

## MINUTES

### **COMMUNITY ASSISTANCE/INTERGOVERNMENTAL RELATIONS COMMITTEE December 6, 2006**

A meeting of the Community Assistance/Intergovernmental Relations Committee of the Council of the County of Kaua'i, State of Hawai'i, was called to order by Councilmember Shaylene Iseri-Carvalho, Chair, at the Historic County Building, Room 201, Lihu'e, Kaua'i, on Wednesday, December 6, 2006, at 10:43 a.m., after which the following members answered the call of the roll:

Honorable Shaylene Iseri-Carvalho  
Honorable Tim Bynum  
Honorable Ronald Kouchi  
Honorable Mel Rapozo  
Honorable JoAnn A. Yukimura

The Committee proceeded on its agenda item as shown in the following:

**Bill No. 2202**      A BILL FOR AN ORDINANCE TO ESTABLISH A NEW  
CHAPTER, KAUA'I COUNTY CODE 1987, AS AMENDED,  
RELATING TO THE HOUSING POLICY FOR THE COUNTY  
OF KAUA'I  
[This item was deferred.]

SHAYLENE ISERI-CARVALHO, COMMUNITY ASSISTANCE  
COMMITTEE CHAIR: Bernard and Ken should be doing a presentation;  
however, what I will do at this time is if there is anybody in the audience that  
wishes to testify on this matter, we will do public testimony first before the  
presentation. There being none...

JAY FURFARO, NON-COMMITTEE MEMBER: No, there is one.

Ms. Iseri-Carvalho: Oh, there is? Oh, I am sorry, Tracy. I wasn't sure  
if you were going down or you were actually raising your hand. Thank you Tracy.

There being no objections, the rules were suspended.

TRACY NAGATA, D.R. HORTON (SCHULER HOMES): Good morning. My  
name is Tracy Nagata and I am with D.R. Horton (Schuler Homes). I submitted  
written testimony for the last public hearing and I just want to share a few  
thoughts today. I first want to thank the Council for allowing us to participate and  
comment on the proposed County policy for affordable housing. I think... you know,

D.R. Horton has been building homes for several decades now in Hawai'i. We have built over 600 affordable homes here on Kaua'i and we are actually currently under construction for 56 units at the Hookena at Puhi project. We also have or in the planning zoning approval stages of a masterplan community called Kohealoa in Hanamā'ulu which will also be providing affordable homes. It is with that history and that... you know, our goal to continue to provide affordable housing for the people of Kaua'i that we've submitted testimony and we are interested in participating in the shaping of this policy. We commend the... I commend the County and the Council for moving ahead with establishing a policy. I think it is very important to set something in place that would hopefully provide housing and allow housing to get online and to the public in a timely manner. My testimony that I submitted at the last public hearing, we focused on two (2) of the larger issues that we felt would impact development from our perspective. One was the land dedication issue and the other was the restricted marketing period. We believe that there are other sections in the policy that we'd like to discuss further, but instead of focusing in on each one, we would like to work with the Council in open discussion and see where we can come to a win/win situation that would allow development to continue and also provide housing for the people of Kaua'i.

I believe Ken Rainforth, in his last presentation at the public hearing, mentioned that this was a working document and we'd really love to be a part of that and to provide our insight from a development standpoint as to might be a workable solution for all. Thank you.

Ms. Iseri-Carvalho:            Questions for Ms. Nagata?            Councilmember Rapozo?

MEL RAPOZO:            Thank you Tracy for being here today and thank you for your patience in helping develop affordable housing here on Kaua'i. Were you... did you participate at all with the County prior to this policy being submitted to the Council? Were you a participant in any of the workshops or...

Ms. Nagata: No.

Mr. Rapozo:            So when it was submitted, this is the first time you saw...

Ms. Nagata:            Yes, the first time I have seen it. We were not part of any task force or any group that was formed. We would love to be if we could participate in that, so the first time that the policy came out to the public was the first time that we've seen it. We've had discussions with the Council and with the Housing Department on affordable issues in general. We brought, I believe, our Hookena at Puhi affordable policy to you several years ago, but that was our extent of our participation.

Mr. Rapozo: Okay, thank you.

Ms. Iseri-Carvalho: Councilmember Yukimura?

JOANN A. YUKIMURA: Yes, thank you very much for stepping forward to give input and participate in developing this policy because D.R. Horton (Schuler) does have a lot of experience and that will be valuable for us to draw on. I haven't really absorbed all of your testimony, so I am going to defer some of the questions to later. But your affordable... you say that you have delivered over 600 affordable homes to the people of Kaua'i and I think some of them were done when I was Mayor and then that there are 178... 56 that you are presently constructing.

Ms. Nagata: Constructing, correct.

Ms. Yukimura: And another 178 that are coming... that are going to be developed at the Hanamā'ulu triangle.

Ms. Nagata: Correct.

Ms. Yukimura: That 178 is going to be presented to the Council at some point? Do you know?

Ms. Nagata: We purchased the property (the Hanamā'ulu triangle) from Grove Farm, so the affordable requirement that was part of the, I believe the LUC or the County ordinance and I am not sure which one. There were several ordinances that went with that as part of Grove Farm's affordable policy and that has yet to be agreed upon and executed.

Ms. Yukimura: Right, so that is something that we can anticipate coming before the Council? At least, I was told that.

Ms. Nagata: I really don't like to speak on behalf of Grove Farm, but, yes, that would be true.

Ms. Yukimura: And then, your issue with respect to dedication of land, can you explain that?

Ms. Nagata: Sure. Well, the way that we read the policy and granted, we didn't have a lot of discussion on this with the department or with the Council, but our interpretation of it was that there was a 10% land dedication for below 80, basically, rental units and then there is another additional 15% leasehold sales between the 80 and 120 range. The way that we looked at it was that the leasehold sale could be... could have implications that that is another 15% land dedication because we are... it is unclear how we would actually, as a developer, be able to sell

leasehold units at the standard affordable prices that normally include the land. So the question is, if the land is being dedicated to the County to hold in perpetuity and leased to the homebuyer, is the developer actually being asked to donate another 15% of land.

Ms. Yukimura: I see, okay. Thank you for that input. It is something that we will have to grapple with I think.

Ms. Iseri-Carvalho: Councilmember Furfaro?

Mr. Furfaro: Yes, and I guess in reading your correspondence, I am not a Committee member, Tracy, but you also want to get some clarity on the economics of not only dedicating the 10% of the land, but also the calculation of the infrastructure associated with turning that over to the County. So for example, if the infrastructure per unit is say, \$40,000, you are turning over 10% of the project land and probably putting in another \$600,000 of the improvements which leaves you 90% of the land to develop and 60% of the housing units to recover 100% of the cost that you subsidized in getting the zoning.

Ms. Nagata: Right.

Mr. Furfaro: And the lack of clarity on, you know, the other piece regarding workforce. You actually say that that may make or break the policy at 40%. I mean, you...

Ms. Nagata: I wouldn't say make or break the policy, but certainly from a developer's perspective, if this policy were in place...

Mr. Furfaro: Let me clarify that. You make or break the policy that would allow developers to develop.

Ms. Nagata: It would make or break our project. That would be what we would call a deal breaker. When we look at purchasing land or developing land, we look at all of the requirements that are given to us and if there is something that is insurmountable as far as economics for us, then that will be what we would call a deal breaker and we would either pass it or put on hold that project until the market changes and we all know that it does. Income levels change and perimeters change, so one of the thoughts... recommendations that we had for a viable policy was to build in flexibility to address each project, each area at that time to see relative to the market, relative to other parameters that may be at the forefront including infrastructure, so that we can work with the Council and with the department to come up with a policy that is viable and workable for everyone.

Mr. Furfaro: Thank you. I read through your letter and that is the one that it seems the most emphasis on is the 10% land, plus the cost of the infrastructures as being turned over and you then have to spread that amongst only 60% of developable housing at market value.

Ms. Nagata: Right, because right now with construction prices the way they have been escalating both in building cost and in site cost that we've experienced statewide and it is no different here on Kaua'i that affordable units are very, very difficult to make any money off of. In fact, we lose money off of them. So market... we also look to market rate homes to offset some of the losses that we will incur.

Mr. Furfaro: I am sure that you do that because you are not in the business to lose money.

Ms. Nagata: No, are we not a non-profit developer that can... that has access to grants and different governmental funding to help alleviate some of those costs.

Mr. Furfaro: Thank you very much for coming to testify Tracy and I will study your testimony a little more.

Ms. Nagata: Thank you, I appreciate that.

Ms. Iseri-Carvalho: Councilmember Yukimura?

Ms. Yukimura: Yes, so you know, the Administration has this affordable housing and traffic solutions task force or something, so D.R. (Schuler Homes) is not part of that?

Ms. Nagata: We have not been part of that. We would certainly love to be.

Ms. Yukimura: Yes, and that is something that the Council is not in control of and I think we would love to have you be part of the processes that we are in control of in terms of workshops and so forth. Your issue about flexibility and market is of interest to me. I think at the last meeting, I asked how we could get a signal from the market as to whether the 140% to 180% of median income was starting to be addressed by the market because in certain market conditions, the market does address those houses and it seems to me that we shouldn't be involved in it... in things that the market is producing or addressing. For us, as you point out, it changes because in this present situation, the market is not addressing 140% to 180% of median income, but it could in the next four (4) or five (5) years depending where the market goes and it was being addressed quite comfortably right after the hurricane when there were many visitor units went to long term rentals. So I would be interested in any suggestions that you have as to how...

what kind of signals or what kind of measurements we could look at or use to track the market.

Ms. Nagata: Oh boy, if anyone can tell me how to track the market with any type of precision, I would love to hear that. You know, the market right now, I think is very unique in that we are seeing it month to month changing. There is no changing. There is no real solid trend that we see, so it is a bit tough to forecast six (6) months from now, a year from now and certainly in different sales pricing brackets that you are doing whether it is affordable all the way through luxury, it is quite challenging. I don't have... I can't offer you anything concrete right now, but that is something that we can noodle over and present the next time we have a discussion.

Ms. Yukimura: I would appreciate that.

Ms. Nagata: Okay.

Ms. Yukimura: And the other thing is, you know, you mentioned that it might be better to almost negotiate or work these things out case by case, circumstance by circumstance, or it seemed to me that you were saying that. We were trying to... and yet, you also say that we support a policy where there is some consistent guidelines or predictability, so that is kind of the dilemma for us as well, you know, and it may stem in some general guidelines... broad brush guidelines and then negotiating the details possibly. This may or not be a point, but that idea of dedication of land with infrastructure, it might be that we require dedication of land with site improvements, but not with all the necessary specific unit costs of the infrastructure that is the County would take care of facility reserve charges, but the main waterline would be brought to the project because you have to bring the main waterline to the project anyway for your whole development, so that we might breakdown some of the infrastructure related to land issues.

Ms. Nagata: Uh huh.

Ms. Yukimura: Because the County would... to have land with basic site improvements which is what we did with Kalepa was really enables us to address the lower end market and sort of land bank or not too depending on what the market is.

Ms. Nagata: Sure, and if I could clarify what I meant by coming to an agreement on a case by case basis, project by project, I do feel that a policy with general guidelines is a good thing and is needed. It could actually be a policy that gets into a fair amount of detail, but what I think would help if that within the policy itself, there is vehicles that will allow open discussions with the Council and with the County and the department to look at creative ways of addressing each

project's needs or lack thereof, so that affordable housing can still get online and the development can proceed. So whether it is density bonuses, any kind of incentives or it could be a wide range of...

Ms. Yukimura: Or maybe alternative ways of satisfying a condition.

Ms. Nagata: Exactly, alternative ways because I do think, you know, a condition needs to be set and general guidelines need to go with that, but if there is some flexibility on how we can do that whether it is, you know, affordable credits... there are all different ways that I think it could occur and I think that just to clarify what I meant.

Ms. Yukimura: Okay, thank you very much.

Ms. Nagata: And just to address... I am sorry, the questions about infrastructure. We... it came on the heels of we are having in depth discussions with the County on infrastructure for our Kohealoa development and, so in addition to transmission lines, we are also addressing source storage for water, sewage capacity and things like that. Those things are big ticket items if they need to be replaced and that was kind of where that comment was coming from.

Ms. Yukimura: Further discussion.

Mr. Furfaro: I am glad that you brought up that idea because those are big ticket items, but at the same time, if they couldn't be negotiated because obviously generate future revenues as you actually have customers online and being able to establish, you know, not only those larger ticket items, but also the ongoing finance that covers the construction of those being partially tied to the consumer as well.

Ms. Nagata: Uh huh.

Mr. Furfaro: Thank you.

Ms. Nagata: Thank you.

Ms. Iseri-Carvalho: Councilmember Yukimura?

Ms. Yukimura: Yes, your mentioning of storage and transmission made me think that also from a County policy if we had some really good growth policies, so that we knew where we wanted growth to happen on the island, the County could actually develop infrastructure... some of those big ticket items... the benefits of which could be spread among many developers making development more feasible

and then we could require some more housing requirements, you know, because there is that give and take.

Ms. Nagata: And we have actually had very good and productive discussions with the different County departments recognizing what the existing systems capacities are and how we can find a solution that works with everybody. So we have been having healthy discussions and I think what you bring up is following in line with that and taking it one step further.

Ms. Yukimura: Thank you.

Ms. Iseri-Carvalho: Further discussion? If not, thank you Tracy. I've got some questions, but I think there was some discussion about trying to develop creative or innovative ways in making it beneficial or attractive for the developer, but also have benefits to the County and I think one of the concerns that I've had in reviewing what has happened over the last two (2) years, housing has been... there has been so much inconsistency between each project as to what kinds of requirements they are required or conditions they are required to fulfill... buyback periods vary for a long period of time, you know, sometimes we have 90 year buyback, sometimes we have 10, sometime we have 7, and it has just been all over the map and I think that was the whole reasoning behind trying to get some consistency not only for the County, but for the developer as well. So while I recognize the need for creativity and innovative kinds of techniques, I also seek to have in the policy some very specific alternative should there be... I mean, of course, it has to be flexible enough to adjust to the market conditions, but not so flexible that there will be, again, this huge variance between projects which we have had not only within the last two (2) years that I have been here, but even after reviewing other projects within the last 20 or 30 years. Again, that would be the benefit of having the policy and having input from all of the stakeholders with respect to affordable housing.

Ms. Nagata: Sure.

Ms. Iseri-Carvalho: But it does appear that from a developed perspective, that the developer feels that it is an obligation of the developer to provide affordable housing when they do build market housing.

Ms. Nagata: Sure, sure. I think as a residential developer, we need to address and fill the need across the broad spectrum of the market and I speak on behalf of D.R. Horton and we are not... we are a first time home builder, first time move up type of developer. We are not a luxury developer, so they may have a different take or different view point on what this policy is proposing. I think what you said, it is an obligation that I think we should fulfill and, you know, we are in support of that. I think we would like to have further discussions with the Council

and the County is where does that obligation end? Right now, in the current policy as I mentioned in the restricted marketing period, it seems like the way I read it is that we need to offer the units for, in excess of 300 something days with another 60 days for the County to determine whether they want to buy it if there is no buyers that qualify or are interested in it. Again, that goes back to what the market is telling us. And then, if the market is not supporting buyers to come and buy the units and the County decides not to purchase the units to own them to put them on the market, the developer... it states that the developer is allowed to sell them at market rate and then give the net proceeds between... the difference between the market rate and the affordable price back to the County. So the question that we would have is really what is the developer's obligation. Is it to provide affordable homes for people to purchase and if the market is not there to support it, does the obligation continue into the net proceeds where we would have to dedicate that over to the County and that, for us, is a little tough because to hold inventory for over a year is already difficult as is and then to have to turn over profits for that, so that we couldn't make up some of that inventory cost is a bit tough.

Ms. Iseri-Carvalho: And I think that may have been reactionary to some of the other projects that we had.

Ms. Nagata: Sure.

Ms. Iseri-Carvalho: We have had people where we had locked them into the affordable price range, but left it open that if they didn't sell those lots or if people refused to purchase at whatever time, that they could go back on the market and sell at market rate. Well, the market jumped and what happened is that, they were requiring people to come in from Hanalei and say that you have to be here and sign in an hour or else you lose your property, your slot and it goes back on the market. So there were some extreme measures that were taken when the market had hit the rough that really was quite offensive I think to this Council as well as to the County who were trying to provide affordable homes to people and yet there was all this trauma that the new first time homebuyers were experiencing because of, again, the details that have been worked out in the agreement that they were with affordable housing. So reading through it, I understand your point and I also see that it is probably reactionary to the kinds of circumstances that we've experienced just within the last year.

Ms. Nagata: Sure, I understand.

Ms. Iseri-Carvalho: Again, having your thoughts on coming to some median ground, of course, would be invaluable to the policy. So that is where we are at, again, as we mentioned that is kind of like a work in progress.

Ms. Nagata: Sure.

Ms. Iseri-Carvalho: There has been a lot of input by myself and others on the policy and now it is up for, you know, the community and we will probably be scheduling some sort of workshop where we can get... once we understand the language and the Administration's policies and purposes behind the policy, then we will schedule something to definitely get your input. Another question that I had was, drafting affordable housing policies have been one of the forefront kinds of legislation over the entire State. As you read in the paper probably in... I am sure that you guys have affordable housing projects probably on the neighbor islands as well. Maui has even a more extreme policy with 60%, I believe, affordable housing and there is some variance whether you build housing more than \$600,000 or below \$600,000, the Mayor had threatened to veto and not only threaten, but actually veto the measure and I think it is going back to the Council where I believe they have enough to override that. Have you testified at those hearings as well?

Ms. Nagata: We have testified... for Maui County in specific, we testified as a via consortium of developers through LURF and I believe that LURF has testified. The climate on Maui and I would just say this, in our opinion, was a bit tough, was to say the least for a developer to stand up there and give their opinion. I think the policy obviously from a development standpoint, the policy that was approved is going to be fairly difficult to fulfill at least for us I should say. Again, D.R. Horton, being first time home builder, first time move up and it is going to be interesting to see how the veto goes and if it gets overturned, how the policy will shape development on Maui.

Ms. Iseri-Carvalho: And have you also provided testimony on the Big Island because the Big Island had already adopted their affordable housing policy.

Ms. Nagata: They have and the Big Island's policy is, in my opinion, a workable policy that can be met. I do not believe... I can't remember when it was approved. Do you?

RONALD KOUCHI: February, April of last year.

Ms. Iseri-Carvalho: It was just last year.

Ms. Nagata: I did not personally attend from D.R. Horton. I would have to check if anyone else at D.R. Horton had...

Ms. Iseri-Carvalho: Had participated in the discussion?

Ms. Nagata: Uh huh.

Ms. Iseri-Carvalho: Okay, thank you. We appreciate you being here.

Ms. Nagata: Thank you. I appreciate the time.

Ms. Iseri-Carvalho: Anyone else from the audience that wishes to testify?

TIM BYNUM: Can I ask a question?

Ms. Iseri-Carvalho: Tracy, we have one more question. Mr. Bynum?

Mr. Bynum: Thank you. Basically, I am hearing that in the current market conditions, this policy is a non-starter for you, right?

Ms. Nagata: If this policy were put in place? Well, it would certainly be something that is critical (change tape)... pieces of property, built it and moved onto the next piece. If this were in place and these conditions were put upon that particular property, it would be very tough for us to continue.

Mr. Bynum: So market conditions that determine whether a policy is effective or not.

Ms. Iseri-Carvalho: Put the mike on.

Mr. Bynum: Sorry. So market conditions determine whether a policy can be effectively applied or not?

Ms. Nagata: That is one. That is certainly one aspect of it. Infrastructure, conditions, construction cost, condition site conditions, construction industry, all factor into it and land prices because land prices is a function of the market as well.

Mr. Bynum: So that is why you are asking for more flexibility in a policy to make it applicable given all of those different factors?

Ms. Nagata: Sure, and I think no two (2) projects are alike and it would be to the benefit of everyone if, again, if general guidelines were set, so that certain target mark points can be hit, but that we can look at each project and say, okay, this one has certain significant issues and this one doesn't. How do we address the need and that is the intent that everyone has is to fulfill a need to get housing online. How do we do that with each particular situation?

Mr. Bynum: And if I understood your testimony correctly, your opinion would be that Maui's current policy is extreme and the Big Island's is more reasonable?

Ms. Nagata: We have, in general terms, I wouldn't say extreme, but it would be fairly difficult for us as a builder to meet that policy.

Mr. Bynum: Thank you.

Ms. Iseri-Carvalho: Any other questions for Tracy? I do have one comment. I understand, Tracy, as far as market conditions, but I don't think that if you have a good enough affordable housing policy or a workforce housing policy, that it would fail simply because market conditions weren't right. I mean the whole purpose of having a policy would be one that would work no matter what the market conditions existed at the time.

Ms. Nagata: Uh huh.

Ms. Iseri-Carvalho: That there will be enough alternatives in place that should the market conditions be great, that could be addressed. Should it not be so great, that could also be addressed and also, the market conditions, as you know, would also dictate whether or not the development would even occur where it would even trigger an affordable housing condition.

Ms. Nagata: Sure.

Ms. Iseri-Carvalho: So you know, I am hoping that the goal is to have an affordable housing policy that would not simply fail simply because the market wasn't right.

Ms. Nagata: Oh, no question and...

Ms. Iseri-Carvalho: I don't know if that message seemed to have come across, but definitely not bad and we would expect that there would be some consistency irregardless of what the market conditions were.

Ms. Nagata: Sure, some general guidelines absolutely.

Ms. Iseri-Carvalho: Alright, thank you. Anyone else from the community wishes to testify at this point. If not, we are going to have Ken Rainforth and Bernard, if you guys are ready with your presentation. What the Chair intends to do at this point is to obtain at least a more in depth information or explanation as far as what the various articles in the proposed housing policy for the County. So what I would expect in this PowerPoint presentation would be some explanation of going chronologically between the articles and the policy starting with the purpose of article 1 and how that was arrived at, the reason behind getting the policy in place, etc. and then moving chronologically with Article 2, the

developer requirements, Article 3, alternative requirements, and so forth up until we reach Article 10. Alright.

**KENNETH RAINFORTH, EXECUTIVE ON HOUSING:** Thank you Chair Iseri-Carvalho. My name is Ken Rainforth and I am with the Housing Agency and with me... helping with the PowerPoint is Bernard Carvalho, the Director of Offices of Community Assistance. First of all, I want to be clear with everybody that this is a work in progress. We have been working on this proposal for a number of years and diligently for a year and a half. This is not my proposal. This is not the Housing Agency's proposal. It is the ideas of many people put together in a format that we believe could be an effective housing policy for the County of Kaua'i. The Housing Advisory Committee which was created two (2) years ago was instrumental in the initial stages of developing the basic concepts for this proposal. Also, in the influence this policy is... the many, many people from the public who talked to our Housing Agency and tell us what they see in the market place and say what they think the government should do about it. Also, we've looked at all other housing policies throughout the State and looked at several policies on jurisdictions on the mainland. We've had very clear input from Mayor Baptiste and we've also had input from individual Councilmembers. So all of this goes to show or (inaudible) together to help us put together a proposal for the Council to consider.

Okay, the first article of the ordinance tries to put down the purpose. The few bullets that you see above you here are not all of the items that we've listed in the purposes of this proposal, but they are the important ones. As has been said, already this morning, both government and the development community would like to see a standard requirement. It helps for planning and in our past doing requirements on a project by project basis perhaps shows some inequity between one project and another. We also believe that a policy is important to help support the local economy. Anyone who is connected with businesses know that many, many employees... excuse me, many employers are fairly desperate for additional employees and they are unable to obtain those employees when such an economic condition occurs, you would usually import employees from some other jurisdiction, but if there is no place for employees to stay, the businesses will remain without those needed employees. So throughout the country where there is resort destination communities like we have here, local jurisdictions have seen the same kind of a phenomenon and many of those jurisdictions have decided that they need to ensure that there is housing opportunities for their workforce. Overall, the Housing policy has two (2) primary objectives. One of them is the first bullet here to provide a standard assessment. The second objective is to codify many of the programs and practices that we have in the County that we practiced for many, many years.

You've heard me mention the word workforce and this is the title to this proposed ordinance as it is the title to the ordinance passed by the island of Hawai'i

and the proposal before the Maui County Council. Throughout the industry, the term workforce is becoming a new word to use in addressing housing needs as opposed to what we used to always say affordable housing. What this policy tries to do is to accommodate all of the income groups that have housing needs and need housing opportunities on Kaua'i and that includes the three (3) income groups that are listed there. The low income group which...whose incomes are 80% and below the median income, this is an income group that is eligible for assistance from Federal programs such as Section 8 rental assistance or to benefit from projects utilizing community development block grant funds or HOME funds. Affordable group, traditionally on Kaua'i and the other neighbor islands, we thought of affordable as being from 80% to 120% of the median income. The State stretched it to be 80% to 140% of the median income regardless, the income group which is above affordable, the gap group is a group that has until now, not been addressed with any kind of programs. For the past year, there has been a strong push by people who have been left out of... or not having had housing opportunities who are in the gap group simply because they wouldn't be able to... they make too much money to afford an affordable unit that is produced, but they don't make enough money to purchase a home that is in the marketplace. So when we looked at how far the gap group should go, we looked at incomes all the way up to 200% of the median income. We stopped at 180% which represented the ability to purchase a single family home in the \$450,000 range which is the bottom of the single family market prices, so we figured anyone below 180% needed help.

The requirement that is included in this proposed policy is that 40% of a project total units should be workforce housing units. The units to be built would be similar to market units. The units should be located on the actual project site and the unit should be economically integrated. The developer requirements would not be imposed until a landowner or a developer sought to change their zoning similar to what the practice we have now. As far as workforce units being similar to the market units, it is not... we are not saying that it should be the same, we are saying, if market units or single family units and the workforce units should be single family units as well. If the market units are three (3) bedroom units and the workforce units should be three (3) bedroom units as well. If the market units or vacant lots, then the workforce units should be vacant lots as well. We are not saying that they need to be the same size or to have the same amenities and finishes... just need to be similar, that way we would end the argument of how to determine what type of housing units are being produced. The concept that the units be located on site would ensure that adequate infrastructure for the required units would be developed alongside with the market units and the economically integrated concept is something that has been discussed quite significantly over the last couple of years and something that most people in government would like to see. We try to discourage segregation. We are trying to discourage affordable housing being developed at some other site using some other different type of housing unit and avoid concentrations of income groups. Out of the 40%

requirement, the first 10% of that requirement is land donation. We developed this concept by looking at what the people in Davis, California do. They have a similar requirement for land donation. What we want to do and this just came from the advisory committee... because the largest group that needs housing is low income and because they are low income and are least able to help themselves, to develop any kind of low income housing requires significant amounts of subsidies which generally a private developer can afford to provide. It is something that, traditionally, this has been handled by government. At first, the Federal government had funds for such things, then the State and that was pretty much left to all three (3) branches of the government to gather funds from all different programs just to be able to put one project. So this land donation is intended to be able to provide housing for the very lowest segment of our population most likely would be rental housing, but it possibly could be cooperative housing. That would be owned and operated by either the County or a non-profit.

Can you change the slide? Wait, go back, I am sorry. There is a question that Chair Iseri-Carvalho asked me about how come we designate the 14 units per acre requirement and I explained that by... it is our experience that such a thing was required. The way it works is, okay, what we are asking is, the developer that... we need land to build housing which would give the ability to build units that it would equal 10% of the total units and that the entire project could produce. If the land that was provided for this housing were apartment zoned lands, say R-20, we really cannot physically develop units, 20 units an acre economically. We found from the development of Pa'anau Village and Kalepa that when you build two (2) story units for families... so you have two (2) or three (3) bedroom units and provide the required two (2) units per apartment parking stalls, plus parking for visitors, you reach the 50% maximum density allowed in residential areas. The only way to get to the 20 units per acre density would be to go to three (3) stories which would require a great deal more expense because when you go three (3) stories, you automatically are required to put in elevators to increase the fire retardency of your product because it is now high rise and you are required to put in such things as sprinklers. It just makes it cost prohibited that is why we clarified that. At least for now, we see that we will be doing two (2) story multi-family affordable units, so we need to have this qualifier. After the 10% donation, there is 30% remaining from the 40% workforce requirement. The first part of this would be for sale units which would be all leasehold sales with title held to the County. The breakdown of the 5% for each of these income groups was derived from a study that he wanted to, as close as possible, follow the actual needs of these income groups with the number of units being required, whereas they weren't all exactly 5%, there were single digit numbers for these income groups ranging from 4% to 8% and we just simplified by having 5% requirements.

Ms. Yukimura: Excuse me, I didn't understand that at all.

Mr. Rainforth: Okay, I will try again. When we first looked at what income ranges we wanted the developer to provide the for sale housing, we looked at the 2003 SMS Research study that provided us fairly detailed income statistics on what Kaua'i's needed housing was, so that we could tell, for example, households who are within the 80% to 100% of median income represented say, 6% or 8% of the required housing. (Inaudible) the housing that was needed for the income group which 100% to 120% was also a single digit number, okay. So we wanted to have the requirements for developers to somewhat mirror what the actual needs are. We know that the needs will vary and what we discovered was that the need is pretty well equally distributed amongst the different income groups. So our requirement should also be equally distributed. Did that answer the question?

Ms. Yukimura: I think so. What you are saying is that the hundred... I mean, you said that the need was greatest at the lower ends of income, right?

Mr. Rainforth: That is correct.

Ms. Yukimura: That we have more people... I don't know what the range is. Say more people who don't have homes and can't afford to buy homes from the market.

Mr. Rainforth: And that is below 80% of the median income.

Ms. Yukimura: Okay, so once you reach 80%, then it sort of evens out between 80% and 120%, then it sort of evens out in terms of number of people in each category of income?

Mr. Rainforth: Yes, it does, but, also (inaudible) provided us is presented in such a way that it is a little difficult to tell where it provided the amount of the need for income groups at 20% intervals though. 80 to 100 to 120, so they didn't do that going backyards. They provided the need for 80 to 120, it provided the need for... excuse me, I said that wrong. They provided us the need for 50% to 80% and they provided us the need... the number of the need for 80... excuse me, 50% and below. So this total group of below 80 comprises... I am forgetting, but it is at least equal to or if not, more than the need for all the groups that we call affordable.

Ms. Yukimura: So can we get a hold of that data? Is that in our information?

Mr. Rainforth: No, it is not, but it can be provided.

Ms. Iseri-Carvalho: Councilmember Yukimura, there was this data which was the 2003 SMS study and there was also another study that was mentioned at the last hearing that will be coming out in February or March of next

year, so that study may adjust what we currently have, but basically, the only information that they had was this current study as of 2003.

Ms. Yukimura: Thank you. So I just want to say and then I want to let you continue, but there is a policy decision being made here that 80% of the income should be a single family house.

Mr. Rainforth: No, there is nothing here that says that any of this should be single family. We are saying that these will be leasehold sales and then the next group would be fee simple sales. They could be single family, they could be multi-family, they could be under condominium even if they were single family.

Ms. Yukimura: So there is some flexibility there because a developer could develop more multi-family on a small... on a given piece of land than single family and, therefore, their incentive would be to give multi-family and meet the requirements.

Mr. Rainforth: That is correct.

Ms. Yukimura: Thank you for that clarification.

Mr. Rainforth: The next page. The last part of the 40% requirement would be for sale units which would be fee simple sales. And as you see, they are also in 5% increments because these are not leasehold sales, but fee simple sales that would need to be a buyback restriction to ensure some period of affordability and you see that there is a descending scale of what the buyback period would be with the understanding that when you are... for example, for the last group, the 80% of the median income is almost at market. These are units that will be selling... that could be selling in the neighborhood of \$450,000, so we've looked at a short buyback period would be adequate.

Mr. Rapozo: Ken, just, you know, the fee simple and the leasehold, the 80%, 100% and 120% of median income would not be able to purchase fee simple?

Mr. Rainforth: Not in the current proposal.

Mr. Rapozo: And why was that? Why would they not give a family that is 80% or below the opportunity for homeownership?

Mr. Rainforth: I guess there are two (2) answers to that question. The first one would be that this ordinance is very strongly encouraging permanent affordability and the second reason would be, Mayor Baptiste wants to support permanent affordability and saw that it would be worked best at this lower income group.

Mr. Rapozo: Right, but a buyback policy would assure that as well. I mean... we are hoping the 180% people get a home and we are not doing that for the 80%, 100% and 120%. I think... I understand the policy decision and I know that this is a work in progress, so I am just trying to figure out the rationale was because I think leasehold is a good option, but there are families out there that I think should qualify if they are 80% and below and we should be able to get them in a home just as we would help the 180%, the \$500,000 home... we should be able to get them one... get the... I mean, that is true affordable housing is when we start talking 80% and below I think.

Ms. Iseri-Carvalho: What I will do now though is not entertain any kinds of policy decisions. I believe if there is an explanation or a request for a rationale of a specific proposal, that was answered by Mr. Rainforth, but if there is any further questions or follow up questions on policy, I would defer that until the end of the discussion.

Mr. Rapozo: Thank you.

Ms. Yukimura: Conversely, I have a question for what the rationale is to not make the houses within 140, 160, and 180 permanently affordable too because otherwise, we are going to be constantly having to address that group and we don't have unlimited resources.

Mr. Rainforth: Excuse me. No, we don't. You remember the comments from Tracy Nagata from D.R. Horton and she had some problems or issues with the leasehold program wondering if there was an additional contribution of land, etc. The real... I think the bottom line would be dollars and cents, but I am looking at, for the leasehold units is from a lenders point of view, if the County holds the fee title and what is for sale is the improvements, the improvements that the lender can use as security to foreclose on have to be equal to or less than the sales price. In cases in the three (3) income groups that are proposed for the leasehold sales program, that may not happen and it definitely does not happen in these three (3) higher income groups. You are not following.

In the County's leasehold program, we are not just renting an improved property and collecting rent. We are actually selling something. The something that is being sold would be the improvements and the County would hold title to the land, the buyer holds title to the improvements. That is what the lender is going to use as collateral for their loan, so an appraisal report has to show that the value of the improvements is equal to or greater than the amount of the loan being provided. The loan must be close enough to the sales price for this to work otherwise if the appraised value and the loan amount is significantly lower than the sales price, a subsidy has to come from someplace to make it work.

Ms. Yukimura: So what does that mean about the 140 to 180? I mean, in all cases, they have to get a mortgage.

Mr. Rainforth: Unless they have the cash to purchase the unit, correct.

Ms. Yukimura: If they have cash to purchase the unit, the County is... is County assistance needed in that kind of case when we have limited funds and there is just a great need in the lower areas?

Mr. Rainforth: I believe your question was, why aren't, for example, the units being sold for 180% of the median income also being sold as leasehold units, so we can have permanently affordable units.

Mr. Yukimura: Right.

Mr. Rainforth: And my comment was, my explanation partly was, you need to look at the value of the land, the improved land, the value of the buildings, to see if such a proposition could work because I think it would be unlikely that the value of the building would equal the sales price of what the developer would be entitled to. In other words, the example I think I gave of the 180% of the median income, a family of four (4) can afford a single family unit in the neighborhood of \$450,000. Is the building worth that much? Will the building be appraised for \$450,000, I don't think it will.

Ms. Yukimura: So what you are saying that people won't (inaudible) this? There won't be buyers?

Mr. Rainforth: I am just saying that the lenders have to be there to provide a mortgage and if they can't provide a loan big enough, nobody can buy.

Ms. Yukimura: Okay, I don't want to delay it. We can discuss this later.

Mr. Rainforth: There is one point that I would like to bring up that I neglected to say before. You are used to seeing income groups designated by a range. For example, 80 to 120% of the median income is a target that we've used for years, as well as the 120% to 140% of income range. In our practice of working with the developer to satisfy housing within these ranges, there was always a question, where in that range are we supposed to have... are we targeting the price for the units, so in this proposal that is before the Council, I did away with the ranges when I did specify what price units there are. So it is real specific, there is no gray area whatsoever. The next slide.

There are different thresholds for...

Ms. Iseri-Carvalho: Ken, just let me interrupt just a little bit. I think that was brought to light when we were reviewing the Kaua'i Lagoons ordinance where we had to take the average of certain amount within that range and it was real difficult to allocate the type of housing especially when there were added units and there were added affordable housing conditions. So to avoid that kind of confusion and complexity of determining how much units per range group was the reason why you selected a specific number, correct?

Mr. Rainforth: That is correct. I wanted to avoid the lengthy language that we needed to use and in projects such as Kaua'i Lagoons.

Ms. Iseri-Carvalho: Yes, Councilmember Yukimura?

Ms. Yukimura: I love that we are simplifying and that is really better because it will be easier to administer. But, basically, you said that you are setting the price, not the income category.

Mr. Rainforth: It is the income groups too, so for example... yes, you have a spreadsheet, yes, thank you.

Ms. Yukimura: And if members of the public want it, we should make that available too. Can we make the chart available to members of the public?

Mr. Rainforth: So the spreadsheet that you have... that we had a couple of weeks ago shows you what the income limits would be. These are limits. Limits for the eligible households as well as providing the limits for the single family homes as well as the CPR properties using the criteria down at the bottom of the page under writing criteria. So in the requirements to the developer, we are looking at the percent of an income group to determine who is eligible to buy and also to help us calculate what the affordable price would be.

Ms. Yukimura: So you are saying basically up to 60% and then up to 80%?

Mr. Rainforth: Pardon me?

Ms. Yukimura: Maybe Tim can...

TIM BYNUM, NON-COMMITTEE MEMBER: So if you had units using this chart under household of four (4) or five (5), you have units that sales prices... 133, 192, 234... those units are out there and you have more categories in terms of a broad range, so if a buyer can qualify at units available that is for sale at this price

and then it is up to the individual circumstance for that family if they can qualify for a loan of that amount. You need the criteria to purchase.

Mr. Rainforth: That is correct. The people that would have the opportunity to purchase the units at these prices would be, in the first round of sales, be limited to that specific income group. Then after 90 days and if all the units were not sold, then they would become available to households in the next higher income group, but the price stays the same.

Ms. Yukimura: But that is the 80% then, up to 80%.

Mr. Bynum: Whatever the next higher group is.

Ms. Iseri-Carvalho: We are moving to other parts of the Article (inaudible, mike off). Is that on?

Mr. Rainforth: I think they are supposed to be thresholds.

Ms. Iseri-Carvalho: We are initially and you went back to going through the percentage amounts and why we are on a specific number as opposed to a range and that should have been the limit of the discussion. With respect to going off on your next... within the sales period, that would come at a different Article. Let's kind of stay on, chronologically, what is on the slide, so people can follow based on the affordable housing policy that they have in front of them instead of skipping five (5) or ten (10) pages in front of our... Thank you.

Mr. Rainforth: Thank you. There is a different threshold where the workforce housing requirements would come into play. I think everyone that I talked to agreed that for residential projects, the threshold should be fairly low. We used five (5) units as the threshold because the Big Island has used it, Maui is proposing it and even the City & County of Honolulu had a similar threshold. They could be different when talking to Chair Iseri-Carvalho and it could be six (6) units and it really doesn't matter, but it seems that a low threshold for residential zoning should be there. We also see that a higher threshold is probably important for different types of zoning and that resort projects may in itself be unique where we know that resort projects have large employment, are important to our economy and it is the main stay of our economy of tourism.

So for resort projects, the policy proposes that the requirement kick in if a resort is proposing 50 rooms or more or if it is going to employ 100 or more full time equivalent jobs. The equivalent jobs is also the threshold for any commercial or industrial proposals. We would anticipate that when a developer is before the Council that has... their project has resort/commercial/industrial elements to it, that the developer would need to provide an economic study to estimate what the

job being created would be to help the County determine whether or not they would be triggering a workforce housing requirement. Next slide.

**BILL "KAIPO" ASING, NON-COMMITTEE MEMBER:** Are you saying then that in the residential area, five (5) units... if someone is building five (5) units, then they need to provide affordable housing?

**Mr. Rainforth:** Yes, however, there is, you can call it a safety valve if you want to, but we call it an immediate family member clause. It is in a later Article which allows for local families to do projects and transfer those newly created units to members of their immediate family. The threshold for that, I believe, was twelve (12) units.

**Chair Asing:** And so... it is for families then? Is that what you are making reference to? It would not have to qualify under this requirement, the five (5) unit requirement?

**Mr. Rainforth:** No, that would be exempt.

**Chair Asing:** Is there anyone else that is exempt?

**Mr. Rainforth:** No.

**Chair Asing:** If some group that is getting together to do housing units and their plan is to do what they feel is low income project, they would not be exempt then? Am I correct?

**Mr. Rainforth:** There is no provision in the policy for that, but I would like to ask... when you are say that they are proposing to do a low income development, they are already meeting the criteria probably.

**Chair Asing:** Okay, maybe we can discuss that later on. I think it is important to address that area. Thank you.

**Mr. Rainforth:** Article 3 contains a half dozen alternatives from the standard requirement. The first one is that the developer could provide rental units instead of the for sale units. They would need to be at the same income levels and the rental units would need to stay affordable for a 40 year period. The next alternative is that the for sale units could be off-site provided the prices of the units are one income group or lower, so there is a penalty to provide the workforce housing off of the developer site. The third one is an lieu fee and all of the counties who are working on in lieu fees are getting rid of the in lieu fee which was way too low and have in lieu fees that are quite expensive. The one that is in the proposed policy says that for any particular unit that is required, you would take the median

market price for that type of unit, subtract the workforce required price and that would equal the in lieu fee, but the in lieu fee would not exceed \$250,000. An example on how that would work would be if the median market price for a three (3) bedroom unit... three (3) bedroom single family unit is \$650,000 and the unit that they are receiving the in lieu fee for is for a family or a single family unit at 100% of the median income then that required price would be approximately \$234,000, so the difference is \$416,000 as the in lieu fee. However, since there is a proposed upset here, the developer would pay no more than \$250,000. It should be noted that some resort or commercial/industrial projects don't fit the standard requirement such as it may be (change side of tape)... these would all be things which will be discussed with the developer and the County Council to determine what will be best. The next slide.

Ms. Iseri-Carvalho: Ken, on the \$250,000, that figure was based on some study or some other policy?

Mr. Rainforth: It is based on the amount of money that the Housing Agency estimated would be... good to have to be able to subsidize building a comparable affordable unit themselves.

Ms. Yukimura: Can I just make a comment here? I believe that was the figure we got for Kaua'i Lagoons when we were looking at... remember all the proforma?

Mr. Rainforth: I forget.

Ms. Yukimura: I think it was \$250,000 and that is when they said, no, we will build.

Mr. Rainforth: The in lieu fee is not intended to be a scapegoat for us not providing your fair share of workforce housing where in lieu fees in the past have been used as such especially on other... well, not Kaua'i, but on other neighbor islands. Other alternatives could be land in lieu. Land could be donated to the County and the value of the land would be calculated using a similar method as used to calculate the in lieu fee. It may be impractical or the developer may want to develop housing units themselves on the 10% of their property which was required as a land donation. So instead of providing a land donation, they could build units and we are saying, okay, if you do, they can be either rental or for sale, but they need to be affordable to households earning 60% of the median income. Right now, the proposal says that any of these alternatives would require the County Council's approval. I think that we should probably amend this portion and only have the County Council required to approve the in lieu fee and the land in lieu alternatives, but that is up to you. The next slide.

The next several slides, I will go fairly quickly. Now we are getting out of the housing assessment requirements and getting into part of the proposed policy which would help the Housing Agency establish its programs. Actually, we are trying to codify what we always been doing. So the income and sales price and rental (inaudible) sheets that you have been seeing for a couple of decades such as the one that we have here, we want to put in this ordinance how they are calculated and when they are prepared. The next slide.

Housing eligibility and selection. In this section, we pointed out in fairly detail of what the process is for both for sale housing and rental housing. How people apply? How they are selected? How you establish the selection list? An important part of that, on the for sale housing would be preferences. We have always talked about and we usually had preferences for most of the zoning applications that have come before the County. What we see in this proposed ordinance is that we want to give home ownership education, employees and geographical areas preferences and in those descending order. It is also important for me to say that our office has been working on a concept... I am not sure what they call yet, but for (inaudible) a more flashy name, Kaua'i resident homebuyer list for the County to... for the Housing Agency to take on the responsibility to establish a list of Kaua'i residents who want to buy an affordable home with the requirements that they (inaudible) of two (2) things... One is, simply register with us and the second would be to complete a homeownership education course. We've got a similar program that we have been utilizing. It has worked fairly well with the Hookena project. We think it is something that the County should do. We want to... before bringing it to the Council, we want to give it to the County Attorney's Office to check to see that we are not violating any fair housing laws or civil rights issues, but since we are establishing a preference here, we think it could work. In the long, what we really envision is that over the years that this list would become quite long and would be... work very much like the list that DHHL maintains when an eligible person goes on a list, they stay there with their number without moving until they are satisfied. They can be offered different projects... not interested and not apply and still keep their number, but we establish a picking order for residents who expressed a desire for an affordable home and to keep them on that list forever basically until we can satisfy their needs.

Article 6 deals with restricted marketing periods. Tracy Nagata mentioned this and these are the four (4) periods that are proposed in the ordinance. It comprises a year's worth and as Tracy mentioned that after 360 days, that the Council still has the option to purchase the units and then the developer will sell those units as market units or market prices, but that the difference between the market price and the affordable price would be funds that need to be paid to the County in order to achieve their workforce credit. The next slide.

Article 7 is the County's buyback. Right now, the County's buyback is contained in Chapter 2 of the Kaua'i County Code. It is several pages long. Where it is located is probably not the best place. It should be in a separate chapter with all the housing articles in it and... But before that happens, we see that the restriction needs to be reinforced and strengthened and modified... some important points that we want to see modified is that we think the duration of the restriction should range from as little as five (5) years up to thirty (30) years that the... and that the length of the term would be related to the cost of the unit which is related to the income of the purchasers. As far as how it is calculated, the formula would be the same that we have in place and, as usual, occupancy would be required during the entire restricted period or the County has the right to repurchase the unit and resell it to somebody else. The next slide.

This section of the proposed policy is really just trying to establish that Kaua'i County is serious in its goal to provide permanently affordable housing and what we have seen is the vehicle to do that would be a community housing land trust, so there is a couple page provision in the proposed policy which outlines how we could establish this land trust. The next slide.

Government assistance. The second to the last article outlines what County can do to help... workforce housing projects. Right now, we have waivers for two (2) different types of fees that are normally charged. This could be ground work for other departments to have similar waivers of development fees if so wanted. This article also talks about the fast track permitting process which we think needs to be codified and established as a permanent thing and not something that my boss, Bernard Carvalho has called and been holding for the last couple of year, but to make it permanent and to put its purposes down in writing and the last thing is to... we need to be able to utilize the exemption powers provided by State statute to expedite the development of workforce housing. The next slide.

The last article, Article 10, is how this proposed policy would act with zoning ordinances which have already passed. If a zoning ordinance passed which had an affordable housing condition and they met the conditions, there is nothing to be done. If there was a housing condition, but they haven't been satisfied, then this new policy would be in effect, or if the County has not agreed to specific terms of how the developer would satisfy the housing conditions in its ordinance would be satisfied, the developer would be required to follow the new standard established by this policy. The next slide.

This slide is to remind us all that this is a work in progress and that we need input from the community to help all of us to make a final decision on what goes into this proposed policy and that is the end of the presentation. Thank you for your patience.

Ms. Iseri-Carvalho: Thank you Ken and Bernard for that extensive discussion or PowerPoint. I think it provided a lot of information for all of us. It just really demonstrates how complex this document is and, again, highlighting the fact that it is a work in progress and there will be a lot more discussion with respect to the policies and principles and the very specific details that you have in the policy. Did you have something to say?

Mr. Rainforth: Yes, thank you. What I would like to suggest. I believe the Committee meets next January 3 and for that meeting, we compare the proposed policy to that of the already established policy on the Big Island and also compare it to the policy currently at the Council on Maui. We could also discuss what the City & County has which they are not using and even look at what maybe what Davis, California has, so we can look at what is available and what we are proposing. I think we should also look at the comments that were provided by the three (3) written testimonies from the public hearing held last month.

Ms. Iseri-Carvalho: Thank you. I think that is a great idea. I know that it will require a lot of work. We do have in our packet, the Hawai'i County affordable housing policy, as well as the Maui County policy, as well as news articles that have been written on those various proposals. We did also have and I don't know if the new Councilmembers have it, but also the housing policies from Davis and I believe I have a copy of that too if you need to review other policies, and Vail. I believe Vail's employee housing policy is also one that we had discussed previously in trying to get a variety of different kinds of communities that have affordable housing policies in existence already. We are mandated to take a caption break in about four (4) minutes, so if there are short questions, we can address that. Yes, Councilmember Yukimura?

Ms. Yukimura: I want to thank Ken for a lot of hard work. This is a comprehensive and creative Bill. It is a good place to start, so I want to express my appreciation for all the work and I appreciate that we have been looking at other jurisdictions, so that we don't have to reinvent the wheel and we are learning how it is working in those jurisdictions. I do want to... I know that the answers to my questions were deferred, so that you could do this presentation and that is fine with me, but I want some assurance that I am going to be getting answers at the next meeting.

Mr. Rainforth: I did ask Chair Iseri-Carvalho if we could defer this matter because I hadn't finished answering the questions.

Ms. Yukimura: I understand. I mean, I invited you ages ago to tell me if there are questions that cannot be answered, but still give answers to the ones that can be answered.

Ms. Iseri-Carvalho: And maybe what I might suggest is if you could set up a meeting with him and go over those questions.

Ms. Yukimura: I already have had a meeting.

Ms. Iseri-Carvalho: Well, maybe you need another one because I know these questions are quite extensive. I looked at the questions. I don't know if Ken is going to have all the answers.

Ms. Yukimura: So that is why I am saying, you can just say question number 1, we don't have the answer.

Ms. Iseri-Carvalho: Can I finish Councilmember Yukimura? Thank you. I think he has been trying to answer them because we've looked at them and I understand that there is a lot of questions that require gathering a lot of data and I am not sure how much time. I really would think that if you promise that it would be done by January 3, that you could not fulfill that promise in looking at the questions. But if you are optimistic that you can do it and want to make that kind of commitment, fine, but I don't think you would be able to answer all of these questions by January 3.

Ms. Yukimura: And I just want to clarify that I have said, if you cannot answer all of them, I don't mind. If you tell me which ones you cannot answer and give me answers to the ones that you can.

Ms. Iseri-Carvalho: And maybe what we will do is, over the break, if you have some indication Ken as far as which questions you can answer by January 3 and which ones will take longer time, I have the list of questions here and maybe you can meet with Councilmember Yukimura over the break. What I would do at this time is I will take a lunch break as well as a caption break because it is mandated by law and then we will ask you to come back to see when you will be able to fulfill her request. I would note that she has made numerous requests that there was one done on February 17, 2005, one done on December 2, 2005 and one done on December 14, 2004 and the original which dates back to October 7, 2004. I do know that you also have been boggled with trying to not only come up with affordable housing policy, but all of those extensive meetings with the expediting permitting processes as well as your grants and other programs. So I appreciate the time that you have taken to assure us that the affordable housing policy draft was going to be completed before the year end which we have and will, at this time, take a lunch break. We will return at...

Mr. Furfaro: I have one question if possible.

Ms. Iseri-Carvalho: We have one minute.

Mr. Furfaro: Okay, non-Committee member. I just want to ask the question. Has the County Attorney reviewed this document?

Ms. Iseri-Carvalho: Yes.

Mr. Furfaro: And does your Committee have those responses?

Ms. Iseri-Carvalho: We do not have a response by the County Attorney in writing. My understanding from Mr. Rainforth is that the County Attorney has reviewed the policy that is proposed and had given the okay to present it.

Mr. Furfaro: Thank you for letting me ask that question.

Ms. Iseri-Carvalho: If not, we will take a lunch and caption break and return back here at 1:20 p.m. Thank you.

There being no objections, the Committee recessed at 12:20 p.m.

The meeting was called back to order at 1:33 p.m., and proceeded as follows:

There being no objections, the rules were suspended.

Ms. Iseri-Carvalho: If we could have Ken and Bernard forward for questions. Committee members? Councilmember Kouchi?

RONALD KOUCHI: Since you've indicated that we will have a workshop on January 3, the presentation was rather extensive which I would like to thank Ken and Bernard for, but I would like to take the time to go through all of it and if I have questions, I will submit them in writing prior to the January 3 meeting, so you would be in a better position to give better detail to any of the answers to questions I might have. So I will refrain from saying anything further today knowing that this item will be back on the 3<sup>rd</sup>. Thank you.

Ms. Iseri-Carvalho: Thank you. And just for clarification, the January 3 meeting will not be the workshop meeting. We will schedule a future workshop based on the information that we received today as well as January 3. We also will expect, though, on January 3, Ken, that you would have the comparisons by the various counties if that would be timely for you to get... let me know, if it wouldn't, but otherwise, that is what we will do at the January 3 meeting and answer whatever questions that the Committee members will have. Further questions of either Ken or Bernard? Appearing to be none... Councilmember Yukimura?

Ms. Yukimura: Yes, sorry. Are you asking for questions now?

Ms. Iseri-Carvalho: Yes.

Ms. Yukimura: And you just said... I appreciate the clarification which I think I heard that on the third wheel, have a further discussion with Mr. Rainforth comparing the other counties and so forth and a workshop hopefully with some participation from the public and from stakeholders such as like Kaua'i Housing Development Corporation, Ms. Nagata and others could also be.

Ms. Iseri-Carvalho: Yes, but not on January 3.

Ms. Yukimura: Right, okay.

Ms. Iseri-Carvalho: But there will be at a future time that we will do a workshop. I think we are still in the preliminary stages at this point and still trying to understand what the document's policies are behind the documents and the numbers that we had discussed. So what I do want is just to have more information from the counties. We have discussed several of them... I mean several concepts that have been utilized already and have been passed in other County governments. So utilize some of those principles and how they compare with what we have and then we can move from there.

Ms. Yukimura: Okay, that sounds good. So I do have questions just so that we complete the record on the questions that I sent to the Housing Office and Mr. Rainforth and I spoke during the break per your advice and I think we agreed on pretty much on the... what you are going to be able to answer and I wanted an articulation of assumptions where you are, you know, making some projections or giving some opinion.

Mr. Rainforth: Yes, we did speak after the break was called and I committed myself to answer the questions as much as I can and to clarify that there is additional information that I don't have.

Ms. Yukimura: Uh huh. And I just want to say that... I am not asking these questions to give you a hard time, but I think there will be... some of the data or information will be instructive as we look at this housing policy and that is why I'm wanting to have it now since we are in the throws of the discussion.

Ms. Iseri-Carvalho: So did you decide on a date for the responses to your questions?

Ms. Yukimura: January 3 as I understand it.

Ms. Iseri-Carvalho: So we are going to stick by the date Ken? You will work all during Christmas.

Ms. Yukimura: We understand what some of the limitations are, so those would just be stated in the answers.

Ms. Iseri-Carvalho: Alright, and that is okay with you Councilmember Yukimura?

Ms. Yukimura: Yes.

Ms. Iseri-Carvalho: Thanks. Go ahead Councilmember Bynum?

TIM BYNUM, NON-COMMITTEE MEMBER: Thank you for the presentation and also thank you Tracy for your testimony. Was I to understand that there would be a formal response from the County Attorney regarding this policy at some point?

Ms. Iseri-Carvalho: No, I think what I had discussed and articulated was that prior to the document even reaching here, the County Attorney had their input and gave the okay for that document to be presented here. So we will not be further engaging the services of the County Attorney while we still have that same document. Now, when there are amendments, that is why we have the County Attorney's Office where we will have them engage in that discussion.

Mr. Bynum: Forgive me if I don't fully understand the process, but does that mean the County Attorney has made an opinion in terms of the legality of the document?

Ms. Iseri-Carvalho: Basically, yes.

Mr. Bynum: And I really appreciate the workshop format as being a good way to digest information, so I am looking forward to that.

Ms. Iseri-Carvalho: Councilmember Furfaro?

Mr. Furfaro: Thank you. Non-committee member, again, I am following up on the question about the County Attorney looking at the... at present, we don't have no County Attorney and I just want to make sure that we all understand. For me, the representation that I have as a government official should provide me with legal interpretations from a County Attorney. That is what the Charter says, so I would hope at some point, we do get some written opinion on parts of this policy. Secondly, Ken, and we are coming up on budget. I've said this before and, in fact, there was a piece back on May 24 regarding some of us acquiring

land through our Public Access Committee. Also, the need to have some input to the Planning Department on land management as well as what looks like possibly the potential of us acquiring land to manage. Have you or will you be doing any thought about having a position in the County for a land manager shared perhaps between Planning, Public Works, safety issues and so forth, as well as some of the infrastructure pieces that might need to be done with Housing. I just raise that question, so we can be a little bit more visionary about... if we acquire these assets, who is really managing them for us and I just wanted to raise that query. Maybe we should be thinking in terms of the budget. Thank you.

Ms. Iseri-Carvalho: Councilmember Furfaro, I want to make it clear that we still have a County Attorney's Office that even though the County Attorney's position has not been filled, according to the press release that had been released by the Mayor, Christiane Nakea will fulfill the duties of the County Attorney. So the legal opinions don't just stop, so if there are questions that you have regarding the legality of any parts of the articles that are contained in the affordable housing policy, by all means, that is the person that the correspondence should be addressed to. If you would need an Executive Session for January 3, let us know, so that we can agenda that item as well.

Mr. Furfaro: I respect that we have two (2) attorneys on the Council and I don't want to raise the question anymore, but for me, myself, in business, I would even suggest if we get to that point about an interpretation, a legal interpretation during the period of time that we have a vacancy in the County Attorney position, perhaps I would like to know some more detail on that. I think it is very important for us to understand that. If I am going to make a decision based on an interpretation from the County Attorney, you know, I want to make sure that Deputy or so forth is actually acknowledged as the Acting Deputy, as the Acting Attorney, if that be the case. Anyway, I will just pursue that perhaps separately with you and maybe you can help me understand it a little bit better. But from a business standpoint, if I look at the fact that I am going to make a decision based on something from the County Attorney, I want to make sure that, in my perspective, that County Attorney is, in fact, the bonified representative at the time and I will just leave it at that. So I appreciate maybe talking to you separately and you can help me understand that a little better.

Ms. Iseri-Carvalho: That would be fine, but, again, if there are legal opinions that are being requested, by all means, the County Attorney's Office needs to address those.

Ms. Yukimura: I have a question that I want to leave with Mr. Rainforth for discussion at our next meeting and that is regarding the fee simple sales for 140% to 180% of median income. My question is, why are we giving the most opportunity for windfall to the group of, what is the word, beneficiaries of our

housing policy that least need it? Why would we not need housing in this category in perpetuity affordable if we are saying that we are going to... that the market is not needing this? You know, why are we using the resources and the police power of the County to require the developers to provide it and then not have it available in perpetuity? It really boggles my mind, so that is a question that maybe we can discuss at the next meeting.

Ms. Iseri-Carvalho: Any other questions? Yes, Councilmember Rapozo?

Mr. Rapozo: Similarly, I would just leave the question because I think... this is so much to digest that I think we will need the extra time to go over the actual bill, but I did talk to Bernard before the break about the 201G and the fast track. I noticed in your slide, Article 9, you talk about fast tracking permitting for qualified projects, 51% if of any of these... 51% of the projects were workforce, they would qualify for fast track and the 201G, 100% workforce housing if the project, you know, covers that. But I think if you look at your definition of work force housing, it includes up onto 180% which is not affordable. So... I think the 201G was targeted for the affordable homes and I may be wrong, but... and I guess for me, I think if we are going to fast track, let's fast track the affordable homes, you know, and not the 180%. I think I share Councilmember Yukimura's concern that, really, we are giving quite a bit of benefit to the gap group and mainly the buyback, you know, three (3) years. It is still a relatively short time and I understand that they are not getting as much of the benefit because they are paying more of the benefit because they are paying more, but the reality is, if the desire is to provide gap group housing, then I would agree that it should be for a much longer period of time because it is speculation regardless. If you come in at 180%, it is still well below market today, so a person can come in and qualify and in three (3) years, turn it, and make some money off of, again, the developer's requirement. It is just something to think about. Again, I am seeing this for the first time. I did go through the ordinance. I had a hard time understanding and this makes it a lot easier, but it also brings up a lot more questions, so it is just something to think about and we can discuss it at the next meeting. Thank you.

Chair Asing: I have, I guess, many concerns, but I will just hold off. As an example, while you are presenting the slides, the Article 9, government assistance and then the fast track that you make note of on Article 9, for me is, fast track, is there a policy? Do we have a policy? How can we have fast track if we don't have a policy? If we do have a policy, where is it? Who made it? What is the structure? What is the policy? I just don't know. You know, I have questions on the 30 to 5 years on Article 7, the duration, restrictions with range and for me, is why the five (5) years. Why that range? 30 to 5 years and I don't understand that. So I have lots of questions, but I guess I will wait.

Ms. Iseri-Carvalho: Councilmember Yukimura?

Ms. Yukimura: I also have a concern about the community land trust. I love that you folks have studied the idea and I do believe that it is an important entity to have. But I am not sure that it should be under the County because I think, you know, how are the other non-profits going to feel? Kaua'i Housing Development Corporation and others... will there be preferential treatment given to a County land trust... we had a Haleokaaina which was a non-profit and there was an overlapping board of directors and I think there is a lot to be said for an arms length non-profit which is what we did under my Administration. We spun off or created the Kaua'i Housing Development Corporation because we knew that there was a need for a non-profit housing developer on the island and they have done good work since then, but they haven't been interlocked with the County. They have been a separate non-profit entity. We have done a lot of work together, but they have still been separate board of directors. You know, no County designation of the board of directors, etc. which I think is something we need to think and talk about. What is the best form for a land trust.

Mr. Rainforth: I agree with you completely actually. It is... if you review the proposed ordinance, there are three (3) steps that I have in there. The initial creation of the land trust would have the County as the manager, and later there will be a commission to manage the property, and lastly, there would be a non-profit to do it. As I envision, a land trust, it is very important that the organization have a solid, stable revenue stream in order to have minimum of two (2) employees in order to manage such an organization and where is it going to come from? Where is it going to come from and also what are they going to manage? Now, the reason that we proposed the County first manage the land trust is that all the assets that I see going into it will be County assets who are managing them already. We can help put together the frame work for a land trust and be ready for the second stage of its existence when it is passed on to a commission or a board.

Ms. Yukimura: I can see that process and I appreciate the thought that has gone into it. You know, one other way is the way that we supported the Kaua'i Planning & Action Alliance which they are separately formed and they have a clear bylaws and articles of incorporation, but we have funded them to start them off. I mean, I think the Kaua'i Housing Development Corporation, we just started off. Maybe... as an independent board and everything... Ron, did you serve on it for a while? Right. And we may have had a couple of projects to, you know, where they were assigned to handle and from there got the revenue. I am not... anyway, I am just putting it on the table in terms of how we best spin off or start. If the end goal is an independent non-profit, then... you know, there might be conceivably other land trust that in other situations would take on the housing. There might be agricultural land trusts that are created on this island. That function, you know...

Mr. Rainforth: In Vermont, they combine their housing land trust with their parks.

Ms. Yukimura: So there are different formats, but anyway, that is something again for discussion and thinking. Thank you.

Ms. Iseri-Carvalho: Any other questions?

Chair Asing: Yes, I just have one more. I think what would help me is I guess to have one area where you have definitions. You know, as an example, when you use workforce housing, I'd like to see a clear definitions for all of these, you know, that you are using here. When you make reference to the low income, the affordable income, the gap group income, I'd like to see some clear definitions on what do you mean when you use that term. You know, I hope I can get something, so that it makes it easier for me to relate this is what is meant by when we use that term, so some definition.

Ms. Iseri-Carvalho: Mr. Chair, I don't know if you had a chance to review the Article 1, Section 2.

Chair Asing: I think some of it is in there.

Ms. Iseri-Carvalho: There is some, a lot of it in fact, but there are some that have not been...

Chair Asing: And that is all that I am saying, whatever you can do to expand on that area. I just appreciate that. I went through that.

Ms. Iseri-Carvalho: So if there are...

Mr. Rapozo: I asked staff to put up the chart because I know that the public out there is watching this and they hear us talking about the 80%, the 120%, the 140% and really probably had no idea what we are talking about, but I did want to just show the public that when we talk about 80% of the median, I don't have a pointer, but if you look at 80% of the median... it doesn't help much, but... this is what we used and the County uses as a guideline and if we look at 80% of the median income and a three (3) bedroom household of four (4) to five (5) which is pretty much the average, I would guess, the annual income requirement is \$53,775 or a monthly income of \$44,081 which basically would allow them to purchase a home at \$192,100 which is... you cannot hardly buy a lot today for that, but that is what the affordable price is for 80% of the median income. That, I think is what many... most people could afford. As you move up the scale to 180%, now you are looking at an annual income of... at the three (3) bedroom household of four (4) or five (5), \$114,000 which is a monthly income of \$9,500 which could buy them a

house at \$456,500. Now, I know a lot of people on this island, but not too many that make this kind of money. There are few, but when you talk about a housing policy and we are looking at a range from 80% to 180%, yes, it covers all the different groups, but when they look at the... what is on the presentation today, a person that can afford... in other words, the \$114,000 a year buyer will only have a two (2) year buyback clause as opposed to this person... I know a lot of people in this range or my circle of friends... pretty much here and below and I am proud of that, but this person cannot even buy the house. This person can only lease and as we get up to the higher ranges here, the buyback for, I guess it was 120% or maybe 140%... it was 10 years, so the person that... \$88,000 a year that could qualify to buy a house for \$345,000, this person would be restricted from selling that house for 10 years, but this person would be able to sell that house. Remember, \$456,000 today... in three (3) years, we don't know what the market will be like, but if you bought a house three (3) years ago at \$200,000, you probably double your money or more. Maybe even triple in some cases, so I think that is something that we have to consider is who, really, are we trying to help and I understand that, yes, you are paying \$456,500 where this person is paying \$345,300, so you should actually be able to have less restrictions. I don't think so. If we are going to cater to that group, any of these groups, that the intent should be to keep them at that level into perpetuity. I mean, if that is the intent of the policy. Anyway, I don't know what the perfect balance, but I just wanted the public to understand that when we talk about 80%, 100%, 120%, this is what it relates to. 100% of the median income, \$63,336 and the home purchase price would be \$234,100. Again, you cannot even find a home like that today.

Ms. Yukimura: Councilmember Rapozo, can I add to that? Because these numbers are based on the fact that people would not have to pay more than 33% or 30%.

Ms. Iseri-Carvalho: 30%.

Ms. Yukimura: They would not have to pay more than 30% of their household income for housing. You know, that is the huge benefit. I mean, so many people are paying 50% to 60%, so to be able to pay 30% means that you will have other discretionary income to use for your kid's school books, for a lot of other things and that is the... I just wanted to show that that was part of the formula.

Mr. Rapozo: Thank you. That is and I appreciate that. Just for the public's information and that is what the percentages relate to. It actually comes down to an amount for a house and I guess this is available...

Ms. Iseri-Carvalho: It is online on the County website.

Mr. Rapozo: Well, thank you. Yes, it is [www.kauai.gov](http://www.kauai.gov), thank you.

Ms. Iseri-Carvalho: And I just wanted to add for the community's benefit is that these numbers are based on the Federal guidelines and they assume certain things that this is (inaudible) 6% conventional mortgage rate... the Kaua'i median household income which they have determined is to be at \$60,900 which changes every quarter, every year? So this one is effective from March 9, 2006 and when it changes, it will all be readjusted again. I don't know if we have seen more of an... have we seen, Ken, just a trend of it increasing or has it gone down from year to year?

Mr. Rainforth: It has either gone up or have been the same.

Ms. Iseri-Carvalho: Okay, so that has been the trend. Council Chair, did you have something?

Chair Asing: I just wanted to stress, though, that, you know, we need to understand this here. You see this household of four (4) to five (5), what we are talking about is if this household had four (4) or five (5) members, what you are talking about is the total income. So you are not talking about a household and maybe one or two (2) people, you are talking about four (4) to five (5) if you notice in here. So you have four (4) or five (5) people within the household that has income and their total income is what is on this line here. This annual income here, that is the total of four (4) to five (5) people in a household, so that is important. Thank you.

Ms. Iseri-Carvalho: Alright, any other comments? If not, Ken, we will be sending over a new communication with respect to all your questions and I will send over my questions to be circulated along with the rest of the questions that you guys have. If there are questions, if you can reference the article that it comes from, that will assist Ken folks in getting the answers to us. I will create a separate agenda item for those questions different from the affordable housing policy agenda item, so there will be two (2) agenda items on January 3. So think of your questions and we will send over one communication that will be the agenda item that will contain all of the questions from all of the Councilmembers including the legal questions if there are any. Alright, thank you very much. Yes, Bernard? (change tape).

Mr. Carvalho: ... now, to get it down to what you have now was even more difficult, but I just wanted to say that Ken has been working really diligently. He has been working with Councilmembers, Administration and then, of course, closely with Councilmember Iseri-Carvalho to get something to you folks, so you can look at, easily understood hopefully, and then to, of course, portray that to the community. We are looking forward to the January meeting and the workshop as we continue to work closely. I wanted to make sure that, good job Ken.

Ms. Iseri-Carvalho: We echo the same sentiments by the entire Council. We know that this has been the forefront issue for the County for at least the past two (2) years. Ken, as the Executive of Housing also manages not only affordable housing policy. There were numerous grant issues that we had to decide HOME grant issues, CDBG grants, all on the Federal level trying to maintain those kinds of funding. The HUD voucher programs, that is also another area that is under Ken's jurisdiction as well, in addition to the numerous other items and seeing that this was a priority for the community was where he had focused his energy into. We truly appreciate that. I know that up until the last minute, they were basically were able to put this presentation down in that kind of fashion on a matter of hours, but that was because he had all that well thought ideas in his head and responses to the kinds of questions that he thought that the Council would be proposing. So that was definitely an excellent job on behalf of the Council. We expressly thank you Bernard as well as Ken for gathering all the information. It really has been a two (2) year work in progress, a constant two (2) year work in progress and that does not include all of the meetings that both you and Bernard have held with the various organizations that have participated in trying to bring this document to fruition.

I think the Maui Council had also finally expressed its frustration in taking two (2) years in order to draft their policy as well, so we are kind of on schedule with the two (2) year plan that we have been on and I am sure there will be a lot more discussion and will benefit from the other work from the other counties as well. So we definitely appreciate the communication back and forth. There has been discussions, numerous hours of discussions, that have gone between this side and the Administration and it is definitely a work in progress, but there was many, many, many, many hours that have been put on in this document. So thank all the staff that had to put this document together and all the hard work and effort and the communications because Ken has been calling other non-profits, other people that he worked with in trying to develop that land trust issues working as far as the expediting permitting with the task forces that have been created by the Administration. So it is really the work of one person collaborating hundreds of different diverse opinions together. We definitely appreciate all of that hard work and we know that you have, as in the past, done an excellent job for us on many, many issues, and this is but one more that you have undertaken and done an excellent job as well. With that, thank you again, and we will see you on January 3 on this issue, but we will definitely have those questions available hopefully by early part of next week, so you will have time to work on them.

The meeting was called back to order, and proceeded as follows:

Ms. Iseri-Carvalho: Any further discussion?

Mr. Kouchi: Yes, Madam Chair.

Ms. Iseri-Carvalho: Yes, Councilmember Kouchi?

Mr. Kouchi: I would defer to what direction you would like to take whether it would be more appropriate for the January 3 Committee Meeting discussion or subsequent workshop, but I certainly would like to have a request sent out to Dee Crowell who had chaired the Task Force, the Administration, and Mattie Yoshioka who served on the Task Force present for some input. Mattie is also a former Director of OCA and Housing Director, so their comments would interest me and, you know, and perhaps getting some of the background for thoughts that we have made it into the ultimate document Ken has sent. Also, I am more interested from a priority standpoint on getting an opinion relating to the conflict of interest Charter amendment that has passed in talking to Deputy Clerk Pasion, the 30<sup>th</sup> day is tomorrow and so as we conduct our business going forward after tomorrow, we need to understand those rules, but I do want input on the LURF letter and the letter from Professor Callies from the County Attorney's Office, but that may be after January 3 because of, again, some of the issues that they need to deal with based on what has been adopted by the Charter. So, again, I don't know what kind of timelines you are going to set, but as the Committee Chair, I would defer to the timelines that you think would be appropriate to get that response and also for those individuals to participate. The comment that I have for all of the testimony we heard starting from this morning, is that Tracy appears to me to be a rather intelligent person and well spoken in her answers and a very well written testimony. So I don't believe that this is an issue about semantics. I do believe that it is an important issue and that she chose her words carefully when she testified and that the word had, at least to me, significant meaning when she said that there is an obligation that she felt that they need to provide affordable housing.

I would just state to the Councilmembers and the people who took the time to come out here today and for the members of the community, my goal or hope for this policy is that it wouldn't be an obligation to provide affordable housing, but it would be seen as an opportunity to build affordable housing. That obligation still to me, implies that it is punitive in nature and we really need to have everybody the opportunity and if it is an opportunity, we would have more people coming forward to do it. So it is an ambitious and a lofty goal, but one that I have set for myself and I hope that we can achieve and with the passion and commitment that I have heard, I am still optimistic that we will get to that place, so thank you for all of your efforts that led to this.

Ms. Iseri-Carvalho: Thank you. Councilmember Yukimura?

Ms. Yukimura: I think Councilmember Kouchi's suggestion of Mattie Yoshioka and Dee Crowell are excellent suggestions and I am thinking at minimum,

their presence at a workshop would be useful and having people like Ms. Nagata and even Jeff Minter from UniDev Corporation who has a lot of experience with leaseholds. Those kinds of people would be good to have at workshops, not to say that it wouldn't be good to have them at the next meeting either. But I am just thinking, a lot of those resource people and actually, I know that sometimes when a workshop is designed, you have resource people. We did that with vacation rentals. You have resource people and you have kind of stakeholder people, but that has to be in the planning design. At any rate, I am just saying that in some way, these people would be good to include.

Ms. Iseri-Carvalho: Thank you. Any other comments? Let me say this. What... it is important to have a lot of people from diverse background to participate in this process. That is a given. The issue becomes the invitation. You know, whether or not we are going to invite this person and how much more other persons will you invite and how do you separate whether this developer gets to come or this developer doesn't or is there the president or the vice-president of every company that has any interest that is going to show up and attend too. I don't find that very useful either, so there is the issue of planning on determining how. I don't want to selectively select people to participate because I think this is an open forum. We have public hearings that people could have testified should they have had the interest in testifying. There were people that could have provided testimony even not at the public hearings. It is an open process.

People have the opportunity and I don't not, again, want to be accused of selecting certain people that the Councilmember feels and then be accused that because that position... that person is one that supports your position and that is why you invited only that person. So I do have some concerns about inviting certain people as opposed to saying, this is a workshop and you are free to give testimony. If there are any other explanations that we need, I think that needs to come from an objective source. So that is how I am looking at trying to make a workshop that will be beneficial to all and that will not be supportive of any one person personal interest because a lot of the people that have participated or... I know that Jack Minter has interest in UniDev. I mean, there is definitely an interest. I am sure that he will provide a lot of information. We have actually had him here provide a whole... an hour long presentation. Dee Crowell who is now with Kukui'ula and there is a perception that that person will come with the background and personal interest of Kukui'ula Development. Tracy Nagata as well. I mean, she has her views as far as being one that provides first time homebuyers with homes. Again, we need to be cautious of the kinds of people that... or personal people that we are specifically naming in order to provide input because we then, by that, sometimes fail or neglect to invite other people that may provide just as much experience and as much helpful ideas to us.

You know, that is why I am caught in this dilemma as to how we are going to handle a workshop because it is definitely an issue that will affect the entire island whether it be developers or community members or residents or businesses because it does cover the gambit of what about commercial development? Should we invite WalMart because they are planning to build their box store because they may be impacted by having to provide affordable housing because the housing policy impacts not only residential development, but it also impacts an industrial development as well. So I can see this just growing with a lot of tentacles and octopus legs, so I think I just need to give this a little bit more thought, but that is really the concern I have just at the initial outset of trying to develop a workshop that would be beneficial to all and fair.

Ms. Yukimura: I think your concerns are well taken and they always arise when you are looking at who to have at the table. I just want to share that when we did the vacation rental roundtable, we started with a core group that included of about eight (8). We included people on both sides, you know. People who were against rentals and people who were vacation rental managers and owners and then we asked who is missing? And we talked about who are the different stakeholders and we tried to get people who would represent well those different groups. And then when we did have the workshop, we had... most of the time was allotted for stakeholders with a very good facilitator. In this case, it was Elizabeth Kent from the Center For Alternative Dispute Resolution, but there were moments before and... in the beginning and at the end where people from the public would speak and the entire process was open to the public and it was videotaped. So it included people who came, people who were at home and then every document that we looked at was put on the web. It doesn't have to be done that way, but I just share because we did do it... we did go through that process on a very complex heated highly contested issue and if any of that is helpful, I just offer it as one example.

Ms. Iseri-Carvalho: Thank you. So, of course, I will be asking Councilmembers' direction as far as how we should handle this. Also, in light of the concern raised by Councilmember Kouchi about the conflict of interest issue because that definitely, I think, needs to be addressed. I don't know the rules or anything that has been proposed at this point especially if it is to become effective for our next meeting. That is something that, hopefully, the Council Chair will address at his time and when he takes care of that, we will definitely know how the January 3 meeting will go as to how we will be handling that issue. So definitely a lot of work to be done. Thank you all Committee members and non-Committee members for participating in the discussion. It was a very lengthy discussion by Mr. Rainforth, but as everyone knew just by looking at it, it is a real complex issue and, hopefully, we will get a lot of community input and a lot of public participation. It raised awareness, raised hopefully some questions about understanding of what is affordable, what is not affordable, the definitions clearly recognized by Council

Chair as to how we best need to clarify all of the terms, so that we totally understand around the same plain as to what those terms mean. We had varying definitions I believe of just what is affordable. So those points were just excellent and I believe that Ken and Bernard will take those questions to heart and hopefully we will have the questions answered by the January 3 meeting. Thank you. Councilmember Furfaro?


Mr. Furfaro: First of all, I just want to thank both you and your Vice-Chair for the work done to this point. I also, again, to confirm what Councilman Kouchi echoed on my behalf as well regarding the legal question. I mean, I really need to see something that the Deputy is in charge and from that point, really get some clarification on any potential conflicts. I want to echo Councilwoman Yukimura's comments regarding the workshop on vacation rental. As you know, that bill was jointly introduced by the two (2) of us. I participated in the workshop that Elizabeth from conflict resolution was able to facilitate and I thought it was an excellent program. It is worth looking at. Thank you.

Ms. Iseri-Carvalho: Alright, thank you very much. Any other closing comments? If not, if I can get a motion to defer?

Upon motion duly made by Councilmember Yukimura, seconded by Councilmember Rapozo, and unanimously carried, Bill No. 2202 was deferred.

There being no further business, the meeting was adjourned at 2:17 p.m.

Respectfully submitted,



Lisa Ishibashi  
Council Services Assistant

APPROVED at the Committee Meeting held on January 24, 2007:



SHAYLENE ISERI-CARVALHO  
Chair, Community Assistance/Intergovernmental Relations Committee

