

COUNCIL OF THE COUNTY OF MAUI
AFFORDABLE HOUSING COMMITTEE

August 9, 2019

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Affordable Housing Committee, having met on July 24, 2019, makes reference to a Miscellaneous Communication, dated May 21, 2019, from the County Clerk, referring the matter relating to the affordable housing development project known as the Kaiaulu O Kupuohi Apartments Project (“project”) in West Maui. The project was formerly known as Kai Mauka Ike Nui.

The Mayor’s proposed budget for Fiscal Year 2020 included a request for funding from the Affordable Housing Fund (“AHF”) for the project. Your Economic Development and Budget Committee, in its Committee Report 19-49, “expressed a desire to more fully vet the project and recommended the matter be referred to the appropriate standing committee.”

Your Committee received an overview of the proposed project from the Director of Housing and Human Concerns and the developer, Ikaika Ohana. The initial project proposed the development of 60 affordable rental units, along with 29 market rate units, on two adjacent lots located at Kupuohi Street in Lahaina. The developer initially applied for approximately \$3 million from the AHF for land acquisition, site improvement, design, and construction costs for the 60 affordable units. The Director said the project received the highest score of the nine applications submitted.

Your Committee notes the developer has since revised the project to be a 100 percent affordable development project, having arranged the acquisition of the 29 market rate units. The developer has increased its request for AHF funding to \$6.4 million, to develop 89 affordable units for rent to qualified individuals earning 60 percent and below of the area

COUNCIL OF THE COUNTY OF MAUI

AFFORDABLE HOUSING COMMITTEE

Page 2

**Committee
Report No. _____**

median income ("AMI"), as set by the United States Department of Housing and Urban Development.

According to the project proposal, the project will contain 20 one-bedroom units, 34 two-bedroom units, and 35 three-bedroom units, with monthly rents for those who qualify ranging from \$443 to \$571 at 30 percent AMI; \$626 to \$825 at 40 percent AMI; and \$992 to \$1333 at 60 percent AMI.

The developer noted that the rent and location of these units would be within the financial and geographic reach of the target residential workforce, including employees of hotels, restaurants, stores, and schools in West Maui. The Director of Housing and Human Concerns said the Administration supports the revised project, and lauded the developer for leveraging County funds to obtain substantial additional funding.

The developer has applied for and expects to receive approximately \$50.4 million from State and Federal tax credits and loans, including \$17.1 million from the Hawaii Rental Housing Revolving Fund. The County's allocation of funds would represent 11 percent of the total cost for the project, with the majority of the \$56.8 million coming from State, Federal, and private funding sources.

The developer noted the County will receive \$2.6 million from the development in the form of fees. The developer further noted the project is not seeking any exemptions or changes in zoning; water and sewer have been allocated for both lots; and the developer's partner, UHC Communities, is providing the required guarantees. Once funding is secured, construction could be underway as early as March 2020 and completed within 14 months.

Your Committee received favorable testimony on the project, emphasizing the need for affordable housing in West Maui while noting concerns about traffic. Your Committee members echoed community statements of support for the project.

COUNCIL OF THE COUNTY OF MAUI
AFFORDABLE HOUSING COMMITTEE

Page 3

Committee
Report No. _____

Your Committee also notes the developer's assertions that Ikaika Ohana:

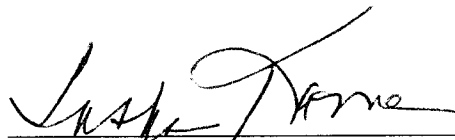
- Only builds affordable housing for 80 percent AMI and below.
- Has a portfolio that includes over 2,000 units, including the 120-unit Kaiwahine Village currently under development in South Maui.
- Provides for long-term operation and maintenance of the property.
- Coordinates and provides on-site services that are available to the community at large, extending the reach of the project's benefits.

Your Committee notes the Mayor will need to submit a Fiscal Year 2020 budget amendment to allow the Council to consider funding the project.

Your Committee voted 6-0 to recommend that the Miscellaneous Communication be referred to your Economic Development and Budget Committee. Committee Chair Kama, Vice-Chair Molina, and members Hokama, Lee, Sinenci, and Sugimura voted "aye." Committee member Rawlins-Fernandez was excused.

Your Affordable Housing Committee RECOMMENDS that the Miscellaneous Communication be referred to your Economic Development and Budget Committee.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



TASHA KAMA, Chair