

COUNCIL OF THE COUNTY OF MAUI  
**HUMAN SERVICES AND  
ECONOMIC DEVELOPMENT COMMITTEE**

February 15, 2002

Committee  
Report No.

02-20

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

Chair and Members:

Your Human Services and Economic Development Committee, having met on January 10, 2002 and January 31, 2002 (site inspection and meeting), makes reference to County Communication No. 01-323, from the Director of Finance, transmitting a proposed resolution entitled "AUTHORIZING DISPOSAL BY NEGOTIATION OF KOMOHANA HALE APARTMENTS LOCATED AT LAHAINA, MAUI, HAWAII".

The purpose of the proposed resolution is to allow the Director of Finance to negotiate the sale of Komohana Hale Apartments, an affordable housing apartment complex located at 120 Leoleo Street in Lahaina.

By memorandum dated January 9, 2002, your Committee Chair transmitted documents from the Director of Finance, including (1) a document entitled "Fact Sheet Komohana Hale Apartments"; (2) a draft "Request for Proposals For The Purchase and Management of Komohana Hale Apartments Affordable Housing Project"; and (3) an area map.

At its meeting of January 10, 2002, your Committee met with the Director of Finance, the Housing Division Administrator of the Department of Housing and Human Concerns, and a Deputy Corporation Counsel.

The Director of Finance stated that he brought the proposed resolution forward to see if the Council would consider the possible sale of Komohana Hale. If the apartment complex was sold as an affordable housing complex, it could sell for approximately \$750,000. If the affordable housing component was removed, the market value sale price might be several million dollars. Whatever the amount, the money could be used to do other affordable housing projects, according to the Director.

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The Housing Division Administrator stated that the complex was built in 1990 for \$1.7 million. It was originally built with the bulk of the funding from Seiko Hawaii and KBP Limited Partners, at \$400,000 each. Because these entities were developing projects in West Maui, the monies received were used to pay the County to fulfill their requirement to provide employee housing. Therefore, the administration required that tenants would have to be employed in West Maui. Although the property is managed by Hale Mahaolu, the County has required Hale Mahaolu to ensure that at least one tenant per unit is employed in West Maui. Additionally, he noted that current rents are \$503 per month, or 30 percent of the household's monthly adjusted income. The money that is received from the tenants does not return to the County general fund. Rather, the funds remain with the project for ongoing maintenance.

Your Committee expressed concern about the ongoing housing shortage in West Maui, and the difficulty the County has in ensuring that developers are following through on their affordable housing development promises.

Your Committee requested a site inspection of the subject premises prior to decision-making.

Your Committee deferred action on this matter pending a site inspection and further discussion.

By memorandum dated January 10, 2002, your Committee Vice-Chair, transmitted a document entitled "Inventory of Affordable Housing Units Owed to the County", which was transmitted by the Director of the Department of Housing and Human Concerns on March 29, 2001.

By memorandum dated January 28, 2002, your Committee Chair transmitted a letter dated January 17, 2002, from Roy Katsuda, Executive Director of Hale Mahaolu, to the Director of Housing and Human Concerns, explaining that his organization has ensured that each tenant fulfills the qualification requirements prior to moving to Komohana Hale.

At its site inspection of January 31, 2002, your Committee met with the Director of Housing and Human Concerns; the Deputy Director of Finance; a Deputy Corporation Counsel; and Bob Stailey, Komohana Hale Site Manager.

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Mr. Stailey pointed out that the complex consists of two buildings and a separate building for laundry facilities and a maintenance area. There is also landscaped open space for tenant parties, as well as access to the Lahaina Recreation Center. He also noted that the apartments are very popular, and are fully occupied. There is currently a waiting list of 75.

At its meeting of January 31, 2002, your Committee met with the Director of Housing and Human Concerns, the Deputy Director of Finance, and a Deputy Corporation Counsel.

Your Committee expressed its desire to recommend adoption of the proposed resolution allowing the Director of Finance to sell the apartment complex, with the understanding that it should remain in affordable housing.

Your Human Services and Economic Development Committee **RECOMMENDS** the following:

1. That Resolution No. \_\_\_\_\_, attached hereto, entitled "AUTHORIZING DISPOSAL BY NEGOTIATION OF KOMOHANA HALE APARTMENTS LOCATED AT LAHAINA, MAUI, HAWAII", be ADOPTED; and
2. That County Communication No. 01-323 be FILED.

Adoption of this report is respectfully requested.

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