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Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
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Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins



Director of Council Services
David M. Raatz, Jr., Esq.

Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

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

April 6, 2024

Mr. Douglas Bigley, Director & President
Ikaika Ohana
555 Kaiwahine Street
Kihei, Hawaii 96753

Via E-mail: dbigley@ikaikaohana.org

Dear Mr. Bigley:

SUBJECT: FISCAL YEAR ("FY") 2025 BUDGET (BFED-1)

Thank you for your testimony relating to your funding request for the rebuilding of Kaiāulu o Kupuohi apartments in Lahaina.

To enable the Committee to better consider your request, may I please ask you provide the following:

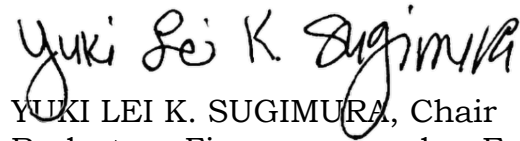
1. The original project cost.
2. A cost breakdown for the rebuild.
3. A timeline for the rebuild.
4. The amount of insurance coverage Ikaika Ohana had for the project and the amount of insurance money received after the wildfires.
5. All sources of funding Ikaika Ohana currently has secured for the rebuild, including the amount of funding from each source.
6. A description of the remaining sections of the building, if any, that are structurally sound and those that will be rebuilt upon, including water and sewer lines.

Mr. Douglas Bigley
April 6, 2024
Page 2

May I further request you transmit your response to bfed.committee@mauicounty.us by **April 10, 2024**. To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,

A handwritten signature in black ink that reads "Yuki Lei K. Sugimura". The signature is written in a cursive, flowing style.

YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:2025bgt:240405a01:jgk

BFED Committee

From: BFED Committee
Sent: Saturday, April 6, 2024 8:26 AM
To: dbigley@ikaikaohana.org
Cc: BFED Committee
Subject: MR. BIGLEY, please read the attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1); reply by 4/10/24
Attachments: Correspondence to Douglass Bigley 04-06-2024.pdf
Categories: Processed

Mr. Bigley: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated April 6, 2024. Please respond by **April 10, 2024.**

Thank you,
Budget, Finance, and Economic Development (BFED) Committee

Council Chair
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April 6, 2024

Mr. Douglas Bigley, Director & President
Ikaika Ohana
555 Kaiwahine Street
Kihei, Hawaii 96753

Via E-mail: dbigley@ikaikaohana.org

Dear Mr. Bigley:

SUBJECT: FISCAL YEAR (“FY”) 2025 BUDGET (BFED-1)

Thank you for your testimony relating to your funding request for the rebuilding of Kaiāulu o Kupuohi apartments in Lahaina.

To enable the Committee to better consider your request, may I please ask you provide the following:

1. The original project cost. **\$64,614,000**
2. A cost breakdown for the rebuild. **See the Attached**
3. A timeline for the rebuild. **See the Attached**
4. The amount of insurance coverage Ikaika Ohana had for the project and the amount of insurance money received after the wildfires. **It is a calculation, not an amount, that occurs at the time of the loss using actual building costs at the time of completion. This amount is then adjusted down by items that may have survived the event and increased by certain soft costs and trended pursuant to an industry standard to arrive at the *replacement cost*. State, local and federal government agencies throughout the U.S. and Canada hold Marshall & Swift costs and methodologies as the standard for calculating the cost approach and that is one standard that was applied here. It is an imperfect standard because among other things it uses the actual building costs at the time of completion when the construction cost was locked in much earlier, in our case about 30 months. No trending is applied**

during that period. Furthermore, the trend post completion is set by an industry standard and often does not reflect the actual trend occurring in the submarket. In the Maui submarket the actual trend exceeded the allowable trend by double digits. Regardless of the imperfections the standard is widely recognized and used none-the-less. You do not go out and buy insurance at a “set amount” as some may believe.

Based upon this methodology we believe the insurance should be approximately \$44 million. We have collected approximately \$40.375 million and believe we will likely settle around \$42.5 million which is what is reflected in our numbers.

5. All sources of funding Ikaika Ohana currently has secured for the rebuild, including the amount of funding from each source. **See the attached.**
6. A description of the remaining sections of the building, if any, that are structurally sound and those that will be rebuilt upon, including water and sewer lines. **See the Attached**

**KAIĀULU O KUPUOHI APARTMENTS-89 UNITS
LAHAINA, MAUI, HAWAII
ORIGINAL AND REDEVELOPMENT COST
04/10/24**

1	ARCHITECTURE / ENGINEERING / DESIGN SUPERVISION	1,691,000
2	REMEDICATION / DEMOLITION / CLEAN-UP	5,426,000
3	CONSTRUCTION: VERTICAL AND SITE WORK	55,476,000
4	HARD COST CONTINGENCY	6,090,200
5	ENVIRONMENTAL CONSULTANTS / OVERSITE REMEDIATION / ATTORNEY FEES / FF&E / START-UP	2,477,550
6	DEVELOPERS FEE	3,560,000
7	CONSTRUCTION MANAGEMENT AND INSURANCE	-
8	INTEREST AND CARRY COSTS DURING CONSTRUCTION	1,216,000
9	RETURN OF EQUITY TO INVESTOR DUE TO FIRE LOSS	1,268,250
10	OPERATING RESERVES	2,564,000
	TOTAL COST	80,285,000
SOURCES FUNDS COMMITTED AND UNCOMMITTED AS OF TODAY:		
	INSURANCE	42,500,000
	DEFERRED FEES	1,785,000
	TOTAL COMMITTED SOURCES:	44,285,000

Kaialu O Kupuhoi - 89 Units, Lahaina, Maui, HI

Indicate the approximate dates for the following:

Milestones:	Date
Approval of Zoning Change, Community Plan Amendment, District Boundary Amendment or 201 (H) Variances	Not Applicable
Projected Building Permit Date:	Permits obtained 12/2023
Closing of Construction Financing:	Pending GAP Funds
Construction Start Date:	April 2024
Construction Completion Date:	June 2025
Projected Occupancy Permit Date:	June 2025
Placed in service date:	June 2025
Achievement of initial occupancy for 100% of the units	September 2025



March 26, 2024
UHC
2000 E. Fourth Street, Suite 205
Santa Ana, CA 92705
Attn: Doug Bigley, Tom Fischer, Grant Bigley

Project: KAIAULU O KUPUOHI – EXISTING IMPROVEMENTS

Dear Doug, Tom, and Grant,

As requested, Maryl Group Construction Inc. has performed a study to determine the present-day value of the existing improvements which will be left on the project site after completion of the demolition activities. Following the completion of the demolition and clean-up of the project site, the following improvements will be remaining:

1. Mass and fine graded project site
2. Site retaining walls with associated fencing
3. Site utilities / infrastructure, including water meter, electrical meter and XFMR, below grade drainage structures, site water lines, site fire water lines, site sewer lines, site drain lines, site electrical secondary lines
4. Concrete curbs and asphalt paving
5. Select site sidewalks
6. Building concrete footings, concrete columns, concrete walls, below grade elevator pit walls and slab (with associated waterproofing)
7. Landscape concrete walls and waterproofing
8. Electrical switchgear

After review of the original construction costs and escalation that has occurred from the original construction to this point, we believe the construction value of these improvements to be in the range of \$8,400,000.

Please feel free to contact me at (808) 321-4167, if you have any questions.

Respectfully Submitted,

MARYL GROUP CONSTRUCTION, INC.

A handwritten signature in black ink, appearing to read "Bill Kerkau", is written over the company name.

Bill Kerkau
Chief Estimator

Kaiāulu O Kupuohi Rebuild



March 2024

ikaika 'ohana

BLIEU

Kaiāulu O Kupuohi

Overview

- 89 apartments (1-3 bedrooms)
- 193 bedrooms (app. 475 people)
- 2 acres (5-stories)
- Community center & laundry rooms
- Community gardens
- BBQ area & open spaces
- LEED certification with solar hot water and Energy Star appliances



Wildfire Timeline

- November 2022: Completed construction
- August 2023: Fire occurs
- September 2023: Began rebuilding plans
- December 2023: Received building permits
- February 2024: Site cleaning complete
- February 2024: Received insurance (\$44M+)
- March 2024: Find additional funds (\$36M)
- March 2024: Start construction
- June 2025: Estimated completion



Kupuohi Rebuild Timeline

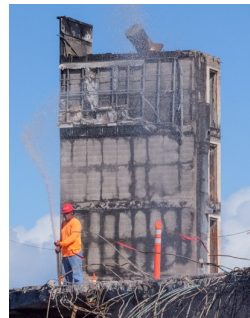
November 2022
(completed)



August 2023
(Lahaina fire)



February 2024
(cleanup)



Beginning of March 2024
(site work)

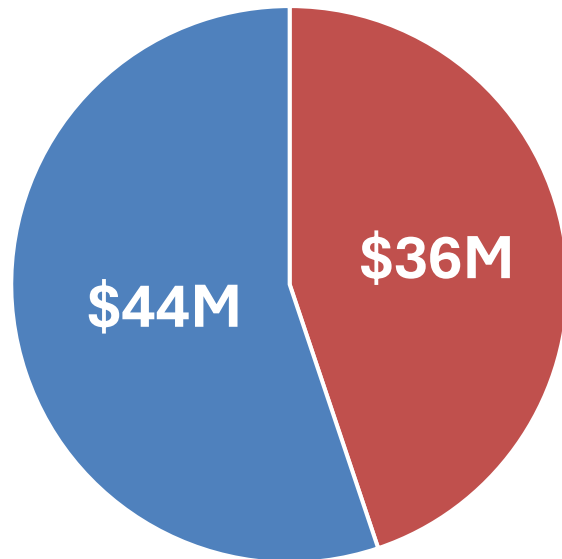


End of March 2024
(projected)



Kaiāulu O Kupuohi Financing

Funding needed:



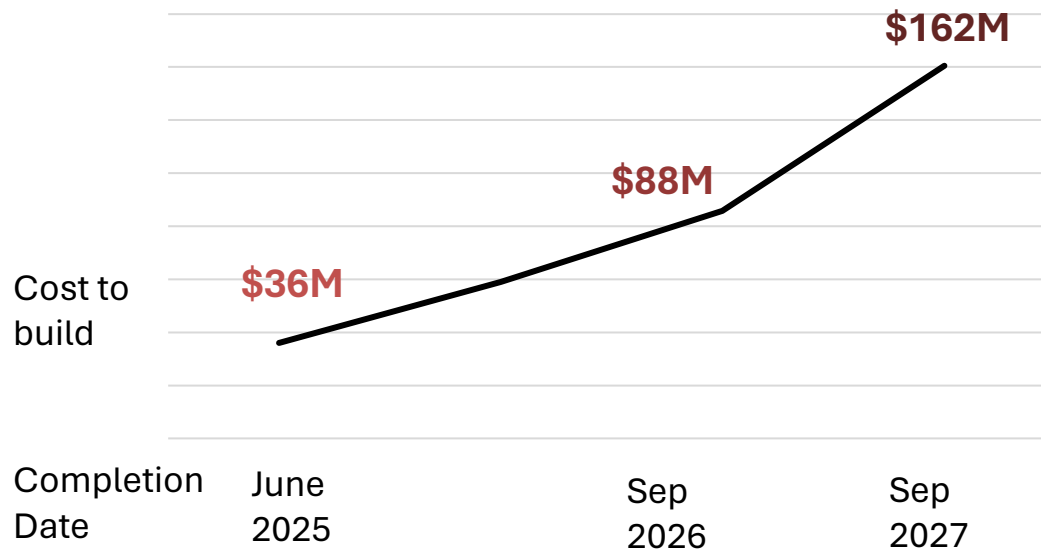
- Funding Needed
- Funding Received

Cost per bedroom:

Funding received: **\$227,979**
Funding needed: **\$186,529**
Total: **\$414,508**

Kaiāulu O Kupuohi Financing

Cost of Delay (to State of Hawaii)



1. Developer has received building permits, construction contract, completed remediation, demolition, and clean-up. Vertical construction can begin by April 1, 2024, with a placed in service date by June 2025.
2. HHFDC has written to the IRS to extend completion date, but there is a delay cost to the state of \$814,350 per month for inflation/cost increases (12% avg per year), and \$2,670,000 per month for short-term housing for displaced tenants for a total of approximately \$3,480,000 per month, or \$41,800,000 annually. *This cost was modeled for 89 households (compared to the \$36,000,000 State investment needed to rebuild Kupuohi apartments).
3. If state selects an alternate site, there will be an additional time delay of 1 year, a loss of insurance proceeds of \$25,367,500 the investor and lender are ready to invest in the new project, and approximately \$7,143,750 of improvement net of clean-up costs not destroyed by the fire for a total of \$32,511,250 which will be returned to the investor and lender, in-lieu of committing these resources to build a project in Lahaina.

Our Companies

BLIEU

Developer

Blieu is a family-owned, mission-driven affordable housing developer with unique financial and development expertise

**ikaika
'ohana**

Co-Developer & Service Coordinator

Ikaika Ohana is our nonprofit dedicated to the development of meaningful communities and strong (ikaika) families (ohana)

THIRTYONE50

Property Manager

Thirtyone50 is our property management company with a vision to help residents thrive in the larger community

Experience

Hawaii projects:

1,000+ affordable, workforce homes between 30-60% area median income (AMI)

2,500+
Homes
in CA & HI

Maui County projects:

Completed:

- Kaiwahine Village (120 units)
- Kaiāulu O Hale‘lea (120 units)
- Kaiāulu O Kupuohi (89 units)

\$1.5 B+
Equity &
Debt Raised

Upcoming:

- Kaiāulu O Kupuohi (89 units)*rebuild
- Kaiāulu o Kūku‘ia (200 units)
- Kaiāulu O Napili (360 units)

\$750 M+
Bond
Financing

Mahalo

Website: <http://www.uhcllc.net> (or <https://www.blieu.com/>)

Nonprofit: <http://www.ikaikaohana.org>

Manager: <https://thirtyone50.com>

LinkedIn: <https://www.linkedin.com/company/blieu-llc>

Featured article: <https://www.affordablehousingnews.com/issues/spring2021/>

BFED Committee

From: Thomas Fischer <tfischer@ikaikaohana.org>
Sent: Thursday, April 11, 2024 2:33 AM
To: BFED Committee
Cc: Douglas R. Bigley; gbigley; Mig Saenz
Subject: FW: MR. BIGLEY, please read the attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1); reply by 4/10/24
Attachments: Correspondence to Douglass Bigley 04-06-2024.docx; Kaialu O Kupohi Development Cost - County of Maui Presentation.xlsx; Kupuohi Construction Timeline Post Lahaina Fire.docx; 2024.03.26 - Existing Kupuohi Improvements Letter.pdf; Rebuilding Kupuohi Apartments_March 2024 Maui County Presentation.pdf

Aloha BFED Committee,

As requested, please see the email below and attachments.

Mahalo

Kindest regards,

Tom Fischer
Cell Tel. No. (614) 205-0002

NOTICE OF CONFIDENTIALITY: The information contained in this communication and any attachments hereto are intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it. This communication may contain confidential or legally privileged information. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify the sender immediately and then delete this communication and any attachments.

From: Douglas R. Bigley <dbigley@ikaikaohana.org>
Date: Thursday, April 11, 2024 at 7:47 AM
To: Thomas Fischer <tfischer@ikaikaohana.org>
Cc: Mig Saenz <msaenz2020@gmail.com>, gbigley <gbigley@uhcllc.net>
Subject: Re: MR. BIGLEY, please read the attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1); reply by 4/10/24

Tom

Pursuant to your request I have responded to the letter from BFED with the following:

1. The first attachment is a copy of the original letter with comments and references to the attachments used for support.
2. A breakdown of the construction costs. The investor has completed a cost review.
3. The construction timeline.
4. The infrastructure that survived the fire with an estimate of value.
5. The presentation previously provided to the council members to have everything in one place.

Please forward on with any additional comments you may have.

Thanks

With Kindest Regards,
Douglas

From: BFED Committee <BFED.Committee@mauicounty.us>

Date: Saturday, April 6, 2024 at 11:26 AM

To: Douglas R. Bigley <dbigley@ikaikaohana.org>

Cc: BFED Committee <BFED.Committee@mauicounty.us>

Subject: MR. BIGLEY, please read the attached letter re: FISCAL YEAR (“FY”) 2025 BUDGET (BFED 1);
reply by 4/10/24

Mr. Bigley: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated April 6, 2024. Please respond by **April 10, 2024.**

Thank you,
Budget, Finance, and Economic Development (BFED) Committee