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COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

April 3, 2018

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OFFICE OF THE
COUNTY CLERK

The Honorable Mike White
Council Chair
County of Maui
Wailuku, Hawaii 96793

Dear Chair White:

**SUBJECT: RESOLUTION AUTHORIZING THE COUNCIL CHAIR
TO CONTRACT FOR AN APPRAISAL OF FRONT
STREET APARTMENTS (PAF 17-207)**

May I request the attached proposed resolution, entitled "AUTHORIZING THE COUNCIL CHAIR TO CONTRACT FOR AN APPRAISAL OF FRONT STREET APARTMENTS' SIX BUILDINGS AT 1056 FRONT STREET, LAHAINA, MAUI, HAWAII," be placed on the next Council meeting agenda.

Sincerely,

A handwritten signature in cursive script that reads "Elle Cochran".

ELLE COCHRAN
Councilmember

paf:tntf:17-207c

Enclosure

COUNTY COMMUNICATION NO. 18-146

Resolution

No. _____

AUTHORIZING THE COUNCIL CHAIR TO
CONTRACT FOR AN APPRAISAL OF FRONT
STREET APARTMENTS' SIX BUILDINGS AT
1056 FRONT STREET, LAHAINA, MAUI, HAWAII

WHEREAS, pursuant to Section 3-6(3) of the Revised Charter of the County of Maui (1983), as amended, the Council has the authority to conduct investigations of the operation of any department or function of the County and any subject upon which the Council may legislate; and

WHEREAS, a function of the County is to develop a comprehensive approach to the effective coordination of plans of action designed to meet human needs in the county; and

WHEREAS, Front Street Apartments is located at 1056 Front Street, Lahaina, Maui, Hawaii, and situated on property identified for real property tax purposes as tax map key (2) 4-5-003:013 ("Front Street Apartments"); and

WHEREAS, Front Street Apartments was originally built using state and federal low-income housing tax credits, in addition to certain exemptions and waivers provided by the County; and

WHEREAS, Front Street Apartments provides one hundred forty-one affordable rental units, seventy of which are rented at 50 percent and below of area median income ("AMI") and seventy-one of which are rented at 60 percent and below of AMI; and

WHEREAS, the rental units were intended to remain affordable for 50 years; and

WHEREAS, Front Street Affordable Housing Partners, the owner of Front Street Apartments, alleges that a provision in the Internal Revenue Service tax code allows it to sell the complex, after fifteen years, at the Qualified Contract Price of \$15,395,813; and

Resolution No. _____

WHEREAS, if the owner is unable to sell Front Street Apartments at the Qualified Contract Price within the Qualified Contract Period, which ended on August 4, 2016, the owner alleges it may be sold at market price; and

WHEREAS, if Front Street Apartments is sold at market price, the affordable rental caps would be void three years after the date of sale; and

WHEREAS, the County of Maui is in an affordable housing crisis; and

WHEREAS, West Maui, including Lahaina, has some of the highest average rents in the County and an insufficient number of low-income housing units; and

WHEREAS, the Council wishes to investigate options to retain Front Street Apartments' 141 affordable rental units for the community, so as not to exacerbate the affordable housing crisis in the County; and

WHEREAS, although the Council has urged the Governor and the Hawaii State Legislature to support affordable housing at Front Street Apartments, action must be taken expeditiously; and

WHEREAS, an appraisal of the value of Front Street Apartments' housing units and related structures, totaling six buildings, would be an initial step of the Council's investigation; and

WHEREAS, the appraisal should include an analysis of the value of the buildings with the current affordable rental restrictions in place; now, therefore,

BE IT RESOLVED by the Council of the County of Maui:

1. That it hereby authorizes the Council Chair to contract for an appraisal of Front Street Apartments' six buildings with the current affordable rental restrictions in place; and

Resolution No. _____

2. That certified copies of the resolution be transmitted to the Mayor, the Managing Director, the Director of Finance, and the Director of Housing and Human Concerns.

APPROVED AS TO FORM AND LEGALITY

A handwritten signature in black ink, appearing to read 'Jeffrey K. Ueoka', is written over a horizontal line.

JEFFREY K. UEOKA
Deputy Corporation Counsel
County of Maui
2018-0359
2018-03-29 Proposed Resolution