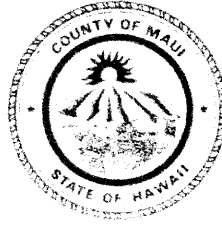


MICHAEL P. VICTORINO
Mayor

LORI TSUHAKO
Director

LINDA R. MUNSELL
Deputy Director



RECEIVED

2019 SEP 26 AM 11:24

OFFICE OF THE MAYOR

DEPARTMENT OF HOUSING
& HUMAN CONCERNS
COUNTY OF MAUI
2200 MAIN STREET, SUITE 546
WAILUKU, MAUI, HAWAII 96793
PHONE: (808) 270-7805

September 25, 2019

COUNTY OF MAUI

2019 SEP 27 AM 9:42

RECEIVED

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Keani Rawlins-Fernandez, Chair
Economic Development and Budget Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 9/26/19
M. Date

Dear Chair Rawlins-Fernandez:

**SUBJECT: KAI AULU O KUPUOHI APARTMENTS PROJECT IN WEST MAUI
(FORMERLY KNOWN AS KAI MAUKA IKE NUI) (EDB-47)**

Thank you for your correspondence of September 16, 2019 requesting information related to the history of the subject project. The questions posed in your letter are listed below in bold and are followed by the Department's responses.

- 1. The previous owner of the property had a residential workforce housing agreement with the County of Maui, which was recorded with the Board of Conveyances in 2015. What is the status of the agreement? How does the agreement relate to the current project?**

The current owners, listed in public records as Lahaina Ventures Development LLC, OPD Hawaii Investments LLC, and WMH LLC, of the subject property have not entered into a residential workforce housing agreement (RWHA) with the County of Maui. The Developer (Ikaika Ohana) contacted these sellers and confirmed no agreement was ever drafted or executed. Ikaika Ohana will enter into a RWHA once they close on the purchase.

2. The Kaiaulu Project was originally set to satisfy the affordable housing requirement for another market price project called Waialele Ridge. What is the status of the Waialele Ridge Project?

Kaiaulu O Kupuohi Apartments is not the project that satisfied the affordable housing requirement for the Waialele Ridge project. Aina Lani Pacific LLC's Kaiaulu project in Kaanapali (TMK: (2)4-4-6-56) is the project that transferred credits to satisfy the Waialele requirements.

The Developer of the Waialele Ridge project (Bach Corporation) does not have a time table on when the project will complete construction.

3. How can the Council work with the Department to ensure County fees collected for the Kaiaulu Project are applied to traffic mitigation in the area?

It is DHHC's recommendation that the fees collected from the developer to mitigate traffic in the area be placed in a reserve account. It is recommended that the Department of Public Works review and analyze how the funds are best utilized to reduce the traffic impacts the project has on the surrounding area.

4. Each project supported by the Affordable Housing Fund "shall demonstrate that the subject project directly advances the objective of providing affordable housing in perpetuity."

a. What language can be added to the housing agreement or within the deed restrictions for the Kaiaulu Project to safeguard its future tenants from experiencing what the tenants at the Front Street Apartments did and to ensure appropriate use of the Affordable Housing fund for this project?

b. For example, could language be inserted to require that, after the current affordability terms expire (set at 60 percent and below area median income), the owner will continue to rent the affordable units to qualified individuals earning 100 percent and below the area median income, as set by the United States Department of Housing and Urban Development, or the County will be provided the opportunity to purchase the project before the owner may increase rents?

The Affordable Housing fund does not require affordability in perpetuity. However, longer affordability periods are encouraged (the longer the affordability period, the higher the project is scored when reviewed). The terms of affordability are outlined in Chapter 3.35.050. At a minimum, MCC 3.35.050 states a project must follow Chapter 2.96 MCC (per 2.96, rental projects must remain affordable for 30 years).

The developer is willing to place a 60 year deed restriction on the property – to mirror the low income housing tax credit requirements. The Department feels that 60 years is satisfactory.

Honorable Keani Rawlins-Fernandez, Chair
Economic Development and Budget Committee
September 25, 2019
Page 3 of 3

With regards to the issues that Front Street Apartments are currently facing, HHFDC has closed the loophole that allows the developer to "opt out" of the affordability restrictions. The project will remain affordable for 60 years.

Thank you for the opportunity to provide this information. Should you have any questions or require additional information, please feel free to contact me at Ext. 7805.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Tsuhako". The signature is fluid and cursive, with the first name "Lori" being more prominent.

LORI TSUHAKO, LSW, ACSW
Director of Housing and Human Concerns

xc: Housing Division
Michele Yoshimura, Budget Director