

October 28, 2024

MEMO TO: DRIP-2(24) File

F R O M: Tamara Paltin, Chair  
Disaster, Resilience, International Affairs, and Planning Committee

*Tamara A.M. Paltin*

SUBJECT: **DISCUSSION ON PROPOSED CHANGE IN ZONING FOR PULELEHUA** (DRIP-2(24))

The attached informational document pertains to Item 2(24) on the Committee's agenda.

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Attachment

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COUNTY COUNCIL

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# PULELEHUA, WEST MAUI

## AFFORDABLE HOUSING PROJECT

\*The details outlined in this presentation were offered to the County of Maui two weeks after the August 8, 2024 fire.

### Proposing over 1000 units 100% Affordable Rental & For Sale

Project is currently entitled to develop 400 market and 400 affordable units.

### Shovels Already in the Ground

Project broke ground in April 2023 and is nearly complete with phase 1 site work.

### Proposing Increased Density to Maximize Affordable Units

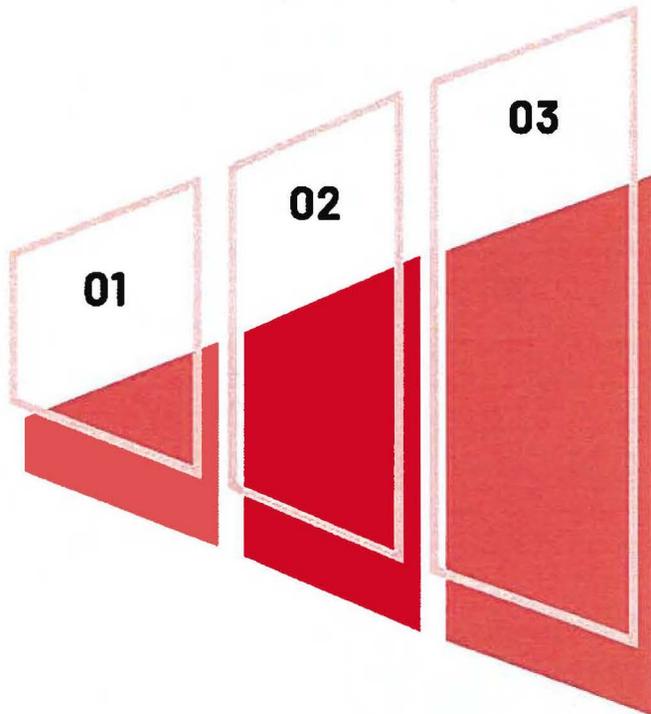
Project can provide between 800-1100 affordable units over the first 3 phases, with State and County approval and assistance

### Proposing Expedited Development Schedule

The project was planned to be developed over 10 years, proposes an expedited timeline with certificates of occupancy being granted as each building is completed.



# PROPOSED PHASES & DELIVERABLES



## Phase 1: 240 Affordable Units - 2025

Project density is not proposed to change in the first phase, which is already underway. However, the first phase which was originally slated to have a mix of market and affordable units, will now consist of 100% affordable rental units, prioritizing seniors displaced by the August wildfire.



## Phase 2: Up to 568 Affordable Units- 2026

Proposed project density increase from currently approved 350 mixed market and affordable units if regulatorily permissible, up to 568 100% affordable units, prioritizing residents displaced by the August wildfire.



## Phase 3: Up to 300 Affordable Units- 2027

Proposed project density increase from current approved 210 mixed market and affordable units if regulatorily permissible, up to 300 -100% affordable units, prioritizing residents displaced by the August wildfire.

# 3 PHASE PROJECT HIGHLIGHTS

## Temporary Elementary Site & Future Permanent School

The developer gave land to accommodate the construction of the temporary school site for King Kamehameha Elementary School at no cost to the State for 5 years, and provides an additional 13 acres for a future permanent school.



## Brick & Mortar Small Business Leases: Prioritizing Displaced Local Businesses

Proposal to increase from 70,000 sf retail space to 100,000 SF to help accommodate local businesses that lost their space in the fire.



## Affordable Rentals & For Sale Units

87% of all displaced West Maui residents were renters. This project would fill a detrimental gap for our workforce and West Maui community's greatest need - proposing 100 for sale and up to 1100 rental units.



## Affordable Senior Housing

The first phase contains 40- 1 bedroom proposed LIHTC rental units at 30-50-80 AMI for seniors on fixed income

## Prioritizing Displaced West Maui Residents

The project has a long wait-list of displaced residents that have signed up for long term housing which could be delivered as early as beginning of 2025 with government support.



## Pet Friendly Housing

Many displaced residents are looking for housing that can accommodate their entire family, including beloved pets. Pulelehua is a pet friendly community with 20 pocket parks, 7 miles of multi use trails and a 10 acre park.



# PHASE 1 - PROJECT DELAYS

## INTERIM WATER USE: 75K GPD

The project is requesting interim use of 75,000 gallons of water for phase 1, until the developer's two drilled wells are approved for new use by CWRM and DOH.



240  
affordable  
rental units



## INFRASTRUCTURE GRANT

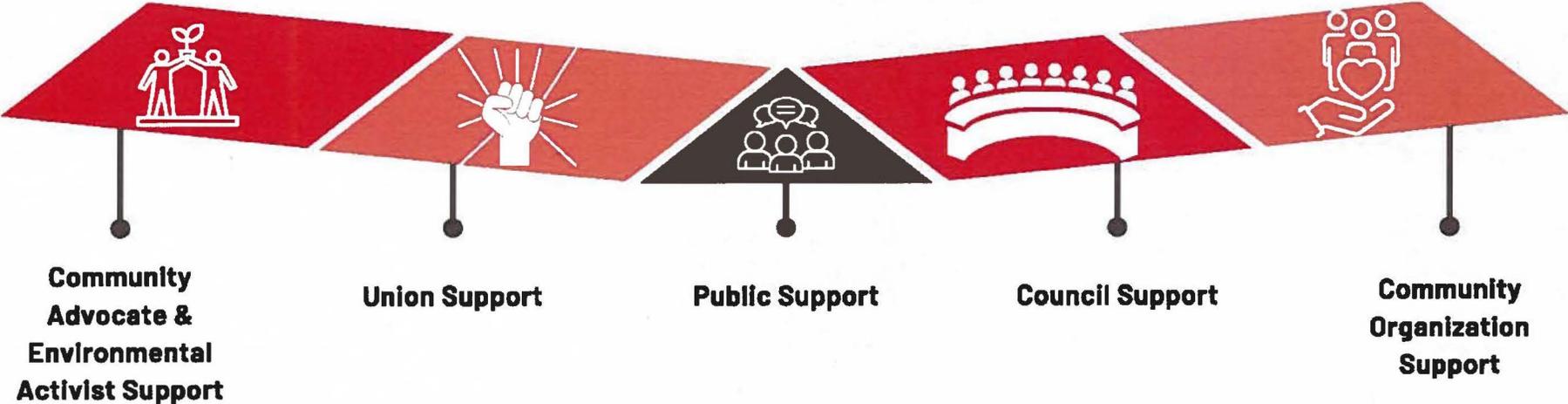
The project has been approved for a COM Grant to be disbursed on a reimbursement basis upon completion of infrastructure segments, for offsite infrastructure, including underground electric. The grant needs to be executed.



## WORKFORCE HOUSING AGREEMENT

The current residential workforce housing agreement is being amended to reflect the phase one changes from 240 mixed market and affordable units, to 100% affordable rental units.

# BROAD BASED SUPPORT



# LARGEST AFFORDABLE HOUSING PROJECT SINCE THE 1940'S

## DREAM CITY, CENTRAL MAUI

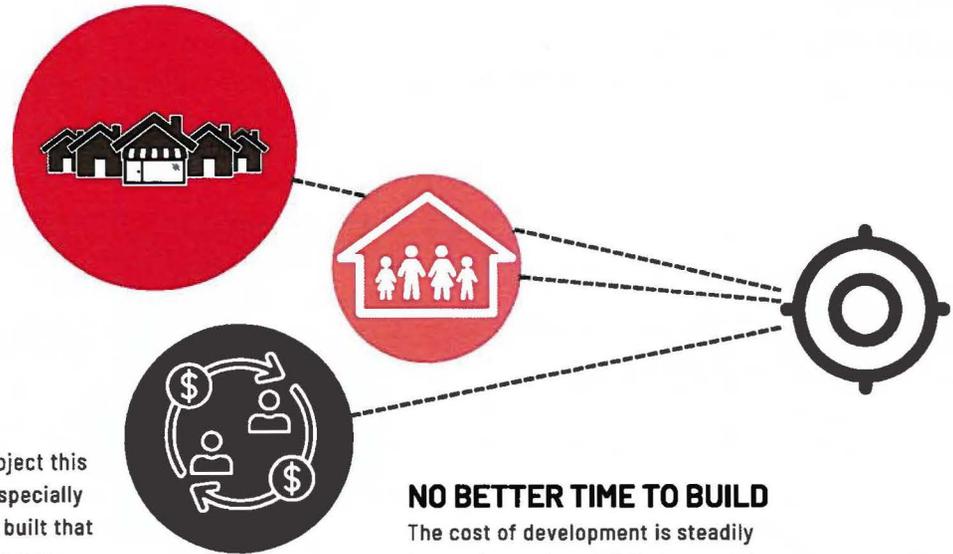
Pulelehua is the largest proposed affordable housing project in 75 years, on Maui. Dream City, Central Maui consisted of 3,500 homes built out over 20 years. This proposed project could realize up to 1,100 units in under 5 years.

## SUBSIDY INVESTMENT

The subsidy investment for a project this scale can be eye brow raising, especially when nothing this size has been built that the last 3 generations alive today can compare it to. However, the cost per unit amount is equal to or less than all other affordable housing projects that have been granted funding in the past by the County and State -and the subsidy request is reimbursable, meaning, the work must be completed before any grant funding is received.

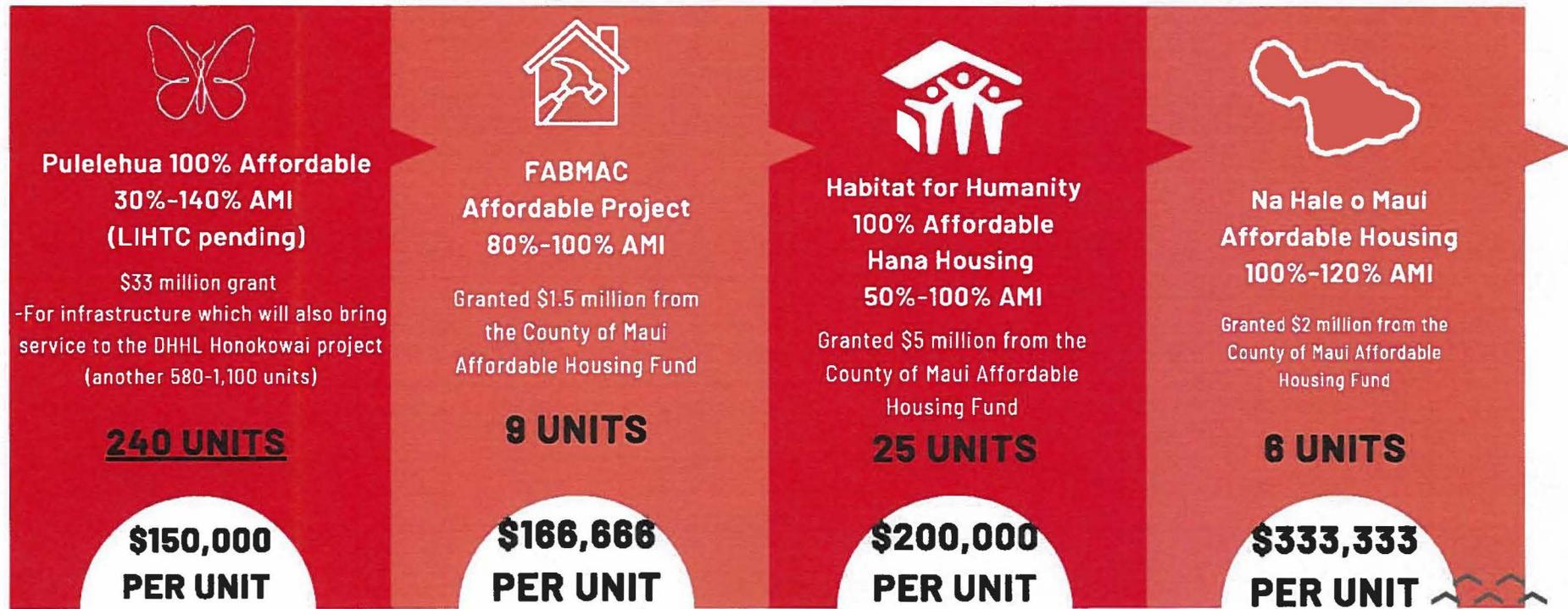
## NO BETTER TIME TO BUILD

The cost of development is steadily increasing and especially for rental housing projects. A number of Maui developers have come before the Council recently to attest to the fact that rental housing projects do not pencil out in this current market and therefore are very unlikely to be built any time soon.



# COST-BENEFIT ANALYSIS

The LOAN request per unit ratio for Pulelehua is equal to or less than all other affordable housing projects that have been GRANTED funding in the past by the County.



# FAQ

There is a lot of misinformation out there. Here are the facts.



## WATER QUALITY & QUANTITY

The developer drilled 2 wells on site that can provide enough water for the entire project. The quality reports indicated good results with slightly elevated salinity levels. Filtration will be necessary to regulate the salinity levels and disposal of the salt. Once CWRM has completed its review of existing use permits, it will begin reviewing new use applications.



## WASTEWATER

The County of Maui Department of Environmental Management provided a "will serve" letter for the project, indicating confirmation that the wastewater treatment facility has capacity for the project. The distribution lines to the facility will need to be increased in size to manage the volume.



## The original \$18 MILLION AHF GRANT (2022)

The Council passed an ordinance to reduce the sales price of a home with the provision of county subsidies. There was a lot of push back against the new legislation by developers that worried the policy would not result in its intended purpose. The developer offered to pilot the program for the first 60 affordable for sale homes planned for phase 1. The grant money could not be drawn down until vertical construction began on the 60 homes after groundwork has been completed. County grants are paid on a reimbursement basis, meaning the developer will submit receipts for the constructed homes and be reimbursed for the expenditures made. At point of the sale, each unit would have been sold for 22% less than the current affordable sales prices allowed by the County of Maui, using HUD guidelines. The line item grant was agendaized appropriately in committee and had two readings at Council, following Sunshine Law which requires proper notice and time for public review and comment. This grant had been executed, but not spent down. Now that the project phase I, has been amended to only include 240 rental units, the grant is being amended and folded into the FY25 grant to be used for infrastructure and to subsidize the project phase being 100% affordable.



## DEVELOPER EXPERIENCE

The landowner/developer Paul Cheng has over 40 years experience developing award winning projects, including commercial mid and high rise office buildings and residential communities in 20 cities across the continental United States, and looks forward to bringing his expertise and thoughtful design concepts to Maui County.