BF-41

Maui Lani Testimony

Disposing of the Maui Lani lots is a huge loss of opportunity, and I'd like to explain why there are some fundamental problems with the options presented to the task force from the very beginning. I'd like to let the committee know that i agreed with the TIG recommendation to sell the lots, and the money to go to the AHFund because we were all under the impression that affordable homes couldn't be built under the CC&Rs. Now that I've seen the CC&Rs, my personal opinion has chaned.

The notes from the task force meetings tell us that the group was only presented with 2 real options:

1. "County could build it or subsidize the building of lots"
2. "Ideally, due to the higher market value of properties-sell and invest in more suitable land"

PROBLEMS:

1. There is NO other 50 lot, entitled, build ready land to purchase. One of the biggest issues in building AHousing is entitled land...and WE OWN 50 entitled lots. We could start building TOMORROW. Why sell, with the intent to buy land that may have to be zoned, entitled and infrastructured, and take years to get through that process.

   Page 5 of Nov 7 notes: "This sub-division is ready to build. It will save a developer up to 5 years off their time line." THAT MEANS IF THE COUNTY SELLS AND BUYS A DIFFERENT PARCEL OF LAND TO START OVER, THEY MAY HAVE TO PUT 5 YEARS INTO GETTING THAT LAND "BUILD READY."

   The Nov. 7th meeting notes list 5 potential alternative sites:
   Okada Trucking (4.5 Acres)
   Old Maui Pineapple Cannery (12.8)
   Old MEO baseyard, across from Sears (5.5 acres)
   Old swap meet site (4.6 acres)
   Warehouse area (non-specific) (5.4 acres)

   I'd like to know what is the status of the infrastructure and entitlements on the alternate sites that the County has in mind for an equivalent housing project?

2. Why is there not a third recommendation that the County RFP the construction process? The County could oversee building on that land without having to "build it or subsidize."
   **Page 3 of the Nov. 7th task force meeting notes is about funding, presented by Director Reimann: The entire section assumes that the

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County would have to pay for the building of homes, but there is no consideration of having a local developer finance and run the project, with no funding from the County.

Another Issue:
If we sell, only 10 of the 50 homes have to be affordable, as defined by 2.96, and then each unit will go to market price after 10 years max. If we keep, we can make all 50 units affordable, and in perpetuity, or however long you want. WE MAINTAIN CONTROL. This could be Dream City 2.0.

The county has the opportunity to set a higher bar of what is possible with affordable developments, without actually having to be the developer, or put any County money into this project.

Task force notes from Nov. 7th meeting estimate cost of construction: $250/sq ft. Minimum home size, according to Fairways rules, is 1100 sq ft. $250 x 1100 = $275,000.

What COULD happen:
We RFP the construction of 50 homes at $275,000 each. Use "economy of scale" to our advantage (50 homes) to negotiate the price under $275,000 per home. Sell each home for $375,000, deed restricted as affordable in perpetuity.

County recoups $100,000 per lot x 50 = $5 million to AHFund PLUS has 50 homes that are affordable in perpetuity.

For consideration: County may have to RFP the selling process to a qualified entity.