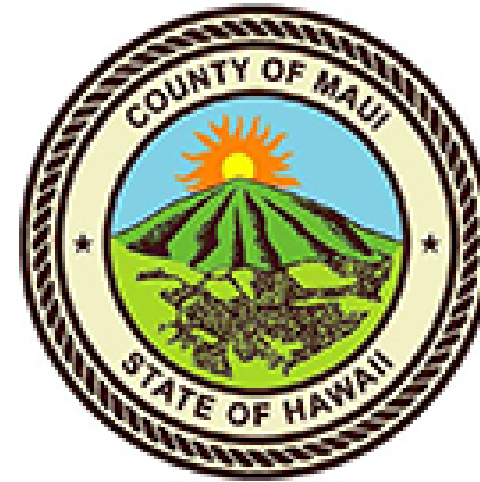




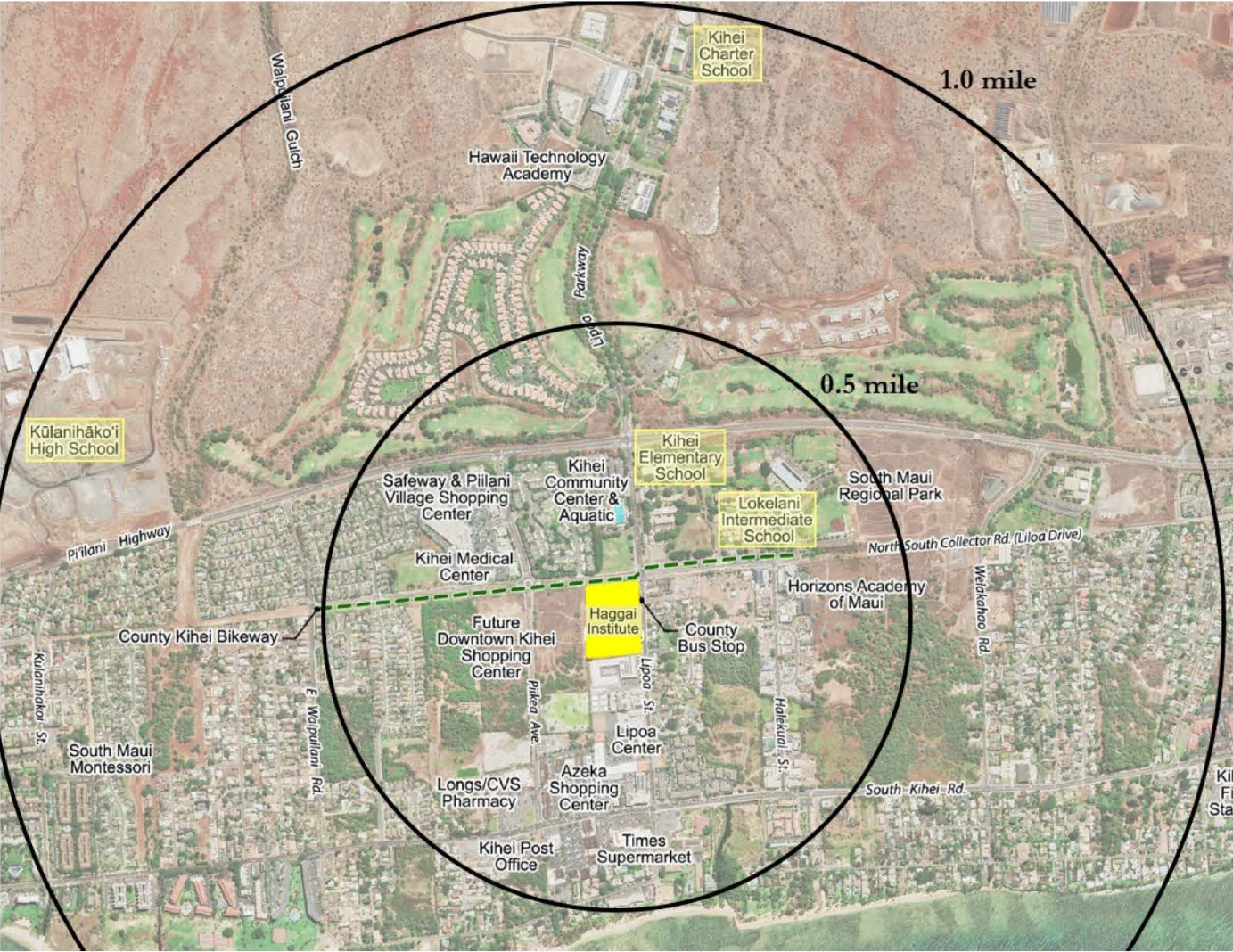
Teacher and Workforce Housing Development Project
175 E. Lipoa Street, Kihei, Maui

Maui County Council
Budget, Finance, and Economic Development Committee
March 5, 2024

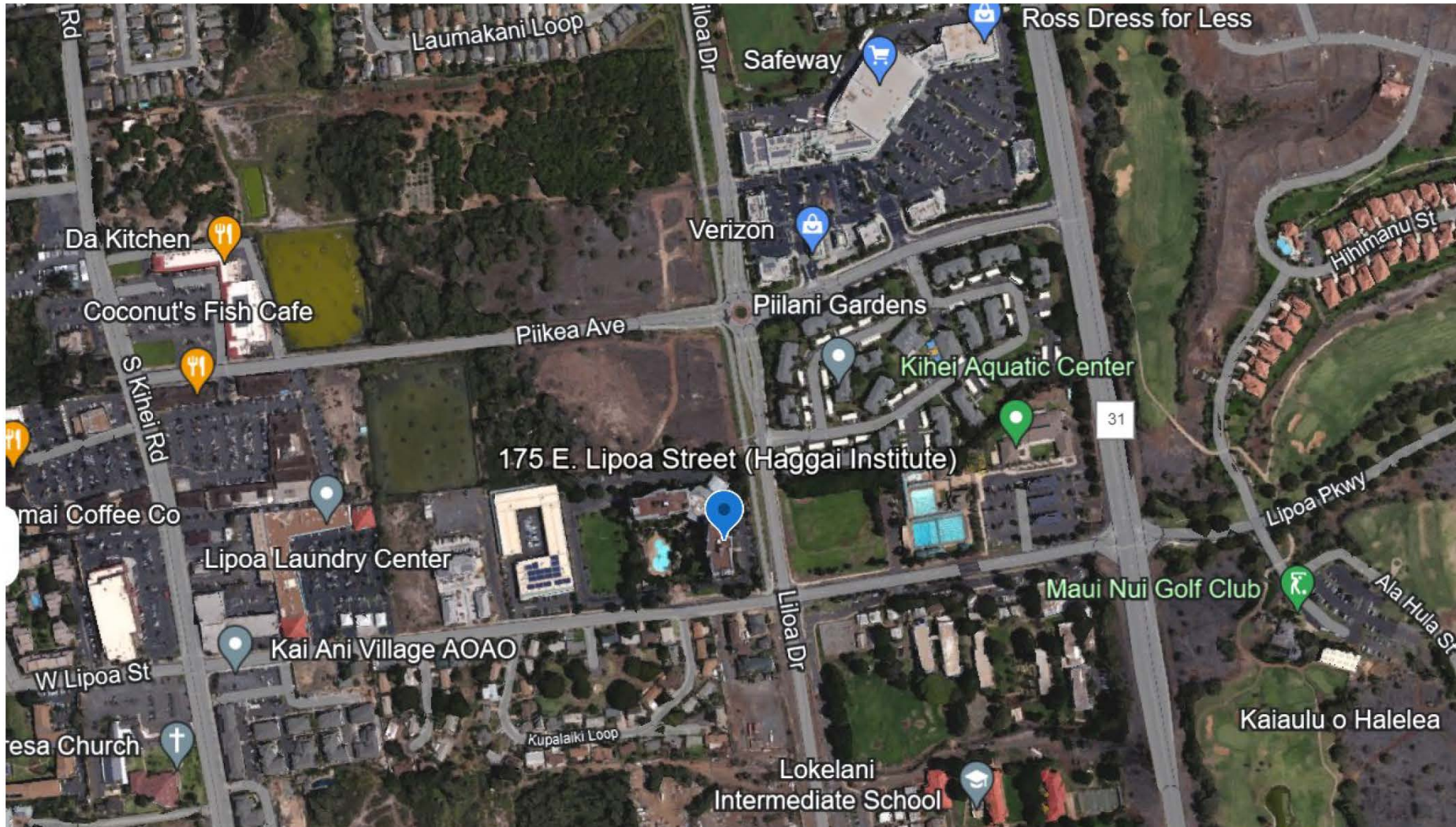
I. Property Overview



Regional Context Map



Property Location Map



Property Summary

- Constructed in 1989 as the Maui Sun Hotel
- Acquired by the Haggai Institute in the mid-1990s and converted into a religious and missionary training facility
- Indoor Facilities
 - Guest rooms (175), commercial kitchen, fitness center, library, guest laundry rooms, 120-seat auditorium, and various meeting rooms and offices
- Outdoor Facilities
 - Swimming pool, koi pond, and soccer fields

Existing Unit Mix

Unit Type	No. of Units	Avg. Size (s.f.)
Standard Room	148	366
One-Bedroom (converted)	21	833
Two-Bedroom (converted)	4	1,341
Three-Bedroom (converted)	2	1,730
Total/Weighted Avg.	175	460

- The typical unit is configured and furnished as a standard hotel room, with about two-thirds of the units lacking kitchen equipment
 - The current owner converted some hotel rooms into 27 apartment-style units by combining two or more rooms. Nearly all these units have kitchens or kitchenettes.
- Nearly all units have a large lanai

II. Project Background



Original Project Plan

- Hawaii Housing Finance and Development Corporation (HHFDC) to acquire the fee-simple interest in the Property
- Simultaneously with the acquisition, HHFDC to enter into a long-term ground lease with the County of Maui
 - The County would directly own and operate the project and renovate the building in phases for permanent housing, public prekindergarten, and other community uses

State and County Legislative Appropriations

- In 2023, the State Legislature appropriated \$45 million in Capital Improvement Project funds to HHFDC
 - For costs relating to repurposing the Property for public prekindergarten classrooms, dedicated teacher housing and affordable workforce housing
- For Fiscal Year 2024, the County of Maui budgeted \$7.5 million in anticipation of the Property acquisition
 - \$2 million in countywide funds for operations and maintenance
 - \$5.5 million in affordable housing funds for renovations

Project Timeline to Date

- June 2023
 - HHFDC and the County began acquisition due diligence activities
- August 2023
 - Maui Wildfires Disaster
- September 2023
 - HHFDC determined that it should proceed with the acquisition
- November 2023
 - HHFDC Board of Directors approved the acquisition, but at a reduced purchase price that was not accepted by the seller

Project Timeline to Date (cont.)

- December 2023
 - HHFDC and the County revised plans for the project
- February 2024
 - HHFDC Board of Directors approved the revised Property acquisition terms and conditions, which include entering into long-term agreements with the County

III. Memorandum of Agreement



Key Components of Memorandum of Agreement

- Property Acquisition
 - HHFDC to acquire the fee-simple interest in the Property
- Ground Lease; Regulatory Agreement and Declaration of Restrictive Covenants (Regulatory Agreement)
 - HHFDC and the County to enter into a long-term ground lease and regulatory agreement on or before the Property acquisition date
- Request for Proposals
 - The County is to seek a developer to enter into a sublease for the Property and undertake its conversion into permanent housing and public prekindergarten classroom uses

IV. Ground Lease



Commencement Date, Term, and Rent

- Ground lease to be executed prior to closing
 - Lease commences in May 2025
- Term of 75 years
- Annual rent of \$1.00

Affordability Requirements

- No fewer than **1/3 of total units** are set aside for households with incomes **$\leq$ 80% of the area median income (AMI)**
- No fewer than **1/3 of total units** are set aside for households with incomes **$\leq$ 100% of the AMI**
- The remaining **1/3 of total units** are set aside for households with incomes **$\leq$ 120% of the AMI**

Dedicated Teacher Housing Requirements

- One-quarter (25%) of total units set aside for Teacher Households
 - Household in which at least one co-tenant is a prekindergarten, primary school, or secondary school teacher employed full-time at a public school or an accredited private school
 - Teacher Set-aside Units can float among the 80%, 100%, and 120% AMI affordability set-asides

Dedicated Teacher Housing Requirements (cont.)

- Vacant Teacher Set-aside Units
 - Units can be rented to non-Teacher Households that meet the affordability requirements if there is a lack of qualified Teacher Household applicants
 - The next available unit must be rented to a Teacher Household until the 25% set-aside is reached

Public Prekindergarten Classroom Requirement

- Existing library and reading room spaces reserved for public prekindergarten programs operated by or in collaboration with the State of Hawaii Department of Education



V. Regulatory Agreement



Regulatory Agreement

- Governs the use and occupancy of the project over the term of the ground lease
 - Affordability and Teacher Housing Requirements
 - Tenant Selection Plan Requirement
 - Tenant Income Verification, Certification, and Recertification Process
 - Annual Reporting to HHFDC
 - Project Rules Requirement

VI. Request for Proposals



Request for Proposals

- The County to publish a Request for Proposals (RFP) seeking a developer to acquire a long-term subleasehold interest in the Property
 - Under the sublease, the developer must convert the building into teacher and workforce housing with prekindergarten classroom space
- To be published within three months of Property acquisition
 - HHFDC to provide technical assistance
 - Committee formed to evaluate developer proposals to include at least one HHFDC representative

Request for Proposals (cont.)

- Developer's acquisition and renovation costs are anticipated to be privately financed
 - Fannie Mae, Freddie Mac, and HUD have multifamily loan programs specifically designed for workforce housing projects
 - HHFDC to provide remaining CIP funds to the developer in the form of a grant
 - If necessary and subject to Council approval, County to provide gap financing to the developer

Projected Request for Proposals Timeline

- June 2024
 - Publication of RFP
- August 2024 to May 2025
 - Evaluation of proposals, award to developer, developer due diligence period, and closing of subleasehold sale to developer
- May 2025 to May 2026
 - Design and permitting
- June 2026 to July 2027
 - Construction

VII. Interim Use of Property



Disaster Response/Recovery Use

- HHFDC will own and operate the Property until ground lease commencement in May 2025
- Paramount Hotels to provide property management services
 - Owner of nearby Maui Coast Hotel
- American Red Cross
 - Disaster response headquarters space
 - Approximately 60 rooms occupied by staff and volunteers
- Available for wildfire survivor lodging

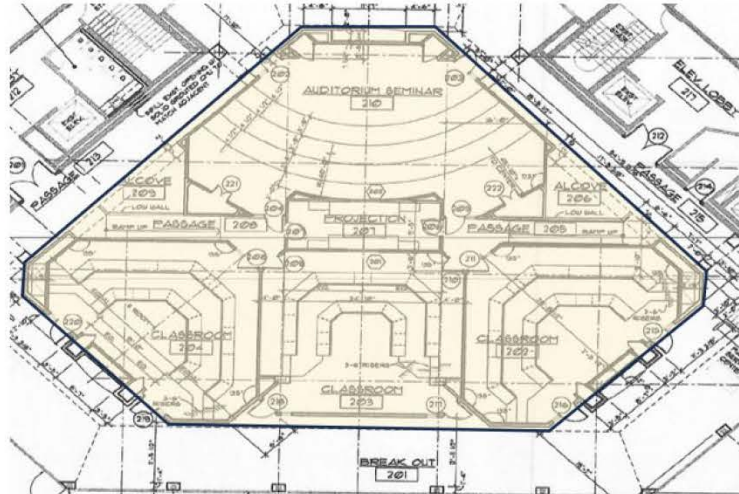
VIII. Property Photographs



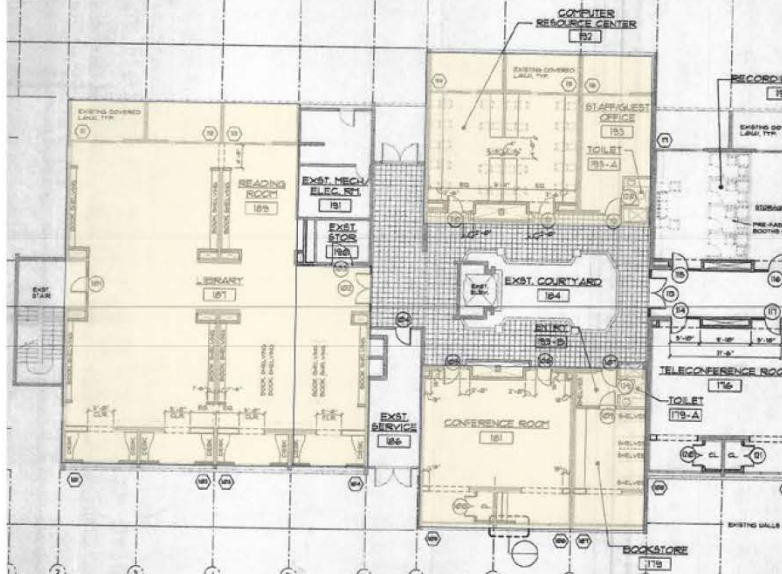
Dining Room



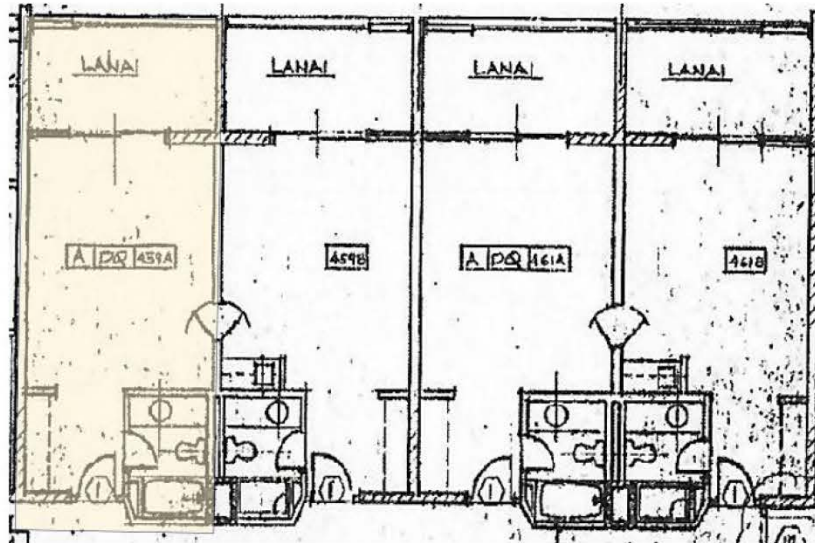
A large, modern conference room with a large U-shaped table, multiple chairs, a whiteboard, and a screen displaying a presentation. The room has a curved ceiling with recessed lighting and a wooden trim along the walls. The table is white with a dark wood border, and the chairs are orange. A whiteboard and a screen are visible in the background.



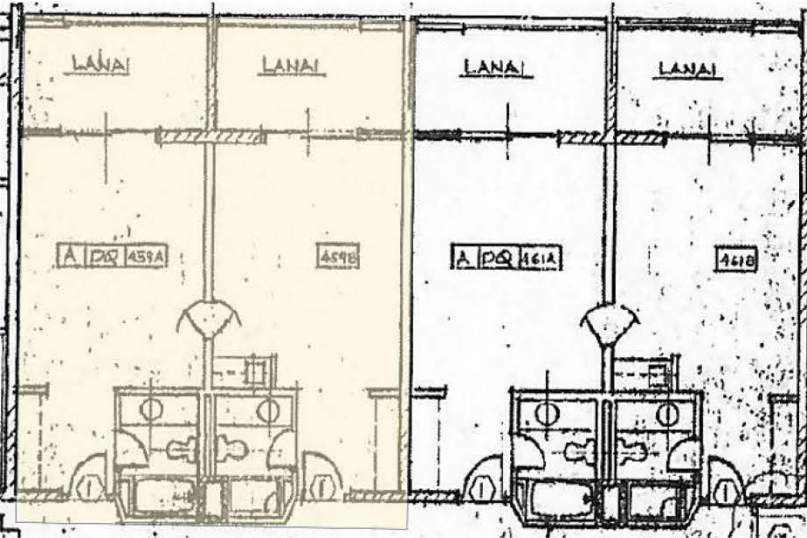
Future Public Prekindergarten Classroom Space

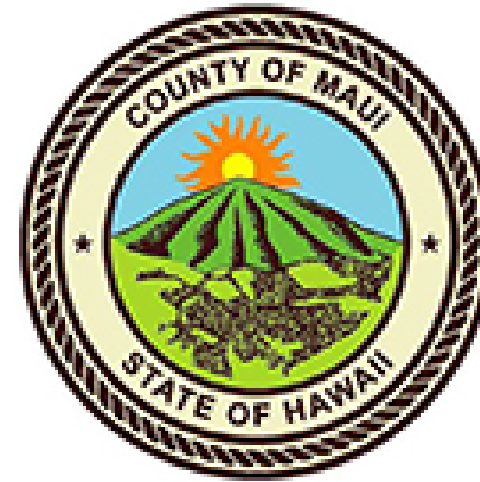


Representative Existing Room (Studio)



Representative Room One-Bedroom Unit





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March 5, 2024

BFED Committee

From: Priya Landgraf <Priya.K.Landgraf@co.maui.hi.us>
Sent: Monday, March 4, 2024 4:08 PM
To: BFED Committee
Cc: Cynthia Lallo; Kristina Toshikiyo; Melody Andrion; mimi.desjardins@co.maui.hi.us
Subject: Fwd: [EXTERNAL] Re: Haggai- updates
Attachments: 175 E. Lipoa Street Presentation to BFED 3-5-24.pdf

You don't often get email from priya.k.landgraf@co.maui.hi.us. [Learn why this is important](#)

Aloha Chair Sugimura and Members,

Please see the attached presentation for tomorrow's (3/5) BFED Committee Meeting regarding 175 E. Lipoa Street.

If you could please confirm receipt of this email and the attached we would greatly appreciate it.

Mahalo,

Priya

Priya Kamomi Ho Landgraf
Executive Assistant | Office of the Mayor
(m) 808.255.2575 | priya.k.landgraf@co.maui.hi.us