

COUNCIL OF THE COUNTY OF MAUI

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

April 4, 2025

**Committee
Report No.** _____

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

Chair and Members:

Your Budget, Finance, and Economic Development Committee, having met on March 11, 2025, makes reference to Bill 33 (2025), entitled “A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, APPENDIX A, PART II, AFFORDABLE HOUSING FUND, KAIAPULU O NAPILI.”

Bill 33’s purpose is to amend the Fiscal Year 2025 Budget by amending Appendix A, Part II, Special Purpose Revenues - Schedule of Revolving/Special Funds for Fiscal Year 2025, Affordable Housing Fund, by: 1) increasing the Estimated Balance as of 6/30/2024 by \$11,892,593 and adjusting the total accordingly; and 2) adding a new condition 11 for up to \$650,000 to be used for a grant to A0746 Lahaina, L.P., for pre-development costs for the Kaiapulu O Napili Affordable Housing Project located at tax map key (2) 4-3-001:096, Nāpili, Maui, Hawai‘i.

By correspondence dated March 3, 2025, the Budget Director said the Kaiapulu O Napili Affordable Housing Project will consist of 120 multifamily rental apartments on 14.99 acres of County-owned land, serving residents earning up to 60 percent of the Area Median Income. The \$650,000 grant will be used for pre-development costs, including traffic and cultural impact analyses, environmental assessments, and permitting.

Your Committee notes that the 14.99-acre property was purchased with Open Space, Natural Resources, Cultural Resources, and Scenic Views Preservation Funds. In accordance with Subsection 9-19.1.a. of the Revised Charter of the County of Maui (1983), as amended, Open Space Funds must be used to purchase or otherwise acquire lands or property entitlements for land conservation.

COUNCIL OF THE COUNTY OF MAUI
**BUDGET, FINANCE, AND ECONOMIC
DEVELOPMENT COMMITTEE**

Page 2

**Committee
Report No.** _____

Your Committee further notes that the decision to use the parcel for affordable housing is consistent with the Maui County General Plan 2030, issued in March 2010, which emphasizes the strategic use of County-owned lands to address the need for affordable housing for local residents.

Although the parcel was originally acquired for open space, repurposing a portion of the site for affordable housing reflects the Plan's broader recommendation that the County take an active role in helping to meet the community's documented housing needs.

Your Committee notes that correspondence received from a Deputy Corporation Counsel made reference that the Affordable Housing Fund could be used to cover the project's proposed pre-development costs "so long as the appropriation meets the use requirements in Chapter 3.35, Maui County Code" and is "contingent upon reimbursement of the Open Space Fund" for "all or the portion of the parcel used inconsistently with the requirements of Charter subsection 9-19.1.a."

Your Committee expressed concern over the Department of Water Supply's inability to confirm water availability for the parcel. Your Committee acknowledged that without a confirmed allocation, the project could face significant delays or require alternative water solutions.

Your Committee also expressed concern about unspent Affordable Housing Fund appropriations from FY 2024 and stressed the need for timely expenditures to prevent lapses.

Your Committee recognized the County's severe housing shortage, particularly in West Maui after the August 2023 Maui Wildfires, and supported Bill 33.

Your Committee voted 8-0 to recommend passage of Bill 33 (2025), on first reading. Committee Chair Sugimura, Vice-Chair Kama, and members Cook, Johnson, Lee, Paltin, Sinenci, and U'u-Hodgins voted "aye." Committee member Rawlins-Fernandez was excused.

COUNCIL OF THE COUNTY OF MAUI

BUDGET, FINANCE, AND ECONOMIC DEVELOPMENT COMMITTEE

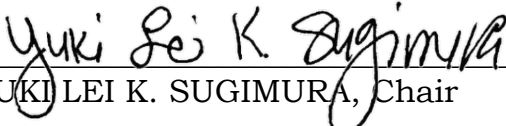
Page 3

**Committee
Report No.** _____

Your Committee is in receipt of Bill 33, CD1 (2025), approved as to form and legality by the Department of the Corporation Counsel, incorporating nonsubstantive revisions, including adjustments to reflect the expected passage of other pending legislation.

Your Budget, Finance, and Economic Development Committee RECOMMENDS that Bill 33, CD1 (2025), attached, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, APPENDIX A, PART II, AFFORDABLE HOUSING FUND, KAIAULU O NAPILI," be PASSED ON FIRST READING and be ORDERED TO PRINT.

This report is submitted in accordance with Rule 3 of the Rules of the Council.



YUKI LEI K. SUGIMURA, Chair

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ORDINANCE NO. _____

BILL NO. 33, CD1 (2025)

A BILL FOR AN ORDINANCE AMENDING
THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI,
APPENDIX A, PART II, AFFORDABLE HOUSING FUND,
KAIAULU O NAPILI

BE IT ORDAINED BY THE PEOPLE OF THE COUNTY OF MAUI:

SECTION 1. Ordinance No. 5657, Bill No. 60, CD1, FD2 (2024), as amended "Fiscal Year 2025 Budget", Appendix A, Part II, Special Purpose Revenues – Schedule of Revolving/Special Funds for Fiscal Year 2025, Affordable Housing Fund, is amended to add conditional language appropriating \$650,000 for a grant to A0746 Lahaina, L.P. for pre-development costs for the Kaiaulu O Napili Affordable Housing Project located at TMK (2)4-3-001:096, Nāpili, Maui, Hawai'i, to read as follows:

	<u>"ESTIMATED BALANCE AS OF 6/30/2024</u>	<u>ANTICIPATED REVENUES FOR FY 2025</u>	<u>TOTAL FOR FY 2025</u>
L. Affordable Housing Fund (Section 9-20, Revised Charter of the County of Maui (1983), as amended; Chapter 3.35, Maui County Code) (1) Up to \$70,000 must be for administrative expenses. (2) Up to \$1,500,000 must be for a grant to Lahaina Community Land Trust for the acquisition of property in Lahaina, Maui, Hawai'i. (3) Up to \$3,000,000 must be for a grant to Homestead Community Development Corporation (HCDC) for the Permanently Affordable Rental Unit Strategy (PARUS). All homes acquired for PARUS must be in West Maui for those displaced by the wildfires. (4) Up to \$3,500,000 must be for affordable housing projects within the Lahaina Wildfire Disaster Area, of which up to \$500,000 may be for Lahaina Community Land Trust for administrative costs for the program. Funds may be disbursed for grants of up to \$300,000 per household	26,659,683	61,402,910	88,062,593"

earning 140% and below of Area Median Income (AMI). Funds are for gap financing if there is a gap between what the applicant's homeowner insurance will cover for the rebuild of their owner-occupied home up to the home's original square footage in exchange for a 60-year affordable deed restriction. Preference would be based on length of residency within the West Maui Community Plan Area to the extent permitted by law.

- (5) Up to \$15,000,000 must be for a new grant to MOV Construction LLC and assigns for the Pulelehua project at TMKs: (2) 4-3-001:082 and 083 located on Akahahele Street in Lahaina, Maui, Hawai'i.
 - (i) The project must obtain a Certificate of Occupancy for its first building within 30 months after the execution of the grant agreement with the County and issuance of all required permits needed to proceed with development. The first Certificate must be issued by June 2027. A one-year extension must be issued if permits are not issued for civil and vertical construction by December 31, 2024.
 - (ii) The Council finds that, for soonest vertical construction to commence on the 240 affordable rental units, the project would require the issuance of a Will Serve letter by the Department of Water Supply for temporary access to 75,000 gallons per day of water for up to five years while the Commission on Water Resource Management completes its review of the project's new use permit for the two privately owned wells at Pulelehua.
 - (iii) The project developers must pay prevailing wages.
 - (iv) The previously executed Workforce Housing agreement

for Pulelehua must be amended to reflect the following details: all 240 units in Phase I must be built for rental purposes only and will be divided in equal parts within the following AMI categories: 80 units within 80–100 percent AMI, 80 units within 101–120 percent AMI, 80 units within 121–140 percent AMI. If Low-Income Housing Tax Credit (LIHTC) funding is approved for the project, the aforementioned AMI categories will be adjusted to reflect the requirements of LIHTC funding for 40 units out of the 80–100 percent AMI category, as well as to redistribute and increase the number of units within the 80–120 percent AMI categories as much as possible without risking the financial feasibility of the project.

- (v) If the original grant agreement is terminated, the budget must be amended so the amount disencumbered is allocated to increase the funding for this project by the same amount.

- (6) Up to \$36,000,000 must be for a loan to Ikaika Ohana for the Kaiāulu o Kupuohi project consisting of 89 units located at 258 Kupuohi Street in Lahaina, Maui, Hawai'i.

- (7) Up to \$3,100,000 must be for the acquisition of 258 Kupuohi Street in Lahaina, Maui, Hawai'i subject to a lease agreement with Ikaika Ohana.

- (8) Up to \$7,000,000 must be for a loan to Aikanaha Partners LP for the Aikanaha Project Phase I. The Aikanaha Project Phase I will include 11 units at or below 30 percent of the AMI, 11 units at or below 50 percent of the AMI, 83 units at or below 60 percent of the AMI, and one unit for an onsite manager. The affordability period is a minimum of 62 years. TMK (2) 3-6-002:003

(por.) located on 5.3 acres in Waikapu Country Town east of the Honoapi'ilani Highway, Wailuku, Maui, Hawai'i.

(9) Up to \$7,000,000 must be for a loan to Aikanaha Partners LP for the Aikanaha Project Phase II. The Aikanaha Project Phase II will include 11 units at or below 30 percent of the AMI, 11 units at or below 50 percent of the AMI, 83 units at or below 60 percent of the AMI, and one unit for an onsite manager. The affordability period is a minimum of 62 years. TMK (2) 3-6-002:003 (por.) located on 4.6 acres in Waikapu Country Town east of the Honoapi'ilani Highway, Wailuku, Maui, Hawai'i.

(10) All remaining funds in the Affordable Housing Fund must be used for affordable housing projects in West Maui, north of Puamana.

(11) Up to \$250,000 must be for a grant to A0703 West Maui, L.P. for off-site sewer main extension and road improvements for the Kaiaulu O Kukuia Affordable Housing Project in Lahaina, Maui, Hawai'i.

(12) Up to \$650,000 must be for a grant to A0746 Lahaina, L.P. for pre-development costs for the Kaiaulu O Napili Affordable Housing Project located at TMK (2)4-3-001:096, Nāpili, Maui, Hawai'i.

SECTION 2. Material to be repealed is bracketed. New material is underscored.

SECTION 3. This Ordinance takes effect on approval.

APPROVED AS TO FORM AND LEGALITY:



KRISTINA C. TOSHIKIYO
Deputy Corporation Counsel