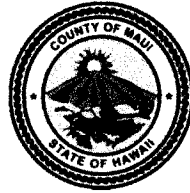


ALAN M. ARAKAWA
Mayor



DANILO F. AGSALOG
Director

MARK R. WALKER
DEPUTY DIRECTOR

COUNTY OF MAUI
DEPARTMENT OF FINANCE
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793

April 5, 2017

Ms. Lynn Araki-Regan *LR*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Al Agsalog 4/6/17

RECEIVED
OFFICE OF THE
DIRECTOR
APR 10 2017 10:16 AM

Honorable Alan M. Arakawa
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable G. Riki Hokama
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Hokama:

**SUBJECT: DISPOSITION OF LOTS AT THE FAIRWAYS AT
MAUI LANI (BF-41)**

We are in receipt of your letter dated March 29, 2017 requesting additional information regarding the subject lots. Please find our responses to your information request below.

1. A cost comparison of building affordable homes on the lots at the Fairways versus selling the lots.

Response: It is estimated that it would cost in excess of \$17 million to build affordable housing on the fifty Fairways lots. This includes the cost of home construction, water meters, project management, insurance, completion bonds, interest expense and professional services (architect, engineers etc.). This assumes that the County would do an RFP for a builder/developer to construct the homes and that the minimum house size would be 1,100 square feet in accordance with the governing Maui Lani master CC&R's.

2. A list of alternative affordable housing projects in lieu of developing the lots at the Fairways.

Response: The following parcels were identified by the Task Force as being underutilized and having the potential to be used to develop affordable housing, more specifically apartment or townhome type rental infill projects;

- *State of Hawaii parcel (corner of Kane & Kaahumanu Ave.)- 5.572 acres*
- *State of Hawaii parcel – Armory (Puunene Ave.)- 1.6804 acres*
- *A&B Kahului Shopping Center- 16.74 acres*
- *A&B old swap meet site(Puunene Ave.) – 4.865 acres*
- *Old 24 Hour Fitness parcel (Hana Hwy) – 5.42 acres*
- *Lunch Truck Lot's (3) across from Costco- total 2.01 acres*

Further, though not discussed by the Task Force specifically the Department of Housing and Human Concerns is in discussions with A&B Properties to acquire a 40 acre parcel located in Maui Lani in satisfaction of A&B's affordable housing requirement for its Maui Business Park development.

Additionally, there are developer owned parcels in the Kehalani Village Center, in Kulamalu (Pukalani) and in Kehalani near Pu'u Kukui School that could be potentially acquired for affordable housing.

3. A matrix comparing the disposition of the lots through bulk sale, at a 20, 25, and 30 percent discount; and in 10-lot increments, 5-lot increments, and individual lot sales.

Response: Attached find the requested matrix listed as Exhibit "A".

Additionally, I would like to take this opportunity to correct the Summary Report provided by the Fairways at Maui Lani Task Force in which it was stated that the minimum required affordable housing requirement for this subdivision was ten units. This is incorrect. The minimum required affordable housing component for this subdivision is eleven units.

Thank you for the opportunity to respond to your inquiry. Should you have any questions, please feel free to contact me at extension 7475.

Sincerely,



DANILO F. AGSALOG
Finance Director

EXHIBIT "A"

Aggregate Lot Value
Point Value \$14,025,000.00

BULK SALE

Discount Rate
20% \$11,220,000.00
25% \$10,518,750.00
30% \$9,817,500.00

10 Lot Increment

Discount Rate
15% \$2,167,500.00
Total \$10,837,500.00

5 Lot Increment

Discount Rate
20% \$1,020,000.00
Total \$10,200,000.00