

**COUNCIL OF THE COUNTY OF MAUI**

# **AFFORDABLE HOUSING COMMITTEE**

November 10, 2020

**Committee**  
**Report No.** \_\_\_\_\_

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

Chair and Members:

Your Affordable Housing Committee, having met on October 19, 2020, makes reference to County Communication 20-473, from Presiding Officer Pro Tempore Tasha Kama, relating to the Hale O Piʻikea Affordable Housing Project.

Hale O Piʻikea is proposed for development at the corner of Piʻikea Avenue and Liloa Drive in Kihei, Maui, Hawaii, on a parcel identified for real property tax purposes as tax map key (2) 3-9-002:076. The proposed project consists of 90 multi-family rental units for households earning between 30 and 60 percent of area median income (“AMI”). The deed-restricted affordability period is 61 years.

Your Committee received a presentation from representatives of the Developer, ʻIkenakea Development LLC, in partnership with Hawaiian Community Development Board and 3 Leaf Holdings. The Developer said the proposed project is part of a larger mixed-use project built out in three phases. Phase one is Hale O Piʻikea, with its 90 rental units expected to be completed in March 2023. Phases two and three of the development are 96 senior housing rental units, and 32 townhomes, respectively, for a total of 218 affordable housing units.

According to the Developer, Hale O Piʻikea consists of two buildings, four stories each, containing one-, two-, and three-bedroom apartments. The project includes designated accessible units, a community resource center, and other common areas. Based on the Department of Housing and Human Concerns’ 2020 Affordable Rent Guidelines, the net monthly rent ranges from \$420 in the 30 percent AMI category to \$1,293 in the 60 percent AMI category.

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Your Committee received testimony on the proposed project, which included concerns about natural cross ventilation in the units, pedestrian access, landscaping, and drainage issues.

The Developer said the following in response to concerns:

- The project design provides for some cross ventilation in the corridors, and additional cross ventilation would be incorporated into the design wherever feasible, along with optional air conditioning units.
- The project's street improvements include the widening of Pi'ikea Avenue and construction of sidewalks.
- The project will follow County requirements for drainage and landscaping, including type and number of trees.

Your Committee discussed the proposed project's landscaping plan and suggested the Developer use drought-tolerant landscaping and species endemic to the project site. Your Committee also suggested the Developer take into consideration Kihei's history with certain problematic trees.

Your Committee discussed zoning and permitting of the property, the majority of which is zoned B-2 Community Business District. The Planning Director said the project would require a Special Management Area permit amendment, at which point any flood or tsunami zone issues would be evaluated.

Your Committee noted the two cultural sites identified on the property. The Developer said they will work with an archaeological consultant to ensure the sites are protected.

Your Committee expressed concern about the project's proposed 214 residential and guest parking stalls. The Planning Director said the

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Maui County Code does allow for some flexibility—for example, when bus stops are available.

Your Committee also expressed concern about the units possibly reverting to market rate. The Developer said the 61-year affordability period would be required by law. The Deputy Director of Housing and Human Concerns said State policies have also been revised to ensure projects complete their expected affordability period.

Your Committee discussed financing of the proposed project. By application to the Department of Housing and Human Concerns last year, the Developer requested \$5,768,650 from the County Affordable Housing Fund for land acquisition costs. This funding represents 12.6 percent of the total \$45.8 million in financing for the project.

The Developer said County funding would increase the project's score when applying for \$22 million from the State Rental Housing Revolving Fund, \$14.3 million from the State Low Income Housing Tax Credit Program and a \$3.6 million permanent loan. The Developer said the application for the State funding would be made in February 2021.

The Developer also said the following about financing:

- If the Rental Housing Revolving Fund is not available, the project could still be completed with more Low Income Housing Tax Credit Program funding.
- At the end of the 61-year affordability period, additional Low Income Housing Tax Credit Program funding might be used to rehabilitate the project.
- The \$3.7 million “Developer Fee” listed in the presentation represents contingency funds, not necessarily profit margin.

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- The Affordable Housing Fund request will likely be for a soft loan, or a grant that must be repaid if certain conditions are not met. If the request is for a loan, it would be repaid using rental proceeds.

The Deputy Director of Housing and Human Concerns said the terms of the County loan or grant would be specified in the resulting agreement.

Your Committee noted the Developer is not requesting any development-related exemptions, including fee exemptions. Your Committee also noted that the Developer would be exempt from any real property taxes relating to this long-term affordable housing project. Your Committee estimated the project's per unit cost at \$508,000.

Your Committee expressed support for the proposed project and the Developer's request of \$5,768,650 from the Affordable Housing Fund to acquire land for the development of Hale O Pi'ikea.

Your Committee also noted overall support for the proposed project expressed by testifiers, including residents of the Kihei-Makena Community Plan Area and representatives of South Maui organizations. However, your Committee advised the Developer to conduct additional community outreach. Your Committee recommended review of the project by your Economic Development and Budget Committee.

Your Committee voted 8-1 to recommend referral of the matter of the proposed project to your Economic Development and Budget Committee and filing of the communication. Committee Chair Kama, Vice-Chair Molina, and members King, Lee, Paltin, Rawlins-Fernandez, Sinenci, and Sugimura voted "aye." Committee member Hokama voted "no."

Your Affordable Housing Committee RECOMMENDS the following:

1. That the matter of the Hale O Pi'ikea Affordable Housing Project in Kihei, Maui, Hawaii be REFERRED to your Economic Development and Budget Committee; and

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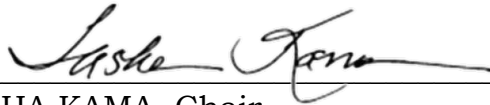
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2. That County Communication 20-473 be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.

  
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TASHA KAMA, Chair

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