

PUBLIC HEARING MEETING MINUTES  
BOARD OF WATER SUPPLY  
Wednesday, September 7, 2016

The Board of Water Supply, County of Kaua'i, met in Public Hearing at the Board Conference Room in Lihue on Wednesday, September 7, 2016. Chairperson Laurie Ho called the meeting to order at 5:00 p.m. On roll call, the following answered present:

BOARD: Ms. Laurie Ho, *Chair*  
Mr. Clyde Nakaya, *Vice Chair*  
Mr. Michael Dahilig  
Mr. Larry Dill  
Mr. Lyle Tabata  
Mr. Sherman Shiraishi  
Ms. Beth Tokioka

Quorum was achieved with 7 members present at the time of roll call.

STAFF: Mr. Kirk Saiki  
Mr. Keith Aoki  
Mr. Eddie Doi  
Mr. Michael Hinazumi  
Ms. MJ Akuna  
Deputy County Attorney Mahealani Krafft

GUESTS: Mr. Tom & Elsie Godfey  
Mr. Clayton Kubo  
Mr. Jim Mayfield  
Mr. Randy Francisco  
Ms. Nancy McMahon  
Ms. Jenna Carpenter, The Garden Island  
\*Mr. Stephen Spears, Habitat for Humanity  
Mr. Mark Perriello, Kaua'i Chamber of Commerce  
*\*Written Testimonies are attached at the end of these minutes*

***Chair Ho read the following at the start of the public hearing:*** A public hearing will be held today, Wednesday, September 7, 2016 **regarding *Proposed Amendments to the Rules and Regulations of the Board of Water Supply, County of Kaua'i, State of Hawai'i, Part 5 – Facility Reserve Charge Section III – Applicability.*** The Department of Water is recommending the following rule changes below:

**Part 5, Section III, - Applicability, Paragraph 3.c.** – The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.

**Part 5, Section III, Applicability, Paragraph 3.d.** – For projects developed by the County of Kaua'i Housing Agency or in partnership with the County of Kaua'i Housing Agency, and certified by the County of Kaua'i Housing Agency as affordable housing (defined by Kaua'i County Ordinance 7 A-1.5), the Facilities Reserve Charge shall be \$4,940.00 per unit.

Copies of the proposed rule amendments were available. The clerk of the Board of Water Supply explained the procedures that will apply to this hearing.

*The clerk read the following:*

**Public Hearing Procedures** – *The Board will follow the following procedure as laid out in Part I, Section IX, subsection II of the Department of Water, County of Kaua'i Rules and Regulations in holding this public hearing.*

1. **Presentation by Department on its findings of the Proposed Rules** *(A presentation will first be made by the Department regarding the proposed amendments to the Rules and Regulations that are the subject of today's hearing)*
2. **Questions by Board to Department Regarding Presentation** *(The Department will then answer any questions the Board may have regarding the Department's presentation)*
3. **Take Public Testimony** *(When the Board has asked all its questions of the Department, the Board will then take public testimony)*
  - a. If you wish to testify, please register by filling out the Request to Testify signature list.
  - b. Anyone testifying is entitled to the floor only when recognized by the presiding officer.
  - c. Anyone with written testimony may be given priority at the discretion of the presiding officer. The presiding officer shall then grant to persons who have not registered an opportunity to speak following the registered speakers.
  - d. For those that wish to testify:
    - i. Please state your name, address, and organization you're representing, if any, and if you are a registered lobbyist.
    - ii. Please limit your comments to the subject matter of today's public hearing.
    - iii. Anyone testifying shall refrain from direct questioning of the Board and shall direct any remarks or questions to the presiding officer.
  - e. Anyone who testifies may be subject to questioning by the Board. Questions by the Board shall be permitted only at the discretion of the presiding officer.
4. **Regarding Public Testimony**
  - a. **Three minute rule:** Three minute rule will be followed regarding all testimony.
  - b. Please limit your initial testimony to three minutes. This will give everyone who wants to say something an opportunity to testify. If you don't complete your testimony within three minutes, you will be given another opportunity to complete what you want to say after everyone has had a chance to testify.
  - c. If you have not completed your testimony on the second go-around, you will then be given another chance to finish your testimony after everyone in the second round of testimony has had a chance to testify.
  - d. The presiding officer may restrict or terminate the speaker's right to the floor for intemperate or abusive behavior or language.
5. The Board shall not be bound by technical rules of evidence.
6. Thank you for participating in this public hearing. Are there any questions?

**The Chairperson suspended the Rules, then stated the following:** The public hearing is now open. The purpose of this hearing is for the Board of Water Supply to hear and take action relating to the proposed amendments to the Rules and Regulations of:

**Part 5, Section III, - Applicability, Paragraph 3.c.** – The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit.

**Part 5, Section III, Applicability, Paragraph 3.d.** – For projects developed by the County of Kaua'i Housing Agency or in partnership with the County of Kaua'i Housing Agency, and certified by the County of Kaua'i Housing Agency as affordable housing (defined by Kaua'i County Ordinance 7 A-1.5), the Facilities Reserve Charge shall be \$4,940.00 per unit.

The Public Hearing began and the Chair asked the Department to make its presentation on its findings, and allow questions of Staff Findings by the Board

Manager Saiki commented that the status of the Proposed Rule Amendment Part 5, Section III was approved during the Regular Board meeting on May 17, 2016. The Board directed the Department of Water to draft a "No Impact Statement" to the Small Business Regulatory Review Board (SBRRB) Impact Statement on July 11, 2016. There were no comments received due to "No Impact Statement." The next step will be for Board action at the October Regular Board meeting. (Note: One additional testimony came in at 5:04 p.m.)

*After the presentation and questions, Chair Ho stated if there were any written materials that have been submitted or that anyone wishes to submit without speaking. The Clerk stated there were about 11 written testimonies submitted as of 4:39 pm that day and offered to read the written testimony from Mayor Carvalho. (Refer to \*Mayor Carvalho's written testimony attached.)*

Mr. Dahilig moved to accept all written testimonies that the clerk "Received for the Record," with no objections.

Chair Ho called upon persons who signed up on the Request to Testify sheet and reminded those testifying that they must state their name, address, organization, and if they're a registered lobbyist.

Mr. Shiraishi moved to suspend the Rules; seconded by Mr. Tabata; with no objections, motion carried with 7 ayes.

The following people testified in favor of the rule amendments:

*\*Mr. Stephen Spears, Habitat for Humanity, Eleele (Refer to written testimony attached).*

*Mr. Klayton Kubo, private citizen from Waimea.*

*Mr. Mark Perriello, Kaua'i Chamber of Commerce President from Līhu'e.*

*At 5:22 p.m., Mr. Dahilig exited the hearing.*

*Mr. James Mayfield, 4473 Pahee Street from Lihu'e expressed he did not fully understand the rule amendments because he just received the email on the public hearing the day of this meeting.*

*At 5:23 p.m., Mr. Dahilig re-entered the hearing.*

*At 5:33 p.m. all public testimony was received, Chair Ho closed the hearing and said there being no further testimony, the Chair closed the public testimony portion of the public hearing. The result of this public hearing needs to be sent to the Small Business Regulatory Review Board (SBRRB) for their review. The Board then intends to make its decision regarding the adoption of these rule amendment at its October Regular Board Meeting, depending on the SBRRB's response and its timeliness. The public hearing is now closed.*

Chair Ho resumed the Rules of the Board.

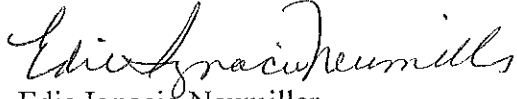
Manager Saiki explained that comments from this hearing will be referred back to the Board in the October meeting which will be referred back to the SBRRB, then posted for a Public Hearing.

*At 5:36 p.m., Chair Ho called the meeting back to order.*

Mr. Shiraishi moved to close the Public Hearing at 5:37 p.m.; seconded by Mr. Dahilig; with no objections, motion carried with 7 ayes.

(Note: Written testimonies are attached.)

Respectfully submitted,



Edie Ignacio Neumiller  
Commission Support Clerk

Approved,



Sherman Shiraishi  
Secretary – Board of Water

**Bernard P. Carvalho, Jr.**  
Mayor



**Wallace G. Rezendes, Jr.**  
Managing Director

**RECEIVED FOR  
THE RECORD**

**OFFICE OF THE MAYOR**

**County of Kaua'i, State of Hawai'i**

4444 Rice Street, Suite 235, Lihue, Hawai'i 96766  
TEL (808) 241-4900 FAX (808) 241-6877

**TESTIMONY OF MAYOR BERNARD P. CARVALHO IN STRONG SUPPORT OF THE  
PROPOSED CHANGES TO PART 5, SECTION III, RULES OF THE KAUAI BOARD OF  
WATER REGARDING FACILITY RESERVE CHARGES**

Public Hearing - September 7, 2016 at 5:00 PM

Chair Ho and Board Members:

I wish to convey my **STRONG SUPPORT** regarding the proposed rules before the Board concerning Facility Reserve Charge (FRC) accommodations for both affordable housing development and conversion of single-family structures to multi-family structures.

As you are aware, our County is facing a housing crisis and many of our residents can no longer afford to reside here. The spike in housing costs is largely attributed to a lack of inventory on island tailored to working residents, and the large conversion of residential dwellings into second homes for non-residents and vacation rentals. This drop in residential inventory can be clearly seen through the most recent US Census Bureau's estimation that the county has only yielded an estimated 300 additional resident-occupied homes since 2010 while the island's population has increased by close to 5,000 residents.

Untangling impediments to providing adequate housing for our families is certainly a multi-faceted problem. However, I believe the Board, in proposing this rule, should be applauded in being proactive toward helping alleviate one of the financial hurdles most commonly identified by small and large landowners seeking to provide cost-effective housing – the FRC.

*An Equal Opportunity Employer*

Kauai Board of Water  
September 7, 2016

The proposal is fair in attempting to clear the way in increasing residential inventory by providing considerations for those projects sponsored or certified by the Housing Agency as being affordable under the County's housing ordinance and those single-family dwellings seeing conversion to a multi-family structure (i.e. adding a kitchen). The scope of the rule change is limited, and does have the necessary controls to prevent abuse.

I understand some may criticize this proposal on the basis of financial equity. However, I believe the board's authority and responsibility is to effectuate policy that transcends simple economics or engineering and plainly just looking at the numbers --- I proffer its charge is also to evaluate the community context of its actions and seek social equity when providing access to a public trust resource we all own.

This authority has already been exercised by the Board in providing reduced water rates for agricultural users. The proposed policy helps balance access for those residents needing it the most, and allows families to reasonably expand their structures and accommodate their next generation with a degree of dignity.

I ask for your favorable consideration on the proposed changes.

A handwritten signature in black ink, appearing to read "Bunbury", written in a cursive style.

**D·R·HORTON** NYSE  
*America's Builder*  
**HAWAII DIVISION**

September 2, 2016

Water Manager's Office  
Department of Water  
County of Kauai  
4398 Pua Loke Street  
Lihue, Kauai, Hawaii 96766

Re: Proposed Amendments to the Rules and Regulations of the Board of Water Supply, County of Kauai, State of Hawaii  
Part 5 – Facility Reserve Charge Section III - Applicability

Dear Chairperson Ho,

Thank you for the opportunity to provide testimony on the proposed Amendments to Part 5 – Facility Reserve Charge (FRC) Section III of the Rules and Regulations of the Board of Water Supply. DR Horton respectfully submits our strong support of reduced FRC for multi-family two dwelling unit structures and affordable housing units.

As a long standing developer of affordable housing, we have witnessed the growing demand for affordable housing on Kauai. We have also experienced rising costs of entitlement approvals, construction labor and building materials. This has made it increasingly difficult to produce workforce housing units in addition to units meeting the County's certification standards of "affordable" housing. By reducing the FRC for multi-family two dwelling unit structures and affordable housing units, the Board will take a major leap forward towards the feasibility of building duplexes and affordable housing on Kauai. Progressive thinking and action such as this is a critical contribution towards addressing Kauai's housing shortfall and incentivizing the development of additional housing opportunities for Kauai residents.

Thank you again for accepting our testimony. We look forward to the adoption of these FRC amendments to the Rules and Regulations. If you have any questions, or would like to discuss, please contact me at (808) 782-4109 or email me at [tnagata@drhorton.com](mailto:tnagata@drhorton.com).

Sincerely,



Tracy Nagata  
Senior Vice President - Development

Oahu • Maui • Hawaii • Kauai

130 Merchant Street, Suite 112 • Honolulu, Hawaii 96813 • (808) 521-5661 • FAX (808) 538-1476 • [www.drhortonhawaii.com](http://www.drhortonhawaii.com)



September 6, 2016

Ms. Laurie Ho, Chairperson  
Board of Water Supply, County of Kauai  
4398 Pua Loke Street  
Lihue, HI 96766

Dear Ms. Ho:

**Subject: Proposed Amendments to Facilities Reserve Charge**

We submit this testimony in support of the proposed amendment that reduces the Facility Reserve Charge (FRC) for affordable housing and the conversion of single-family units to a multi-family two dwelling unit.

It is generally established that affordable housing is a critical need on Kauai. The high cost of infrastructure is a key driver in the lack of affordable housing. Any incentive or subsidy that can be provided by the government will play a vital role in the development of affordable housing.

One additional point of consideration is a possible change to Section IV.6.b. relating to Facilities Reserve Charge Paid Prior to Enactment of Part 5 Rules. The rule as currently stated grants an applicant 3 years to install a meter or be subjected to paying a higher FRC. Our general understanding is that this was enacted in order to account for the ongoing repair and maintenance of the system. Our suggestion is that instead of charging an additional FRC a monthly service charge is imposed to cover the ongoing repair and maintenance. As payment of the FRC already covered the applicant's fair share to construct the system, a monthly service charge is a more equitable solution.

Thank you for the opportunity to provide testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "David Hinazumi".

David Hinazumi

3-1850 Kaunuaʻali Highway Lihue, HI 96766-8609

☎ 808.245.3678 ☎ 808.246.9470

27121-1/855239

[www.grovesfarm.com](http://www.grovesfarm.com)



Public Hearing - Facilities Reserve Charge  
September 7, 2016

I'm not opposed to affordable housing projects getting a break in the Facilities Reserve Charge, but it should never be done at the expense of the rest of the population. There needs to be some kind of provision in place for the County to recoup the balance of the Facilities Reserve Charge upon the sale of the affordable unit on the open market.

There have been affordable projects where the buyer was able to sell the unit on the open market after only one year of ownership.

If the unit is not placed back into affordable housing, the profit that the Buyer makes from a sale on the open market should include a clause that the balance of the Facilities Reserve Charge needs to be paid out of the sale proceeds to the Department of Water. This would probably alleviate the shortage of affordable housing units and it would add money back into the Department of Water's account. It would also be a more equitable solution that doesn't penalize the other owners who have to pay the full Facilities Reserve Charge.

Sincerely,

June Araki

**Bernard P. Carvalho, Jr.**  
Mayor

**Wallace G. Rezentes, Jr.**  
Managing Director



**Kanani Fu**  
Housing Director

**KAUA'I COUNTY HOUSING AGENCY**  
County of Kaua'i, State of Hawai'i  
Pi'ikoi Building 4444 Rice Street Suite 330 Lihue, Hawai'i 96766  
TEL (808) 241-4444 FAX (808) 241-5118

September 07, 2016

Laurie Ho, Chairperson  
and Members of the Board of Water Supply of the County of Kauai  
Kauai Department of Water  
4398 Pua Loke Street  
Lihue, HI 96766

**SUBJECT: TESTIMONY IN SUPPORT OF RULE CHANGES FOR PART 5, SECTION III,  
APPLICABILITY, PARAGRAPH 3.c. AND 3.d.**

Dear Chairperson Ho and Board Members:

The County of Kaua'i Housing Agency **supports** the proposed amendment to the rules and regulations of the Board of Water Supply as it pertains to Part 5, Section III, Applicability, Paragraph 3.c. and 3.d. We would like to suggest amendments be made to Paragraph 3.d., where new material is underlined and material to be deleted is bracketed in [red]:

For projects developed by the County of Kaua'i Housing Agency, or in [partnership] conjunction with the County of Kaua'i Housing Agency through a development agreement, [and] or certified by the County of Kaua'i Housing Agency as affordable housing (defined by Kaua'i County Ordinance 7 A-1.3, as amended), the Facilities Reserve Charge shall be \$4,940.00 per unit []).

We applaud the Board's efforts to assist with the delivery of affordable housing for our residents. Thank you for the opportunity to testify on this important matter.

Sincerely,

A handwritten signature in black ink that reads "Kanani Fu".

Kanani Fu  
Housing Director



*An Equal Opportunity Employer*

**From:** Karen Ono [mailto:kono@kauaiboard.com]  
**Sent:** Wednesday, September 07, 2016 5:04 PM  
**To:** Ignacio-Neumiller, Edith  
**Subject:** FRC Rate Proposal

Aloha Chair Ho & the Directors of the Department of Water:

My name is Karen Ono, I am the executive Officer of the Kauai Board of REALTORS representing over 500 REALTORS on Kauai. We support any type of decrease in rates that will increase the affordable housing inventory on Kauai that we are definitely short of. Although our representation is that of 500 REALTOR members, our position speaks for all property owners throughout the island.

If there are any questions, please do not hesitate to call us.

Mahalo for your consideration and dedication in providing the services that you do.

*Karen Ono*  
Executive Officer

*"Delivering real estate professionalism, serving the community and advocating Private Property Rights"*

**Kauai Board of REALTORS®**  
4359 Kukui Grove Street #103  
Lihue, HI 96766  
Direct Phone: (808) 977-8142  
Phone: (808) 245-4049  
Fax: (808) 246-0409  
Website: [www.kauaiboard.com](http://www.kauaiboard.com)

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**Ignacio-Neumiller, Edith**

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**From:** Kurt Bosshard  
**Sent:** Thursday, August 25, 2016 7:45 AM  
**To:** Ignacio-Neumiller, Edith  
**Subject:** FRC Rule Changes  
**Attachments:** Bill No. 2627 (ARU) - Letter dated 5-5-16 to Council Members.pdf

Board of Water Supply  
County of Kauai Department of Water

I support the rule change to Part 5, Section III – Applicability, paragraph 3.c. as presently proposed which I understand is meant to encourage the stock of dwelling units on the Island.

I believe that most of these newly permitted units will be of modest size with lesser water usage and burden on the Water Department. In many instances permitting of such units will not significantly increase the number of occupants on the property, but simply legalize or make more comfortable existing usage. I forward herewith a copy of my 5/5/16 letter to the County Council which addresses some of these issues.

Thank you for your consideration of this matter.

Kurt Bosshard, Esq.

**KURT R. BOSSHARD**

ATTORNEY AT LAW  
3144 ELUA STREET  
LIHUE, HAWAII 96766  
TELEPHONE: 808-245-5302  
FAX: 808-245-8929  
EMAIL: kboss@aloha.net

May 5, 2016

Kauai County Council Members  
4396 Rice Street, Suite 209  
Lihue, HI 96766

via EMAIL  
([counciltestimony@kauai.gov](mailto:counciltestimony@kauai.gov))

Re: Bill No. 2627; ARUs in the Lihue Planning District  
Testimony of Kurt Bosshard at 5/4/16 Council Meeting

Friends and Council Members:

Thank you for the opportunity to speak. Thanks to the Planning Department for opening up this dialogue.

By virtue of my jobs, I get to meet a large cross section of our community and the details of their lives.

The same issues come up with my clients and friends.

- Housing shortage and cost
- Cost of living; Concern for their children's continued viability on the Island
- Traffic

The ARU proposal before you should stimulate the discussion as to our housing shortage, but I believe the discussions as to density and ADUs need to be broadened to both residential and agricultural zoned lands.

The County cannot provide the needed "affordable housing". Under the present structure, what is offered as "affordable" is neither affordable nor in sufficient quantities to put a dent in our Island's needed "living units". In fact, we are rapidly losing ground. In many instances, the potential applicant for affordable housing does not have the requisite income to pay the rent/mortgage or makes too much income to qualify for the program. And, if the affordable housing component isn't effective, what does our County end up with on the other 70% of the project = speculation from

outsiders, burdens on our infrastructure through increased population, boom/bust economy . . .

I've attached the MLS April/Year to Date 2016 Kauai sales. These reflect for the first quarter:

- 44 Vacant Land transactions with an average cost of \$1,000,000, and a median sales price of \$400,000.
- 170 residence transactions with an average cost of \$1,000,000, and a median sales price of \$600,000.

Each month these statistics are more dire for the middle/lower class Kauai residents looking to rent or build housing. Particularly where a typical three bedroom home rents for between \$1,500 and \$2,500/month.

There are no vacant lots for sale for local people to build on and the cost to build is prohibitive, in part due to more restrictive regulations and increasing permitting fees and taxes. Even if one had access to a buildable land area the cost to build is now prohibitive. For most, the only place for them to build is on their own property and will be through the ARU or ADU process. I do not agree with the figure of 1,600 units as the housing shortage. I believe there are a minimum of 5,000 - 10,000 such units.

In fact, the public has already spoken. Thousands of property owners (our families and neighbors) have chosen to utilize their own properties to house their children and grandchildren and/or to subsidize their income through a rental. Many thousands of these "living units" are unpermitted as living units and therefore do not comply with the County's zoning law. These are mostly local people. The County's Housing Agency provides HUD vouchers for many of these living units. In fact, without these units the Housing Agency would not be able to distribute many of these vouchers. These living units are generally modest. For many of my acquaintances and divorce clients these are the only living units they can afford. We all know of the existence of these units and understand the housing need they fulfill.

What is the County and State's response? First, the County passed the "rice cooker law" and criminalized minor zoning violations. As I understand it, it's prima facie evidence of a

misdemeanor zoning offense to have your stove or any other cooking device outside of 8 feet from both your refrigerator and kitchen sink. Up to a year in jail? How many local people did that law make criminals out of? Over recent years, the County and State have raised taxes of every kind and made the building codes more restrictive and expensive. The County has raised the cost of a water meter to over \$14,000.00. Expensive flood studies are often required. The State and County have been working to change out cesspools such that a modest renovation permit can trigger a change to an impractical septic system costing between \$15,000 - \$20,000, if you have the space for it. Permits can take many months or even years to obtain.

Presently, the County tax office is aggressively identifying those properties which have these extra living units in order to increase the real property taxes on these properties and to obtain evidence of zoning violations. The next step will be to connect by computer the tax office to the Planning Department in order to provide this living unit information. The accompanying enforcement action will devastate many local families, potentially increasing by thousands the living unit shortage, and driving rents further through the roof. So where do these people go? Where will families getting housing vouchers from our Housing Agency go?

Obviously, expanding the availability of ARU/ADU has its drawbacks. Neighbors privacy will be impacted, parking issues, etc. There's also the question of how many people will choose to become legal. On the other hand, if the ARU/ADU regulations are too restrictive or expensive, few people will come forward. Kauai would not want to imitate the Oahu situation where few people applied and even fewer were processed. Speculation is always a concern, but do we want the living units, or don't we? If a family in Hanamaulu makes a few bucks on selling their property in order to move into a nicer neighborhood, I'm all for it. There are many reasons people sell their properties such as divorce, more kids, less kids, job relocation, etc. Restricting resale/condominiumization can work out unfairly and/or be a major impediment to creating these Units.

I'm for:

- Declaring a State of Emergency as to the housing shortage at the lower end of the affordability spectrum.

- More living units on existing lots and reinstating Ag ADUs.
- Taking a look at rezoning smaller existing agriculture zoned parcels from the agriculture zoning designation to a "rural" classification. This would include properties that aren't appropriate for agriculture and which are contiguous to residential areas. Density would be increased somewhat in the rural district from the Ag district.
- A new format for how to increase "affordable rentals/housing." The current structure is not working to provide adequate housing. Often, in order to get so called affordable housing we have to accept large developments that our present infrastructure cannot handle.
- Repealing the Rice Cooker Law and don't enforce against minor violations of the zoning law.

I'm against:

- More Planning Department inspectors for minor zoning violations.
- Hooking up the Tax Office computers to the Planning Department.
- Satellites spying on our and our neighbors' properties.
- Strict Building Codes and Regulations that would prevent more living units on existing lots.
- The Rice Cooker Law. This tool to root out TVRs is now a loaded gun pointed at local people's survivability. As I've followed this law enforcement emphasis, it appears to have originated with the unfortunate "grandfathering" of the TVRs. Around that time came the Bynum suit. Now we have the Air BNBs. Obviously, enforcement in this area has taken some time to catch up. But, I don't believe we need to make all of us zoning criminals in



Kauai County Council Members  
May 5, 2016  
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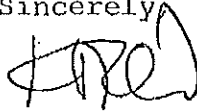
order to catch a rat. The rats are advertising on the internet. Trap them there.

Now, some would say this is a "police matter". I've heard that from several government officials. Wow! Lots of heart there. I've also heard, "well we'll never enforce the 'rice cooker'/zoning laws against the locals," or "we'll only enforce it against Whitey" on the North Shore. My response was . . . and remains, "It doesn't work that way. The fuse is lit and it's going to explode in a neighborhood near you. The County has already been sued for selective enforcement. And, one day the computers at the Planning Department will be printing out the cease and desist letters." I don't know when this will happen. That depends on the choices of our elected and Administration officials. But the decisions made today will determine who gets to live here, and who doesn't. Will Kauai be totally suburbanized, or will we allow some greater density on existing lots which I admit can cause some "seediness" and other social issues.

I acknowledge this is a difficult balancing act with huge implications. But, I think I know how the majority of local people, particularly young adults, people of modest means, and renters would vote. And, I know how most of those who have come here to retire or who are of comfortable financial means would vote. I'm glad I'm not making these decisions.

Thank you for your attention to this matter.

Sincerely,



KURT BOSSHARD

KB:tes  
Enclosure

cc: Mayor Bernard P. Carvalho, Jr. (via email)  
Gary Mackler, Housing Agency (via email)  
Ka'aina Hull, Planning Department (via email)  
Marisa Valenciano, Planning Department (via email)  
Leanora Kaiaokamalie, Planning Department (via email)  
Marie Williams, Planning Department (via email)







		MLS Sales Statistics Number of Sales							
		68	91	23	33.82%	283	343	60	21.20%
		MONTH OF		#		YEAR		#	
		April				TO DATE			
		2015	2016	Increase / <Decrease>	Increase / <Decrease>	2015	2016	Increase / <Decrease>	Increase / <Decrease>
Kauai	Residential	36	46	10	27.78%	128	170	42	32.81%
	Vacant Land	7	13	6	85.71%	45	44	<1>	<-2.22%>
ENTIRE	Commercial	0	0	0		4	4	0	0.00%
	Condominium	25	32	7	28.00%	106	125	19	17.92%
	Business	0	0	0		0	0	0	
	Residential	1	2	1	100.00%	5	13	8	160.00%
	Vacant Land	1	3	2	200.00%	3	3	0	0.00%
WAIMEA	Commercial	0	0	0		1	1	0	0.00%
	Condominium	0	0	0		0	0	0	
	Business	0	0	0		0	0	0	
	Residential	6	12	6	100.00%	25	52	27	108.00%
	Vacant Land	2	4	2	100.00%	9	11	2	22.22%
KOLOA	Commercial	0	0	0		1	1	0	0.00%
	Condominium	9	11	2	22.22%	22	34	12	54.55%
	Business	0	0	0		0	0	0	
	Residential	4	4	0	0.00%	11	13	2	18.18%
	Vacant Land	2	1	<1>	<50.00%>	4	1	<3>	<75.00%>
LIHUE	Commercial	0	0	0		0	2	2	N/A
	Condominium	6	7	1	16.67%	34	36	2	5.88%
	Business	0	0	0		0	0	0	
	Residential	13	17	4	30.77%	42	50	8	19.05%
	Vacant Land	1	3	2	200.00%	21	12	<9>	<42.86%>
KAWAIHAU	Commercial	0	0	0		1	0	<1>	<100%>
	Condominium	4	6	2	50.00%	20	23	3	15.00%
	Business	0	0	0		0	0	0	
	Residential	12	11	<1>	<8.33%>	45	42	<3>	<6.67%>
	Vacant Land	1	2	1	100.00%	8	17	9	112.50%
HANAIEI	Commercial	0	0	0		1	0	<1>	<100%>
	Condominium	6	8	2	33.33%	30	32	2	6.67%
	Business	0	0	0		0	0	0	

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		MLS Sales Statistics Median Sales Price							
		1,354,250	1,307,500	<46,750>	<3.45%>	2,041,750	2,073,750	32,000	1.57%
		MONTH OF		#	%	YEAR		#	%
Kauai Island		April		Increase /	Increase /	TO DATE		Increase /	Increase /
		2015	2016	<Decrease>	<Decrease>	2015	2016	<Decrease>	<Decrease>
ENTIRE	Residential	551,750	542,500	<9,250>	<1.68%>	647,500	596,250	<51,250>	<7.92%>
	Vacant Land	417,500	320,000	<97,500>	<23.35%>	310,000	400,000	90,000	29.03%
	Commercial	0	0	0		728,000	677,500	<50,500>	<6.94%>
	Condominium	385,000	445,000	60,000	15.58%	356,250	400,000	43,750	12.28%
	Business	0	0	0		0	0	0	
WAIMEA	Residential	353,000	559,000	206,000	58.36%	465,000	360,000	<105,000>	<22.58%>
	Vacant Land	174,500	150,000	<24,500>	<14.04%>	112,500	150,000	37,500	33.33%
	Commercial	0	0	0		800,000	275,000	<525,000>	<65.63%>
	Condominium	0	0	0		0	0	0	
	Business	0	0	0		0	0	0	
KOLOA	Residential	501,250	465,000	<36,250>	<7.23%>	705,000	600,000	<105,000>	<14.89%>
	Vacant Land	2,108,750	352,000	<1,766,750>	<83.31%>	500,000	400,000	<100,000>	<20.00%>
	Commercial	0	0	0		658,000	675,000	17,000	2.58%
	Condominium	386,000	540,000	154,000	39.90%	415,250	734,688	319,438	76.93%
	Business	0	0	0		0	0	0	
LIHUE	Residential	486,000	477,000	<9,000>	<1.85%>	495,000	470,000	<25,000>	<5.05%>
	Vacant Land	272,500	320,000	47,500	17.43%	290,000	320,000	30,000	10.34%
	Commercial	0	0	0		0	680,000	680,000	N/A
	Condominium	123,750	215,000	91,250	73.74%	213,250	226,250	13,000	6.10%
	Business	0	0	0		0	0	0	
KAWAIHAU	Residential	525,000	476,000	<50,000>	<9.52%>	515,000	487,500	<27,500>	<5.34%>
	Vacant Land	501,000	250,000	<251,000>	<50.10%>	210,500	237,500	27,000	12.83%
	Commercial	0	0	0		450,000	0	<450,000>	<100%>
	Condominium	342,000	514,975	172,975	50.58%	231,075	356,000	123,325	53.23%
	Business	0	0	0		0	0	0	
HANAIEI	Residential	868,000	1,360,000	482,000	55.53%	1,150,000	1,187,500	37,500	3.26%
	Vacant Land	557,000	645,000	88,000	15.80%	488,500	1,300,000	811,500	166.12%
	Commercial	0	0	0		798,000	0	<798,000>	<100%>
	Condominium	707,500	611,750	<195,750>	<27.67%>	627,500	637,500	<90,000>	<14.34%>
	Business	0	0	0		0	0	0	

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		MLS Sales Statistics							
		Sales Volume				Sales Volume			
		50,879,100	60,959,849	10,080,749	19.81%	243,346,996	276,078,947	32,731,951	13.45%
		MONTH OF		#	%	YEAR		#	%
Kauai Island		April		Increase /	Increase /	TO DATE		Increase /	Increase /
		2016	2016	<Decrease>	<Decrease>	2015	2016	<Decrease>	<Decrease>
ENTIRE	Residential	35,111,400	38,200,499	3,089,099	8.80%	169,864,750	171,459,920	1,595,170	0.94%
	Vacant Land	5,995,000	7,149,000	1,154,000	19.25%	26,424,499	44,029,500	17,605,001	66.62%
	Commercial	0	0	0		2,706,000	2,310,000	<396,000>	<14.63%>
	Condominium	9,772,700	15,610,350	5,837,650	59.73%	44,351,747	58,279,527	13,927,780	31.40%
	Business	0	0	0		0	0	0	
	Residential	353,000	1,118,000	765,000	216.71%	2,443,000	5,224,920	2,781,920	113.87%
	Vacant Land	174,500	350,000	175,500	100.57%	337,000	350,000	13,000	3.86%
WAIMEA	Commercial	0	0	0		800,000	275,000	<525,000>	<65.63%>
	Condominium	0	0	0		0	0	0	
	Business	0	0	0		0	0	0	
	Residential	6,028,500	8,131,400	2,102,900	34.88%	27,897,500	44,864,899	16,967,399	60.82%
	Vacant Land	4,217,500	2,244,000	<1,973,500>	<46.79%>	11,855,000	6,213,000	<5,642,000>	<47.69%>
KOLOA	Commercial	0	0	0		658,000	675,000	17,000	2.58%
	Condominium	3,805,700	7,075,500	3,269,800	85.92%	9,399,214	23,661,770	14,262,556	151.74%
	Business	0	0	0		0	0	0	
	Residential	2,068,500	1,811,249	<257,251>	<12.44%>	5,488,500	7,702,749	2,214,249	40.34%
	Vacant Land	545,000	320,000	<225,000>	<41.28%>	1,155,000	320,000	<835,000>	<72.29%>
LIHUE	Commercial	0	0	0		0	1,360,000	1,360,000	N/A
	Condominium	993,000	1,492,900	499,900	50.34%	7,931,401	8,628,707	697,306	8.79%
	Business	0	0	0		0	0	0	
	Residential	7,715,500	8,009,850	294,350	3.82%	24,681,600	38,350,352	13,668,752	55.38%
	Vacant Land	501,000	2,945,000	2,444,000	487.82%	7,815,500	7,033,000	<782,500>	<10.01%>
KAWAIIHAU	Commercial	0	0	0		450,000	0	<450,000>	<100%>
	Condominium	1,364,000	2,749,450	1,385,450	101.57%	6,784,232	7,662,050	877,818	12.94%
	Business	0	0	0		0	0	0	
	Residential	18,945,900	19,130,000	184,100	0.97%	109,354,150	75,317,000	<34,037,150>	<31.13%>
	Vacant Land	557,000	1,290,000	733,000	131.60%	5,281,999	30,113,500	24,851,501	472.28%
HANAIEI	Commercial	0	0	0		798,000	0	<798,000>	<100%>
	Condominium	3,610,000	4,292,500	682,500	18.91%	20,236,900	18,327,000	<1,909,900>	<9.44%>
	Business	0	0	0		0	0	0	

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## Ignacio-Neumiller, Edith

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**From:** Nancy Kanna <nancykanna@gmail.com>  
**Sent:** Wednesday, September 07, 2016 9:37 AM  
**To:** Ignacio-Neumiller, Edith  
**Cc:** Nancy Kanna  
**Subject:** Sept 7 Public Hearing; Proposed FRC amendments; Testimony in Support

Aloha Chair Ho, Vice Chair Takaya and members of the Department of Water Board of Directors,

My name is Nancy Kanna, and I am providing written testimony as a private citizen of the County of Kauai. I SUPPORT the proposed revisions to the Facilities Reserve Charge (FRC).

The housing need is dire on the island of Kauai. While our population continues to grow, our housing stock has greatly lagged in comparison. Because of the continued demand for housing and subsequent lack of supply, rental rates have been drive to an all time high. What were once single-family homes have now become multi-generational, as our children cannot afford to pay the high rents associated with the housing shortage and are moving in with their parents. While there is no one key solution to fix this problem, the proposed amendments to the FRC help considerably in incentivizing the development of affordable housing.

Barriers to development, such as high FRC fees, must be reduced, and our government must work in partnership with the private sector to accomplish this. A lack of "give and take" between the public and private sector is one on the reasons we're in a housing crisis to begin with.

I do caution, however, on Part 5, Section III, - Applicability, Paragraph 3.c. — "The Facilities Reserve Charge for conversion of legally existing single-family units to a multi-family two dwelling unit structure, as provided by law, will be assessed at 50% of the Facilities Reserve Charge for multi-family units, per unit." If a family members are already living in a multi-family household, why should they pay 50% of the FRC for a multi-family unit? There is no change to their use. Why should they "legally" convert? The Board may want to consider waving the FRC for conversion from a single family unit to a multi-family unit.

I do applaud the Board for taking this important step, and I strongly encourage creative solutions to help reduce the barriers in developing affordable housing for our local Kauai families.

Mahalo for the opportunity to provide written testimony.

Nancy Kanna  
Mobile (808) 652-0773  
Email [nancykanna@gmail.com](mailto:nancykanna@gmail.com)



*Building homes. Building community. Building 'ohana.*

September 7, 2016

To: Department of Water  
Hearing: Wednesday, September 7, 2016  
Place: DOW Microbiology Lab Building, second floor, at 5:00 p.m.  
4398 Pua Loke Street, Lihue, HI 96766

Subject: Proposed Amendments, Part 5 Facilities Reserve Charge (FRC) Section III -- Applicability

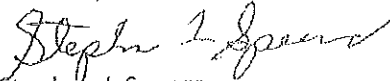
TESTIMONY IN SUPPORT

I am the Executive Director for Kauai Habitat for Humanity, Inc (Habitat). We are a nonprofit affordable housing developer building for families under 80% of median income. Habitat partners with local families and we keep homes affordable by building homes using the Self-Help model, offsetting overhead cost to families with donations of materials and funding and by the use of fee exemptions offered by County agencies. We currently have a waiting list of over 2,000 families that are hoping to someday own a home that is, and will be for many years a safe, secure, and affordable place to live and raise a family.

The need is great and it is very difficult to find or develop building lots at a cost that families can afford the loan payments. We work in partnership with the County of Kauai to address this tremendous problem and the proposed change to reduce the Facilities Reserve Charge is a great way to help reduce the cost of an affordable home. The current FRC cost of \$14,115 is about 15% of the cost for Habitat to develop a lot and this reduction of \$9,175 would be a tremendous help.

It has been and in the future will continue to be very difficult to keep the price of a house and lot to a low enough level that our local, lower income families are able to afford their mortgage payments. Again we are 100% in support of the proposed amendments to the Rules and Regulations.

Sincerely,

  
Stephen L. Spears  
Executive Director



*This institution is an equal opportunity provider and employer. We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.*





September 7, 2016

Board of Water Supply  
County of Kauai  
4398 Pua Loke Street  
Lihue, HI 96766

RE: Proposed Amendments to the Rules and Regulations of the Board of Water Supply; Part 5 – Facility Reserve Charge

Honorable Board Members:

I am writing in SUPPORT of the Proposed Amendments to the Rules and Regulations of the Board of Water Supply; Part 5 – Facility Reserve Charge; Section III – Applicability being presented at a public hearing on September 7, 2016.

By way of background, I am the president of Ahe Group and am an experienced affordable housing developer with over twenty (20) years of experience developing and owning affordable housing in Hawaii. Three of my recent projects were new construction projects on the island of Kauai. Last year I added 104 new units of affordable rental housing by completing Kaniko'o, a 60-unit project for seniors in Lihue, and Kolopua, a 44-unit family project in Princeville. I am currently constructing 30 more units in the second phase of Kaniko'o, which should be completed by the end of the year. Kaniko'o was developed in direct partnership with the County of Kauai Housing Agency ("CKHA"). CKHA owns the land upon which the project is constructed and has leased the land to an ownership entity I created.

As you know, there is a well-documented need for affordable housing on Kauai. There are limited funding sources that can be used to produce affordable housing, notwithstanding the fact that construction costs are constant whether a project is market rate or affordable. The bottom line is that every dollar saved in reduced Facilities Reserve Charges can be used to develop more affordable units. Accordingly, I support the proposed rules fixing the Facilities Reserve Charges to a specified amount for affordable housing developments developed in conjunction with CKHA.

Thank you for taking the time to consider my testimony. Feel free to contact me with any questions at 808.381.5958 or [mm@ahigroup.com](mailto:mm@ahigroup.com)

Sincerely,

A handwritten signature in black ink that reads 'Makani Maeva'. The signature is written in a cursive, flowing style.

Makani Maeva

## Ignacio-Neumiller, Edith

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**From:** Shigemoto, Tom at Kukui'ula <tshigemoto@abprop.com>  
**Sent:** Wednesday, September 07, 2016 11:50 AM  
**To:** Ignacio-Neumiller, Edith  
**Cc:** Mike Dahilig; Sherman Shiraishi; Beth Tokioka; Itabata@kauai.gov; Idill@hawaii.gov  
**Subject:** FRC RULE AMENDMENT

Honorable Chair and members of the Board of the County Department of Water, My name is Tom Shigemoto and I'm asking you for your support of the FRC rule a amendment that will reduce the charge for affordable housing developments in our island.

Kauai is in dire need of affordable homes for our residents and any reduction in fees and costs for them can only help these families.

As you know all costs are passed on to the tenant or buyers of housing projects and the proposed 50% reduction of the FRC may mean the difference to those trying to qualify for an affordable unit. There isn't a huge proliferation of affordable housing units being built so the Department will not stand to lose a substantial amount by reducing the FRC.

Affordability can only be achieved if all parties involved with providing such homes cooperate and work together. I implore you all to please afford those that need such housing the same opportunity many of us are fortunate to enjoy. Thank you.

Sent from my iPhone



**From:** Eric Rimes [mailto:erimes@laytonconstruction.com]  
**Sent:** Wednesday, September 07, 2016 1:47 PM  
**To:** Ignacio-Neumiller, Edith  
**Subject:** Exorpident Residential Water Meter Costs

To Whom it May Concern,

It is hard to believe as a builder and home owner that if I were to build a new residence on the Island of Kauai that the cost for JUST a residential water meter is now 300% greater than it was last November 2015. We all know that costs rise on items within the construction industry, but to escalate an item at 300% rate is an outrage. What happened to a simple cost of living increase of approximately 6%+, or even 10% increase. 300% increase on any construction development item is really extortion.

Please reconsider the costs for a new residential water meter at a realistic cost of living rate increase..

Mahalo,

Eric Rimes | Sr. Project Manager  
Layton Construction Co., Inc.  
4463 Pahe'e St. Suite 210 | Lihue, HI 96766  
M 808-755-5584 | F 808-742-4754

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