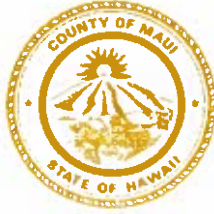


**RICHARD T. BISSEN, JR.**  
Mayor

**RICHARD E. MITCHELL, ESQ.**  
Director

**SAUMALU MATA' AFA**  
Deputy Director



**DEPARTMENT OF HOUSING**  
COUNTY OF MAUI  
2065 MAIN STREET, SUITE 108  
WAILUKU, MAUI, HAWAII 96793  
PHONE: (808) 270-7351  
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March 12, 2026

Honorable Richard T. Bissen, Jr.  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawai'i 96793

**APPROVED FOR TRANSMITTAL**

*Richard Bissen* 3.18.26  
Mayor Date

For Transmittal to:

Yuki lei K. Sugimura, Chair  
Budget, Finance, and Economic Development Committee (BFED)  
200 South High Street  
Wailuku, Hawai'i 96793

Dear Chair Sugimura:

**SUBJECT: DISCUSSION ON BILL 34 (2026), AMENDING FISCAL YEAR 2026 BUDGET: AFFORDABLE HOUSING FUND REPAYMENT TO KAMALANI VENTURES LLC (BFED-20(26))**

The Department of Housing (Department) is in receipt of the Budget, Finance, and Economic Development Committee's (BFED) letter sent on Friday, February 27, 2026, at 4:21 p.m., which requested responses to four questions by Monday, March 2.

At the BFED meeting on March 3, Council members articulated several concerns about Bill 34 (2026), the budget amendment ordinance relating to Alexander & Baldwin's (A&B) overpayment on behalf of Kamalani Ventures LLC. As a result, by letter dated March 3, addressed to Council Chair Lee, the Department requested that Bill 34 be canceled from the Council's March 6 meeting agenda so the Department could investigate the concerns expressed prior to second reading of the bill.

The Department is also in receipt of the BFED letter sent on Thursday, March 5, 2026, at 4:50 p.m., which requested responses to six questions by Thursday, March 12, 2026.

The questions contained in both BFED letters and the Department's responses follow. In addition, the Department has endeavored to provide additional relevant information on related issues in this letter. As the Department did not exist when the Kamalani project was completed in 2019, its current leadership team lacks direct knowledge of how the project progressed. Accordingly, the Department has requested that a Kamalani project representative be present at the next BFED Committee or Council where the budget amendment may be considered to address the project's history.

Thank you for the opportunity to look deeper into the Kamalani project, and for your continued support and collaboration in achieving the Department's mission.

**1. What is the formula used to calculate original payment?**

"Any units that remain unsold may be offered at market rate without deed restrictions. Upon the sale of the unit, the County shall receive fifty percent of the difference between the original sales price of the unit and the actual market rate sales price, for deposit into the affordable housing fund. In this event, the developer shall still be deemed to have satisfied the requirement for producing a residential workforce housing unit." Section 2.96.90(D)(4)(d), Maui County Code (MCC).

**2. What calculation or interpretation changed between the original payment and the current reconciliation?**

As noted by the Department during the BFED Committee meeting on March 3, A&B calculated the payment amount required under Section 2.96.90(D)(4)(d), MCC, by subtracting the thirty Residential Workforce Housing Units (RWHU) sold from the 170 built, instead of the 115 that were the minimum requirement under the project's residential workforce housing agreement.

**3. What is the impact to the Affordable Housing Fund? Would this repayment reduce program uses in Fiscal Year 2026 or require internal cash management to avoid disrupting other funded items?**

As noted by the Department during the BFED Committee meeting on March 3, the Department does not anticipate a negative impact to the

Affordable Housing Fund, a reduction in Department programs reliant on the Affordable Housing Fund for Fiscal Year 2026, or other internal disruptions.

**4. What internal control changes are now in place so that a similar calculation error does not occur?**

The Department's current leadership cannot speak to the administrative practices of the former Department of Housing and Human Concerns' (DHHC) in approximately 2019. Neither the Department nor its current leadership were not in place at that time.

Following the Department's inception on July 1, 2024, and while the Department was in its early reorganization phases, several issues relating to DHHC issues were given to the Department's leadership team to resolve. The A&B overpayment was one of those issues.

The process for calculating the amount a developer may owe to the County was and is determined under Section 2.96.90(D)(4)(d), MCC. Department staff must determine the number of RWHUs sold at market rate and at what price. This requires reviewing the applicable residential workforce housing agreement, the developer's project sales records, cross-checking those records with data on the County's Real Property Assessment Division's website (qPublic), and then calculating 50 percent of the difference between the workforce housing sales price and the actual market rate sales price.

The 2019 A&B overpayment appears to be an anomaly, as the Department is unaware of other overpayments or underpayments under Section 2.96.90(D)(4)(d), MCC, prior to July 1, 2024. Since the Department's inception, the Department has not sought or otherwise received payments required under Section 2.96.90(D)(4)(d), MCC.

**5. Provide the project's residential workforce housing agreement and all documents that set or modify the applicable conditions. Include the required unit count, payment obligation, and the basis for the \$234,050 repayment calculation.**

Please see the attached Kamalani project's residential workforce housing agreements recorded respectively on June 26, 2015 (Doc. No. A-56550796) (Attachment 1), and July 12, 2017 (Doc. No. A-64020683) (Attachment 2).

Regarding the second sentence of the above question (e.g., "payment obligation, and the...\$234,050 repayment calculation"), please see the Department's response below to the seventh question.

- 6. Provide copies of the communications that triggered the refund request, including the sender, recipient, date, and subject of each communication. Also provide the Department's internal timeline that shows how the issue was identified, reviewed, and validated, including key dates and decision points.**

As noted above in response to the fourth question, A&B's overpayment was brought to the Department's attention after its inception, on December 30, 2024. The Department received an email from A&B's legal counsel (Attachment 3).

#### **A&B / Kamalani Project Timeline**

**06/17/21** Former DHHC Director, Lori Tsuhako, wrote to A&B's legal counsel, Rick Kiefer of Cades Schutte, about the Kamalani project not meeting the RWHU requirement with only 30 of 115 required RWHUs sold (Attachment 4). In that letter, former DHHC Director Tshuhako wrote: "Despite the efforts made, however, only thirty (3) units were successfully sold as workforce units, far below the one hundred fifteen (115) minimum requirement....Without delivering the minimum number of workforce units, there are no excess workforce units sold that would entitle the developer to receive credits."

**07/22/21** Mr. Kiefer wrote to Deputy Corporation Counsel (DCC) Mimi Desjardins inquiring on whether Chapter 2.96, MCC, allowed housing credits to be issued.

**07/23/21** DCC Desjardins advised Mr. Keifer that the County's position on housing credits remained the same (i.e., no credits for unsold RWHUs), acknowledged A&B's apparent overpayment to the County, and inquired on whether Mr. Keifer wanted to discuss how to calculate the refund.

#### ***Department Created - 07/01/24***

**07/01/24** Mr. Kiefer asked DCC Desjardins about the developer's refund relating to the A&B overpayment on fifty-five Kamalani project RWHUs.

**07/02/24** DCC Desjardins directed Mr. Kiefer to DCC Kristina Toshikiyo, and asked Messrs. Kiefer and Keola Whittaker for a spreadsheet calculating the overpayment.

**07/02/24** Mr. Kiefer emailed DCC Desjardins with the Kamalani project's sales spreadsheets which also tracked payments made to the County.

**07/03/24** Mr. Whittaker emailed DCC Desjardins – “Attached is a spreadsheet of sales for the Kamalani units. I added up the payments made to the County for the last fifty-five RWHU units and that total is \$235,550.”

***Department Later Corrects Reimbursement Amount  
From \$235,550 to \$235,050***

**07/19/24** Mr. Whittaker emailed DCC Desjardins to follow up on his calculation - “The calculation was pretty simple. I added up the amounts paid to the County for the last fifty-five units by date sold. I had someone else do the same calculation to confirm accuracy.”

**07/22/24** DCC Desjardins responded to Messrs. Kiefer and Whittaker - “This is being handled primarily by Kristina as she is assigned housing developments. I will follow up with her as well. Hope to be able to fit it in this week.”

**11/01/24** Mr. Whittaker to DCC Desjardins – “Since it's been a few months, I thought I'd check in to see if there's anything more we need to do or provide to get A&B a refund for their overpayments to DHHC. We would also appreciate an update on when A&B can expect to hear back.”

**12/30/24** Mr. Whittaker to DCC Desjardins – “It's been six months since we submitted our request for a refund of A&B's \$235,550 overpayment to the County. We provided spreadsheets showing the overpayment along with an explanation. We also followed up about two months ago. We'd appreciate it if we could wrap up this matter soon, so we don't have to be a nudge about it in 2025.”

***Department First Learns About A&B Issue - 12/30/24***

**12/30/24** DCC Desjardins to Mr. Whittaker - “Can you please forward the spreadsheet again, and include Saumalu Mata'afa, the Deputy Director of Housing? *You might point out to A&B that I asked Mr. Kiefer if he wanted to resolve this issue when I emailed him on July 23, 2021. Unless I am missing an email, I didn't hear back from anyone at Cades Shutte until your email of July 1, 2024, almost 3 years later.* We will do our best to work with the Department of Housing as expeditiously as possible to verify the information in your

spreadsheet, but there is no guarantee we can do so within A&B's desired timeframe."

**12/30/24** Mr. Whittaker to DCC Desjardins - "I've attached the spreadsheet showing the sales of the Kamalani units. To arrive at the \$235,550 number, I added up the amounts in the "Due to County" column for the last 55 affordable units, starting in 2019 (\$180,500 for 42 units) and the 2nd half of 2018, going backwards chronologically based on the dates in the 'Date Closed' column for the last 13 affordable sales that generated an amount due to the County in 2018" (Attachment 3).

**02/27/25** Mr. Whittaker to Deputy Director Saumalu Mata'afa - "Since it's been a couple of months, I thought I would check in to see if you had any questions. I also took the liberty of highlighting the payments made in late 2018 on the attached spreadsheet for you that we used to calculate the amount our client is owed."

**02/28/25** Deputy Mata'afa to Department Director - "Please see the attached email from Mr. Whittaker. I was copied on the email a couple months ago and wanted to see if we could meet with him to discuss his request to recuperate an overpayment to the County." A meeting to discuss the overpayment was scheduled for March 17.

**03/17/25** Mr. Whittaker- requested that the meeting be rescheduled. He wrote the following to the Department: "I had a client emergency come up this morning that will require my attention at 10am."

**05/22/25** Mr. Whittaker to Department Director and Deputy Mata'afa - "Now that the County's budget process has concluded, I'm following up regarding the \$235,550 owed to our client in connection with the workforce housing units for which A&B did not receive credits. Our last discussion was on April 8, at which time we understood there would be further follow-up after budget season. We would appreciate an update on the status of this matter. If there is any additional information needed from our side to move this forward, please let us know."

**07/23/25** Mr. Whittaker to Department Director and Deputy Mata'afa - "I am writing to follow up on this request again. I think we're all in agreement that A&B is owed the amount it overpaid. Is there anything we can do to get this processed? We made this request more than a year ago. I know it hasn't been with you quite that long, but if there's anything we can do to assist in moving this forward, please let us know."

**08/06/25** Mr. Whittaker to Department County Housing Programs Division Administrator, Cassi Yamashita – “Hi Cassi, I am writing to follow up on this request. It’s been more than a year since we first made it. Is it just an administrative issue at this point, or do you need more information from me? Would it be possible to process the payment this month? Thanks.”

**08/06/25** Ms. Yamashita to Mr. Whittaker – “Aloha Keola. I am working with Corporation Council to see how we can process this. I will provide updates as soon as I can. I understand this has been an ongoing issue and I am motivated to get this taken care of. Mahalo for your patience.”

**09/30/25** Ms. Yamashita to Mr. Whittaker – “Aloha Keola. I have reached out to Corp. Counsel and was advised you were in communications with them on concerns with this project. I believe there may be some other issues that need attention with the project. I don’t have historical knowledge about the other concerns. I will reach out to them again today.”

***Department Director’s Office Takes On Resolving Issue - 10/25***

**10/14/25** Department Director sent a Request for Legal Services (RFLS) to Department of Corporation Counsel seeking advice on whether Council approval was required for the Department to process a refund for the Kamalani project to A&B, requesting a 10-day reply.

**12/03/25** The Department of Corporation Counsel responded to the Department’s RFLS by email (Attachment 6).

**12/05/25** Mr. Whittaker to Ms. Yamashita – “I’m sorry to be a nudge, but it’s been 4 months since this was transferred back to Corp. Counsel’s office (they had it for the first 6 months), and we still haven’t heard anything. Do you have a contact or name of someone in that office I can reach out to, or do you have any updates? So far everyone has agreed on the facts and the amount, so I am confused as to why this simple request has taken more than a year to process.”

**12/05/25** Ms. Yamashita advised Mr. Whittaker that the Department received a response from Corporation Counsel and that the Department Director would be reaching out to him to discuss the overpayment.

**12/12/25** Department Director’s office emailed Mr. Whittaker to validate the 50 percent reimbursement amount noted in the Kamalani

project sales spreadsheet and the interest rates used in 2017, 2018, and 2019.

**01/28/26** Mr. Whittaker responded to Department Director's office. Department Director spoke with Mr. Whittaker concerning the discrepancy in the overpayment calculation.

**01/30/26** Department Director spoke to and subsequently emailed the Director of the Department of Finance, Marcy Martin, to request information on the exact amounts paid by Kamalani Ventures LLC (via A&B) to the County (Attachment 7).

**02/04/26** The Department of Finance provided the Department Director with evidence of the County's deposit of four payments made by A&B relating to the Kamalani project (Attachment 8).

- Deposit No. – Nov 29 18 000975 – \$187,100.00
- Deposit No. – Jan 17 19 001324 – \$128,240.00
- Deposit No. – Feb 28 19 001651 – \$180,950.00
- Deposit No. – Oct 16 19 000724 – \$180,500.00

***Department Corrects Reimbursement Amount  
From \$235,550 to \$235,050***

**02/04/26** On receipt of evidence of the above-noted deposits with the County relating to the Kamalani project, the Department Director requested the preparation of a budget amendment to reimburse A&B (Attachment 9). The Department's budget amendment request is for \$234,050, which is \$500 less than the amount originally requested by A&B for the overpayment on the Kamalani project.

- 7. Provide the calculation workpapers and source data the Department used to verify sales history and unit status, including the unit counts discussed at the meeting and the method the Department used to confirm those counts.**

As noted in the timeline above, Mr. Whittaker provided the Department with a spreadsheet that itemized all Kamalani project unit sales from 2017 to 2019, summarized payments to DHHC, that showed the developer's calculation of the required payments under Section 2.96.090(D)(4)(d) (Attachment 5).

The Department reviewed the sale prices on qPublic for all Kamalani units listed in the Kamalani project spreadsheet and identified the following discrepancies.

- Unit 903 – Kamalani listed the sale price on its spreadsheet as \$320,000, while qPublic listed it as \$321,500.
- Unit 3704, Kamalani listed the sale price on its spreadsheet as \$377,600, while qPublic listed it as \$379,100.
- Unit 3705, Kamalani listed the sale price on its spreadsheet as \$310,710, while qPublic listed it as \$310,700.

Units 3704 and 3705 were sold as RWHUs, and therefore no payment was owed to the County for those units.

As noted above, the Department of Finance provided Director Mitchell with evidence of A&B's payments to the County (Attachment 8). All four payments aligned with the corresponding payment information in the Kamalani project spreadsheet. The total and verified amount paid by A&B to the County was \$676,790.00.

The Department revised the Kamalani project spreadsheet to address the discrepancies noted above with the corrected amounts to validate the correct overpayment amount. To determine the overpayment, the Department calculated the total amount paid to the County for the final fifty-five market-rate units sold, which include forty-two units in 2019 and thirteen units in 2018. The total paid to the County was \$53,550 in 2018 and \$180,500 in 2019, for a combined total of \$234,050.

As noted in the timeline above, Mr. Whittaker stated in an email dated December 30, 2024, that the overpayment amount was \$235,550. Following discussions with the Director Mitchell's office, Mr. Whittaker agreed that the correct overpayment amount was \$234,050 and not \$234,550.

- 8. Confirm the number of units that moved to market rate. Also describe the step-up process that applied at the time, including when the County had an opportunity to express purchase interest and what notice or process governed that opportunity.**

As noted in response to question number two above, only thirty RWHUs, out of the required 115, were sold as RWHUs. Eighty-five of the 115 minimum required were sold at market rate. Regarding the remainder of the question, prior to the passage of Ordinance 5878 (Bill No. 40, CD1 (2025)), the "step-up" process did not include the County having an opportunity to express an interest in acquiring the

RWFHUs prior to them going to market rate. The process under Section 2.96.090(D)(4), MCC, was as follows:

- “4. In the event that units are not sold within the first ninety days after they are offered for sale, and the developer has made a good faith effort, as determined by the director, to contact and qualify applicants on the wait list, the sale of remaining units shall be conducted as follows:
  - a. For the next ninety-day period, units shall be offered for sale to the next-higher income preference group, at the original sales price. For example, units targeted for families earning up to one hundred twenty percent of the median income may be sold to families earning up to one hundred forty percent of the median income. All other eligibility criteria shall apply.
  - b. Units shall be offered to the next higher income group every ninety days until the units are sold or there are no more income groups available.
  - c. Units shall then be offered to nonresidents on the wait list in the order in which their names were drawn in the lottery, for the next ninety-day period, provided that as long as the applicant's income is within the residential workforce housing income groups.
  - d. Any units that remain unsold may be offered at market rate without deed restrictions. Upon the sale of the unit, the County shall receive fifty percent of the difference between the original sales price of the unit and the actual market rate sales price, for deposit into the affordable housing fund. In this event, the developer shall still be deemed to have satisfied the requirement for producing a residential workforce housing unit.”
- 9. Provide a summary of any planned Maui County Code Chapter 2.96 changes the Department referenced, including the specific problem each change would address, the target timeline for proposal, and whether the Department anticipates any Council action during Fiscal Year 2026.**

Shortly after the Department’s inception, Director Mitchell and Councilmember Tasha Kama’s staff met to discuss possible technical corrections to Chapter 2.96, MCC. Some of the issues discussed in

those meetings were addressed in Ordinance No. 5875, Bill 40, CD1 (2025), which recently passed.

In addition, the Department, through its Housing and Community Development Division, provided information to Councilmember Paltin concerning Chapter 2.96, MCC, on fee waivers for affordable housing. It is the Department's understanding that the resulting proposed legislation has been reviewed and approved as to form and legality by the Department of Corporation Counsel and may be introduced after the Fiscal Year 2027 budget cycle.

The Department is continuing to review Section 2.96.090(D)(4)(d), MCC, and was scheduled to discuss the chapter at the Housing Advisory Board's schedule meeting on March 13. Due to storm the closure of County offices on March 13, the Housing Advisory Board's scheduled meeting was canceled. The meeting will be rescheduled.

The Department has been in direct communication with Housing and Land Use Committee Chair U'u-Hodgins' staff concerning the Chapter 2.96, MCC, and has advised her staff that the Department anticipates making additional recommendations after the Fiscal Year 2027 budget cycle. In addition, the Department would appreciate the opportunity to first discuss its observations with the administration.

The Department does not plan to request any Council action on Chapter 2.96, MCC, during Fiscal Year 2026.

- 10. Provide a program analysis on whether the County may adjust applicable income limits downward in local program rules. Also identify any changes the Department plans to pursue, including the lead staff, timeline, and any approvals required.**

The median family income for the County of Maui is first determined by the U.S. Department of Housing and Urban Development (HUD). Then, under Section 2.96.020, MCC, the Department is authorized to adjust the median family income for Hana, Lanai, and Molokai.

Median family income, as defined in Section 2.96.020, MCC, impacts the calculation of the County's housing sales price and rental rate guidelines. The Department's downward adjustments to the median family income for Hana, Lanai, and Molokai also impact the housing sales price and rental rate guidelines for those communities.

Regarding the Kamalani project, a discussion on lowering the development's target income levels would have been when the project's developers identified their project funding sources. For a

project to pencil out, larger public subsidies are required for lower income levels. Once a developer's project funding stack has been developed and construction has commenced, one does not "adjust" the applicable income limits downward. To do so, would put the project's funding arrangements at risk.

Separately, Public Housing Authorities (PHAs) must adhere to the maximum income limits set by the HUD (typically 50 percent or 80 percent of Area Median Income (AMI)). PHAs, like the Department, are authorized by HUD to manage Section 8 Program funds; and their authority to lower income limits apply solely to the Section 8 Program. PHAs cannot exceed the HUD limits but do possess discretion to set lower income limits for their programs, or "target" lower income levels, to better serve their specific, lower-income populations. Again, this must occur in the early stages of a federally funded project.

In 2025, the Department commissioned a fair market rent study to challenge the fair market rents established by HUD, which have been historically low and did not reflect local market conditions or rising rents. The results of the study supported an increase to the Department's Section 8 Program payment standards. The Department successfully petitioned HUD to accept the results of the fair market study to allow the Department to reduce the portion of rent voucher holders were required to pay. It also helped voucher holders better compete in an already tight rental market with limited inventory.

When the Department issued its Affordable Housing Request for Proposals as a precursor to the Fiscal Year 2026 budget cycle, it sought applications for projects targeting an AMI of 80 percent and lower. During the Fiscal Year 2026 BFED hearings Council members expressed a clear preference for targeting projects at an AMI level of 120 percent and lower.

Notwithstanding the above, the Kamalani project highlights how multifamily rental and for-sale projects, as opposed to single-family affordable housing projects, may not be well received in the County, particularly where the price difference between deed restricted (even when the restriction is short) and non-deed restricted units is relatively close.

Should the BFED Committee have any further questions, or require any additional documentation, please feel free to contact me at either [director.housing@co.maui.hi.us](mailto:director.housing@co.maui.hi.us) or (808) 270-7110.

Sincerely,

*Richard E. Mitchell*

RICHARD E. MITCHELL, ESQ.  
Director of Housing

Attachments (9)

cc: Saumalu Mata'afa, Deputy Director  
Cassi Yamashita, County Housing Programs Division Administrator

## Estrelita B. Dahilig

---

**From:** Amanda M. Martin  
**Sent:** Thursday, March 12, 2026 1:36 PM  
**To:** Estrelita B. Dahilig  
**Cc:** Shyah Okudara; Ezekiel I. Kalua; Kelii P. Nahooikaika  
**Subject:** Discussion on Bill 34 (2026), Amending Fiscal Year 2026 Budget, Affordable Housing Fund Repayment to Kamalani Ventures LLC (BFED-20(26))  
**Attachments:** LTR 260312 Dir. to BFED re Kamalani Ventures (BFED-20(26)).pdf; LTR 260312 Dir. to BFED re Kamalani Ventures (BFED-20(26)).Attachments.pdf

Aloha Lita,

Attached you will find the Department's response to BFED Chair Sugimura's letters of February 27, 2026, and March 5, 2026.

Should you have any questions, please contact me.

Mahalo for your assistance!



**Amanda M. Martin**  
**Private Secretary to the Director**

County of Maui | Department of Housing  
Email: [amanda.m.martin@co.maui.hi.us](mailto:amanda.m.martin@co.maui.hi.us)  
Phone: [\(808\) 270-7125](tel:(808)270-7125) | Fax: [\(808\) 270-6284](tel:(808)270-6284)

## BFED Committee

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**From:** Shyah Okudara <Shyah.Okudara@co.maui.hi.us>  
**Sent:** Wednesday, March 18, 2026 12:03 PM  
**To:** BFED Committee  
**Cc:** Josiah K. Nishita; Erin A. Wade; Cynthia E. Sasada; Didi A. Hamai; Estrelita B. Dahilig; Kelii P. Nahooikaika; Richard E. Mitchell; Saumalu Mataafa; Amanda M. Martin  
**Subject:** Transmittal to BFED  
**Attachments:** MT#11431.BFED.pdf

Please see the attached transmittal to the BFED Committee.

Thank you,



Shyah Okudara

Office Operations Assistant II

Office of the Mayor  
(808) 270-6238  
shyah.okudara@co.maui.hi.us