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June 5, 2023

Daniel Orodener
Executive Officer
Land Use Commission
State of Hawaii
Department of Business, Economic Development & Tourism
235 South Beretania Street, Room 406
Honolulu, Hawaii 96804



Via e-mail to dbedt.luc.web@hawaii.gov

Re: A07-773(b) Waikapu Development Venture LLC

Dear Mr. Orodener,

I represent Waikapu Development Venture LLC ("WDV") and we are in receipt of your letter dated April 25, 2023. I will appear with my client before the Land Use Commission (the "LUC") on June 7, 2023 to provide a comprehensive status report. On behalf of my client, I would like to extend our apologies to the LUC and its staff for the delinquency in the filing of the annual reports. In advance of the meeting, we would like to provide a general status update for the project.

The LUC reclassified approximately 25.263-acres of land in Waikapu, Maui, Hawaii ("Petition Area") into the State Land Use Urban District by Findings of Fact, Conclusions of Law, and Decision and Order in Docket No. A07-773, filed on March 7, 2008 ("D&O"). The petitioner in that matter was Emmanuel Lutheran Church of Maui ("ELC").

WDV and ELC came to an agreement where ELC would subdivide the Petition Area and sell a portion of the Petition Area to WDV so that it could be developed as an affordable housing project. On September 7, 2018, pursuant to Section 201H-38, Hawaii Revised Statutes ("HRS"),

the Maui County Council approved, WDV's 80-unit, 100% residential workforce housing project (the "Project").

With the County approvals in place for the Project, on October 12, 2018, WDV filed motions to 1) approve the sale of an approximately 12.5 acre portion of TMK (2) 3-5-02-011; 2) authorize the subdivision of the TMK (2) 3-5-02-011; and 3) bifurcate. The motions were granted by the LUC and the Findings of Fact, Conclusions of Law, Decision and Order, was issued on July 11, 2019.

After receiving the LUC's approval, WDV initiated a 2-lot subdivision of the petition area, which ultimately required the upgrade of the County's main water line near the Petition Area which serves the Project, ELC area and a neighboring Chapter 201H, HRS, project. On about March 2020, the Covid-19 shutdowns were initiated and progress on the Project ground to a halt.

In 2020 the County worked with WDV to extend the deadlines of the 201H approval for an additional two (2) years citing the effects of the Covid-19 pandemic; overlapping regulatory issues between the State and County; along with the complexities of the subdivision process.

In 2021 discussions on the Project were re-initiated and by early 2022 it was determined that the approved design needed to be modified. With consumer demand for single-family homes in mind, the Project concept was modified to convert the six (6) duplex units into twelve (12) lots for single-family homes. Other design modifications were made to reduce the overall cost of construction. Please see attached site plan comparison.

In mid-2022, it was discovered that the Declaration of Conditions Applicable to an Amendment of District Boundary Amendment from Agricultural to Urban needed to be amended to take into account the WDV and ELC orders issued on July 11, 2019, during this process it was also determined that annual status reports had not been filed. WDV and ELC worked to complete the amendment to the declaration and then filed a status report covering the period from 2018 to 2023.

In August 2022, WDV commenced construction of the Project through the initiation of the County water line upgrade.

Upon receipt of the revised concept drawings in early 2023, the reality of the effects of elevated interest rates and the increased costs of construction set in. Even with the design modifications it was determined that the Project expenses outweighed the anticipated Project income. An attempt to secure a County subsidy was made to allow the modified Project to proceed. In late May 2023, WDV approached the Maui County Council to request funding to support the modified Project so that 80 residential workforce housing units for the people of Maui can be built. The Council was receptive to this request and created an appropriation in the County's Fiscal Year 2024 budget for the modified Project. WDV intends to meet with Mayor Bissen to discuss the modified Project before submitting an amendment to the 201H approval for the Project modifications.

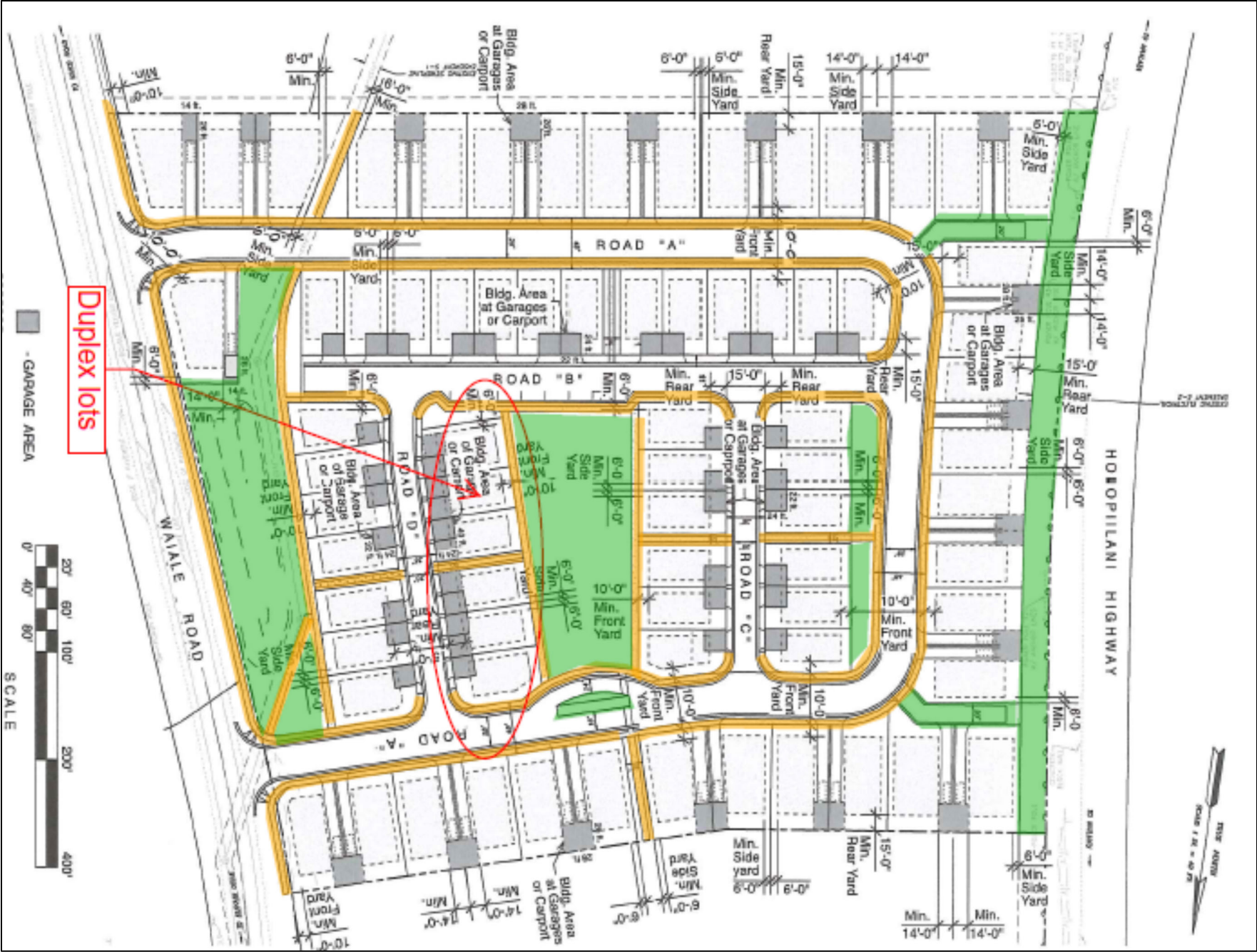
My client truly regrets its failure to timely provide annual reports for the Project and our hope is that the LUC will accept the submitted annual reports for the period from 2018 – 2023 and allow the modified Project to proceed.

Sincerely,

Jeffrey Ueoka

Encl.

cc: Kathleen Ross Aoki, Director, Maui Planning Department, *via e-mail to kathleen.aoki@co.maui.hi.us*
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ORIGINAL SITE PLAN: 68 Single Family Lots, 6 Duplex Lots (12 duplexes)



PROPOSED AMENDED SITE PLAN: 80 Single Family Lots