

AH Committee

From: mauiwill@gmail.com
Sent: Tuesday, August 18, 2020 3:20 PM
To: AH Committee; rphill3636@gmail.com
Subject: RE: Letter from Affordable Housing Committee Chair, Councilmember Tasha Kama re: AH-3(1) Hale Kaiola Residential Workforce Housing
Attachments: AH Committee response 8- 18- 2020.pdf

Aloha Stacy and Committee Members,

Attached is our response to your August 17th letter to Ray Phillips asking questions about the Hale Kaiola Project.

Will Spence

From: AH Committee <AH.Committee@mauicounty.us>
Sent: Monday, August 17, 2020 1:53 PM
To: rphill3636@gmail.com; mauiwill@gmail.com
Cc: AH Committee <AH.Committee@mauicounty.us>
Subject: Letter from Affordable Housing Committee Chair, Councilmember Tasha Kama re: AH-3(1) Hale Kaiola Residential Workforce Housing

Please see attached letter to Mr. Ray Phillips re: AH-3(1) Hale Kaiola Residential Workforce Housing.

Mahalo,
Stacey Vinoray
Committee Secretary
Office of Council Services
Maui County Council
200 S High Street, 7th flr
Wailuku, HI 96793
Phone: 808-270-8006

Hale Kaiola LLC

415 Dairy Road, Ste 231

Kahului, Hawaii 96732

August 18, 2020

Tasha Kama, Chair
And Members of the Affordable Housing Committee
200 South High Street
Wailuku, HI 96793

Dear Chair Kama and Members:

Re: Committee Letter Dated August 17, 2020, Hale Kaiola Residential
Workforce Housing Project, AH-3(1), TMK 3-9-029:049

Thank you for your questions and comments regarding this project. We are appreciative of your time and offer the following responses:

1. Why are you choosing to establish ownership through a Condominium Property Regime? How will creating a Condominium Property Regime affect property taxes for future homeowners compared to subdividing the property?

Response: We choose a Condominium Regime for Hale Kaiola because it brings the benefits of both condo and single-family residence ownership to the owners. The Condominium allows for uniform maintenance of the exteriors, landscaping, roadways, the recreation park area, etc. The association also pays for the water trash collection, Wi-Fi, and related amenities to the benefit of all the residents. If those benefits were to be paid for as a single-family residence, the cost would exceed the overall monthly fees of the association. At the same time, each unit will have a small private yard and the lower density brings a single-family residence feel.

Concerning the different property tax rates, we note there is no separate tax category for duplexes or specifically for condominium property regimes. We would defer to the Department of Finance for their view on the matter.

2. Page 15 of Section 1 proposes daycare nurseries as a permitted use on the property. Would the business owners or patrons of this nursery be limited to the residents?

Response: For clarity, we propose daycare as a permitted use, not as a requirement, but as an option if the residents of the project if they would like to start one. Allowing this is entirely meant to be for the convenience of the working families within the project. Regarding who could be a patron or use the nursery, we propose in our application that the patrons be limited to the residents of the project. Opening it up to others within the immediate area would be an option to the Council if they believe a daycare nursery could serve to build relationships within the greater

community. As proposed, the number of children would be limited to 12 because this number is what would be allowed with the underlying zoning.

3. Page 16 of Section 1 states that the project is “100% privately financed” and will receive “no government assistance.” However, Page 21 lists the value of all project exemptions as \$1,164,679. The cost for these exemptions would come out of the County’s General Fund. Do these exemptions not qualify as government assistance?

Response: Thank you for this question. Our statement was intended to convey that we will receive no direct government funding toward construction in terms of such programs as the County’s Affordable Housing Funds, or affordable housing tax credits. All construction will be privately financed.

At the same time, we certainly recognize and acknowledge the significant value of the exemptions granted under the MCC 2.97 program and we do consider them as government assistance for our neighborhood. This is true both in terms of the value of the exemptions as well as the assistance with expedited processing. The exemptions significantly lower the cost of constructing housing, savings that are directly passed on to buyers.

4. You have requested that the County allow 100% of the units to qualify for workforce housing credits. To clarify, are you requesting an additional 10 housing credits for a total of 40 credits? Are there plans to utilize these credits in another project? What is the anticipated value of each credit?

Response: Yes, the request is for an additional 10 credits over what is currently specified in MCC 2.96.050, for a total of 40 credits. There are no plans for the immediate use of the credits. To our knowledge, the value of credits fluctuate and we recall comments from others, possibly from DHHC, that they may be valued between \$15,000 and \$25,000 each. We are open to discussion from the committee.

5. How will you dispose of the construction waste? Since you have requested an exemption from obtaining a construction waste disposal permit and paying disposal fees, who will ultimately pay for the disposal of the waste?

Response: To be clear, the request is not to dispose of construction waste in an alternative manner, but rather for an exemption from fees.

All waste would be handled in the usual way as with other projects, and will including taking waste to the Maui County landfill. All best practices and county rules will be observed and followed. Hale Kaiola will cover the cost of transporting, handling and all logistical needs as required for best practices

6. Would you oppose the Council in including a condition that would require you to provide monitoring whenever ground-altering activities take place?

Response: As a part of our initial submittal to the State Historic Preservation Division (SHPD), we sent a regular 6E form to them believing that no cultural resources were present. The site had been farmed over the years and is surrounded by developed properties. They were not satisfied with the submittal and asked that we conduct a field survey with hand-dug trenching to determine the presence of any cultural resources. The survey was submitted to them and their findings are contained in their letter dated July 13, 2020.

In that letter, SHPD determines that *“No historic properties affected for the current project,”* and that *“the action will not affect any significant historic properties.”* The letter finally states, *“the historic preservation review process is ended.”*

It is also notable that every SMA permit, which we still must obtain from the Maui Planning Commission, has a standard condition applied that in the event of any inadvertent finds, all construction must stop in the vicinity of the find and the applicant is required to contact SHPD.

Likewise, all construction documents are required to note that:

“Should historic sites such as walls platform pavement and mounds, or remains such as artifacts, burials, concentration of charcoal or shells be encountered during construction activities, work shall cease in the immediate vicinity of find and the find shall be protected from further damage. The contractor and/or landowner shall immediately contact the state historic preservation division (693-8015 or 243-5169), which will assess the significance of the find and recommend an appropriate mitigation measure, if necessary.”

Given SHPD’s concurrence that no historic resources will be affected, that the historic review process is ended, and that conditions will be added through the SMA process and in construction documents, we request that no condition for monitoring be placed on the project. Given all indications, we believe that requiring monitoring at this point is unnecessary and would add thousands of dollars of costs to the project

7. What type of maintenance is required for the subsurface drainage system?

Response: The drainage system would require periodic maintenance to remove siltation or debris and will be the responsibility of the owner’s association much the same as other projects in the South Maui area. We will prepare a maintenance plan which will be reviewed by the Natural Resources Conservation Service (NRCS) as part of the construction plan review and once approved, the plan will be attached to the CC&Rs.

8. On Page 4 of Appendix 7, the application mentions a project on Ohukai. To clarify, would that be a project by the Department of Environmental Management or another housing project? If it is another housing project, would this be an affordable housing or workforce housing project? Who would be designing and constructing the project? If the

Tasha Kama, Chair
And Members of the Affordable Housing Committee
August 18, 2020
Page 4

Ohukai project owners are going to connect to the eight-inch water lines, will they be contributing?

Response: Our apologies for not being clearer. The reference to the project by the Department of Environmental Management pertains to a sewer line upgrade or replacement in the vicinity of Hale Kaiola. They want us to size our wastewater line appropriately to connect to this project and accommodate neighboring properties if needed.

9. Would you be willing to extend the affordability period for the units in the 120-140% range? Historically, the County has seen units in this range flip out of affordability. If you are unwilling to extend the affordability period, resulting in these units selling at market-rate, what happens to the credits given for those units? Are the credits contingent upon the units remaining affordable?

Response: We are agreeable to extending the time frame found in MCC 2.97 for the 120-140% range of housing.

We look forward to your support for the project and we are excited to bring the project to fruition.

On behalf of Hale Kaiola LLC,

A handwritten signature in black ink, appearing to read "Ray Phillips". The signature is fluid and cursive, with the first name "Ray" and the last name "Phillips" clearly distinguishable.

Ray Phillips
Applicant

C: Tara Furukawa, Maui Planning Department
Lori Tsuhako, Director, DHHC
Doyle Betsill
William Spence