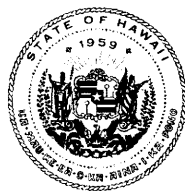


DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY PLEASE REFER TO:

PROC-18-005

June 26, 2018

The Honorable Riki Hokama, Chair
Budget and Finance Committee
County Council
County of Maui
200 S. High Street
Wailuku, Maui, Hawaii 96793

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COUNTY COUNCIL

Dear Chair Hokama:

RE: **Front Street Apartments** (BF-150)
Lahaina, Maui, Hawaii

This is in response to your letter dated June 13, 2018 regarding Front Street Apartments, Lahaina, Maui, and Sections 1 and 2 of S.B. 2293, S.D.2, H.D.3, C.D.1, Relating to Affordable Housing.

In response to your first question. It is our belief that by condemning the ground lease, the Hawaii Housing Finance and Development Corporation (HHFDC) will become the lessee of the ground lease dated January 28, 1999 between 3900 Corp. and Front Street Apartments, as assigned and amended. As the ground lessee, HHFDC may be able to put itself in a position to maintain the affordable rents at Front Street Apartments for the remaining term of the ground lease. Such a result, if attainable, would benefit the tenants of Front Street Apartments.

In response to your second question. Pursuant to Section 4, S.B. 2293, S.D.2, H.D.3, C.D.1, becomes effective on July 1, 2018. However, under Section 2, it is our understanding that no State funds will become available for an appraisal of the ground lease or other preparations for instituting condemnation proceedings until the County of Maui provides its dollar-for-dollar matching funds.

In the meantime, HHFDC intends to work with the Department of the Attorney General to determine the procedures HHFDC will need to follow in order to institute condemnation proceedings and obtain an appraisal of the ground lease. It is our

intention to try to have the appraisal of the ground lease completed prior to the next legislative session, if at all possible.

Please do not hesitate to contact me at (808) 587-0641 or HHFDC Contract Officer Krystal-Lee K. Tabangcura at (808) 587-3179, if we can be of any further assistance to you.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Craig K. Hirai". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Craig K. Hirai
Executive Director

cc: Senator Rosalyn H. Baker
Senator Gilbert Keith-Agaran
Representative Angus L.K. McKelvey
Representative Kyle T. Yamashita
Krystal-Lee K. Tabangcura