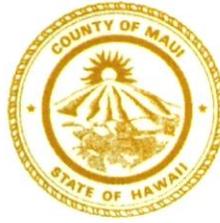


**RICHARD T. BISSEN, JR.**  
Mayor

**RICHARD E. MITCHELL, ESQ.**  
Director

**SAUMALU MATA'AFU**  
Deputy Director



**DEPARTMENT OF HOUSING**  
COUNTY OF MAUI  
2065 MAIN STREET, SUITE 108  
WAILUKU, MAUI, HAWAII 96793  
PHONE: (808) 270-7351  
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October 20, 2025

Honorable Richard T. Bissen, Jr.  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawai'i 96793

**APPROVED FOR TRANSMITTAL**

  
\_\_\_\_\_  
Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair  
Budget, Finance, and Economic Development Committee  
200 South High Street  
Wailuku, Hawai'i 96793

Dear Chair Sugimura:

**SUBJECT: BILL 152 (2025), AMENDING THE FISCAL YEAR 2026 BUDGET, APPENDIX A, PART I, DEPARTMENT OF HOUSING (COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, COUNTY-OWNED SENIOR AFFORDABLE RENTAL HOUSING, PROJECT: NĀ HALE KŪPUNA OPERATIONS) (BFED-9)**

The Department of Housing (Department) is in receipt of your letter dated October 14, 2025, regarding the above-referenced matter. Both the BFED Committee's questions and the Department's responses are as follows:

1. **Provide a comprehensive unit-level financial analysis for the Nā Hale Kūpuna Program properties. Please provide the information for each unit and in total:**
  - a. **Monthly rent revenue.**
  - b. **Monthly direct costs.**

Received at BFED meeting on 10/21/2025

- c. **Monthly indirect costs.**
- d. **Tenant subsidy, by source and amount.**
- e. **Resulting monthly deficit or surplus.**

Please see the attached spreadsheet (Attachment 1).

2. **If a unit or the portfolio shows a deficit, please explain how the shortage is funded. If there is a surplus, please explain how the surplus is used.**

The Na Hale Kupuna program (Program) has surplus funds (AKA program income) from the rents collected for three units. The surplus funds are first used to help pay for homeowner association (HOA) fees of those three units. Any remaining balance of the surplus funds is assigned to an operating account to assist in covering the HOA fees for other units where the rent cannot fully cover it.

After expending the surplus funds on the units, there is still a deficit in the remaining balance for HOA fees. The CDBG Program Office covers the remaining balance through the Program's operational budget.

3. **Provide the following:**

- a. **Definitions of direct and indirect costs.**

The Department of Housing and Urban Development (HUD) defines direct costs as costs aligned with a particular award, or as an activity that can be identified easily and with a high degree of accuracy (2 CFR 200.413). HUD defines indirect costs as costs that have been incurred for "shared" or "joint" objectives and cannot be easily identified with any particular activity (2 CFR 200.414).

- i. **Direct costs: identify all costs directly tied to operating the unit and include any property-management costs associated with the Cameron Center in direct costs.**

Direct costs include the HOA subsidy payments, and repair work.

- ii. **Indirect costs: identify program-level or shared costs not directly tied to a specific unit.**

The Program's only indirect cost is the property management fee. The CDBG Program Office determined that property management is an indirect cost due to the shared service they provide across all the units.

- b. A supplemental schedule that lists each cost type by category, direct or indirect, the average monthly amount, and the allocation method used to assign each cost to individual units.**

Please see Attachment 1.

- c. A short narrative that describes the allocation basis for each indirect cost, such as by square footage, headcount, or equal share.**

The monthly rental amounts are determined by calculating 30 percent of the tenants' income. The monthly direct costs include HOA fee payments. Repair expenses are also a direct cost, which range monthly and are handled on an individual basis.

The surpluses and deficits are determined by totaling all monthly rents minus monthly direct costs. Any surplus from a unit is used to pay for repairs or HOA fees.

- 4. Please format the report as a spreadsheet with one row per unit and a row for totals. Include columns for unit identifier, monthly rent revenue, monthly direct costs, monthly indirect costs, tenant subsidy, and net deficit or surplus.**

Please see Attachment 1.

- 5. Regarding the "County-owned Senior Affordable Rental Housing Project: Nā Hale Kūpuna Operations" appropriation of \$100,000 in Appendix A, Part I, of the FY 2026 Budget:**

- a. What are the intended uses of this appropriation?**

This funding covers property management fees for all units in the Program, HOA subsidy payments for units in a deficit, and repair costs as needed.

- b. How much has been expended to date, and what balance remains? Please provide the as of date.**

As of October 15, 2025, \$85,932.64 has been expended from the appropriation for Program Year (PY) 2024. As of October 15, 2025, \$0 have been expended from the Na Hale Kupuna Appropriation for PY 2025.

- c. Is the appropriation expected to cover all costs for FY 2026? If not, once these funds are expended, how will the costs be funded? Please identify the funding sources and amounts.**

Yes, this appropriation is expected to cover costs identified in the Department's response to Question 5.a., for Fiscal Year 2026.

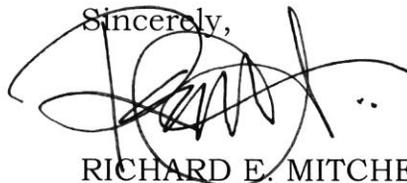
- d. Is the property-management fee paid from this appropriation? If so, what are the contract amount, term, and monthly cost?**

For every program year, \$100,000 is allocated towards the operation of the Na Hale Kupuna program. Yes, the property-management fee is paid from this appropriation. The original contract term for Cameron Center's services was from November 1, 2024, through October 31, 2025. The total certified amount for the original contract was \$79,371.72. The monthly management cost for seven units was \$5,130.89 per month and a one-time fee of \$17,801.04 for program implementation.

The contract was amended and executed July 15, 2025, to add funds and revised to the scope of work to include the property management of Maui Lani Terrace Unit F102. Currently, the monthly cost for property management is \$5,600 due to the additional unit.

Should you have further questions please contact me or the Department at (808) 270-7110 or email at [director.housing@co.maui.hi.us](mailto:director.housing@co.maui.hi.us).

Sincerely,



RICHARD E. MITCHELL, ESQ.  
Director of Housing

<b>Units</b>	<b>Monthly rent</b>	<b>Monthly Direct Costs</b>	<b>Monthly Indirect Costs</b>	<b>Tenant Subsidy</b>
Leinani 304	\$ 1,153.00	\$ 610.36	\$ 700.00	\$ 542.64
Maui Lani B202	\$ 1,053.00	\$ 1,190.56	\$ 700.00	\$ (137.56)
Keonekai 13-101	\$ 400.00	\$ 641.00	\$ 700.00	\$ (241.00)
Parkview 303	\$ 548.00	\$ 191.27	\$ 700.00	\$ 356.73
Kahana Manor 617	\$ 494.00	\$ 842.64	\$ 700.00	\$ (348.64)
Maui Lani C206	\$ 1,303.00	\$ 911.46	\$ 700.00	\$ 391.54
Maui Lani D105	\$ 300.00	\$ 911.46	\$ 700.00	\$ (611.46)
Maui Lani F102	\$ 426.00	\$ 635.49	\$ 700.00	\$ (209.49)
<b>Totals</b>	<b>\$ 5,677.00</b>	<b>\$ 5,934.24</b>	<b>\$ 5,600.00</b>	<b>\$ (257.24) Monthly Deficit</b>