

FRONT STREET AFFORDABLE HOUSING PARTNERS

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May 11, 2018

Via E-mail: mike.white@mauicounty.us

County Council
County of Maui
200 S. High Street
Wailuku, Hawaii 96793
Attention: Mr. Mike White, Council Chair

Re: Request for Entry to Front Street Apartments (the "Subject Property") to Perform an Appraisal

Dear Mr. White:

After careful consideration of: 1) your May 4, 2018 letter requesting permission to enter the Subject Property; 2) Maui County Resolution No. 18-75 (the "Resolution"), which authorizes you, as Council Chair, to contract for an appraisal of the Subject Property; and 3) S.B. 2293 C.D. 1, the Front Street Affordable Housing Partners ("FSAHP") hereby respectfully declines your request for entry for the stated purpose of undertaking an appraisal of the Subject Property for, among other things, the following:

1. FSAHP is not interested in selling its interest in the Subject Property; and
2. The Resolution contains numerous factual inaccuracies and a fundamental misunderstanding of the applicable law involved in this matter.

For instance, there are 18 buildings on the Subject Property not 6. In addition, the Subject Property was released from the applicable regulatory agreement as of August 5, 2016 so any appraisal of the Subject Property could not, under any interpretation of applicable law, be based on the value of the Subject Property burdened by the restricted rents provided for in the now terminated regulatory agreement. In addition, then Resolution is unclear as to whether the ground lease, the fee simple interest or both would be the subject of the appraisal.

Although not legally required to do so, FSAHP has been engaged in good faith negotiations with HHFDC to retain affordable rental rates in the project beyond the rent hold period but frankly it appears that the legislature and the County of Maui are not on the same page, and do not understand the law nor the relevant and material facts involved herein.

FSAHP stands ready to continue to work in good faith with HHFDC to extend the affordable rent period.

Very truly yours,



W. Adam Dombush

for

Front Street Affordable Housing Partners

Cc: Traci Fujita, Esq.

RECEIVED AT BF MEETING ON 6-12-18
(BF Com. Chair) (BF-150)