know because you live in Kīlauea. Waimea has a development coming up. We know this because two (2) of us are from the Westside, but when I look at the geographic land available land on the island to build, the North Shore might be the last place that we may have a County project on, because the North Shore land is out of reach. If you head to Līhu'e or 'Ele'ele, hopefully we can speak with the Robinsons, there might be more projects. The reason why I spoke with Adam on this fifty percent (50%) seniority list was to look after the North Shore, as well as the those that live in the geographic area, because once the project is complete and if you are

not willing to buy a home in Kīlauea within the next five (5) to seven (7) years and you are on the seniority list, but we do not have this amendment put in place and there is only a geographic area that you live and work, you might never have an opportunity to move even on Westside house. This is a perfect amendment to satisfy both groups of people from all over the island to ensure that people at the top of the list get the call first. If not, then the geographic area and the work area can be taken into consideration. I believe that this is a “lesser of two (2) evils,” let me say. Thank you.

Committee Chair Kualī‘i: Thank you. For my final comments, I will just say that the amendment addresses the concerns brought forward in our meeting two (2) weeks ago and makes the Bill better. I am obviously going to support the amendment. It does sound like there are still some concerns. After we pass this amendment, I am going to recommend that we defer to work on this Bill further in the next two (2) weeks with the Housing Director on any further amendments. I also want to clarify that the essential workers are all workers providing critical community services such as healthcare, public safety, emergency first response, and education. That includes all police, firemen, doctors, nurses, paramedics, and teachers, not just any that just come here, but the ones that were born and raised here as well. This is a preference for all essential workers.

The motion to amend Bill No. 2915, as circulated, and as shown in the Floor Amendment, which is attached hereto, and incorporated herein as Attachment 2 was then put, and carried by a vote of:

FOR AMENDMENT:	Carvalho, Cowden, DeCosta, Kualī‘i	TOTAL – 4,
AGAINST AMENDMENT:	None	TOTAL – 0,
EXCUSED & NOT VOTING:	Bulosan	TOTAL – 1,
RECUSED & NOT VOTING:	None	TOTAL – 0.

Committee Chair Kualī‘i: Is there anyone else wishing to testify on the Bill as amended?

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

CHLOE CASADOS: I am new here. To give a little bit of context, I am a Wainiha resident. I own a business in Hanalei and I am a proud KCC graduate. I was wondering if maybe with the preferences, you were talking about language, could we possibly expand to what an essential worker would be for those categories as far as like looking at more people in the service industry, restaurant workers, and folks that are involved in the community? I feel that a lot of them are on that list, and they are the ones that need the most help. While they might not seem like “essential workers,” and I am not trying to discredit the other essential workers that save lives and things of that sort, but as someone that is constantly having folks move and leave for better opportunities, I do strongly feel that as a restaurant owner, that it is going to feel essential soon when we do not have someone at the gas station or grocery store to do those things. Could we possibly, focusing on the language, possibly open that language to expand on the fairness as far trying to

give those that are already embedded in the community an opportunity to get those spots?

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

Committee Chair Kualii: If members have nothing further, then I will ask for a motion to defer and a second.

Councilmember Carvalho moved to defer Bill No. 2915 as amended to Bill No. 2915, Draft 1, seconded by Councilmember Cowden, and carried by a vote of 4:0:1 (*Councilmember Bulosan was excused*).

Committee Chair Kualii: There being no further business for the Housing & Intergovernmental Relations Committee, we are adjourned.

There being no further business, the meeting was adjourned at 10:12 a.m.

Respectfully submitted,

Shari L. Rabaino
Council Services Assistant I

APPROVED at the Committee Meeting held on May 22, 2024:



KIPUKAI KUALII
Chair, HIR Committee