

Background information on the purchase of Hale ‘O Lā‘ie (formerly the Haggai Institute)

Why Hale ‘O Lā‘ie?

Mayor Bissen, at HHFDC’s urging, chose the name in recognition of the traditional name that Hawaiians gave the region, Lā‘ie.

Mayor Bissen’s Office provided us with the following:

"The name Hale `O Lā‘ie acknowledges the history of the place where the indigenous `ie`ie vine was once plentiful and is a reminder of the original name of the area. As efforts continue to restore this important plant resource, which was used in making items important to daily life in old Hawai`i, the `ie`ie vine is also symbolic of the resilience of our modern-day Maui Nui community. Just as the `ie`ie vine stretches out and each strand is gathered and brought together - woven to make a strong cord - so too will Hale `O Lā‘ie strengthen our community."

Transaction details

The terms and conditions of the transaction were approved by HHFDC’s Board of Directors in February 2024, with the \$38 million purchase price funded by last year’s \$45 million appropriation for the project from the Hawai‘i State Legislature. Concurrently with the closing, HHFDC and the County of Maui entered into a long-term ground lease and related agreements, all authorized last week by the Maui County Council and cementing intergovernmental cooperation on the project.

Stable, Temporary Housing for Wildfire Survivors

The grounds feature 175 furnished guestrooms, various amenities, and a convenient location in a mixed-use neighborhood of Kīhei, the facility will initially be operated as temporary housing for certain individuals and families displaced by last year’s wildfires. In accordance with the Legislature’s appropriation, the property will eventually be repurposed as a teacher and workforce rental housing project with public prekindergarten classroom space.

In the near term, HHFDC will operate the facility as temporary housing for wildfire disaster survivors deemed ineligible for reimbursement by FEMA. The agency has entered into a management contract with Paramount Hotels LLC (Paramount), the owner and manager of the nearby Maui Coast Hotel, for this purpose.

Substantially all the existing on-site staff joined Paramount as employees effective today, and the combined team expects to begin a phased opening of the building’s guestrooms to wildfire survivors in early May 2024, after cleaning and maintenance

needs are addressed. It is estimated that the property can accommodate a total of 350 to 450 individuals.

In addition to day-to-day management responsibilities, the contract with Paramount provides for the completion of certain life safety repairs and minor improvements to meet residents’ needs. This work is expected to be completed over several months and will be funded by the remaining funds appropriated for the project.

Teacher and Workforce Rental Housing with Public Prekindergarten Classrooms

Under the 75-year ground lease from HHFDC commencing in May 2025, the county will issue a Request for Proposals (RFP) from experienced owner-operators of affordable rental housing to undertake the renovations required to convert the facility into permanent rentals and subsequently operate the project on a long-term basis.

To be published in the coming months, the RFP is expected to consider Maui’s ongoing temporary housing needs and actual utilization of Hale ‘O Lā‘ie by wildfire survivors when setting expectations for the renovation timeline. While a developer may be able to start renovations as early as Summer 2026, temporary housing use beyond that date may be possible.

Pursuant to the ground lease from HHFDC to the county, the developer will be required to operate the project subject to the below restrictions.

Category	Restriction
Affordability	<ul style="list-style-type: none"> • At least 1/3 of the units set aside for households with incomes at or below 80% of the area median income (AMI) • At least 1/3 of the units set aside for households with incomes at or below 100% of the AMI • Remaining units the set aside for households with incomes at or below 120% of the AMI
Teacher Housing	<ul style="list-style-type: none"> • Twenty-five percent (25%) of the units set aside for households in which at least one co-tenant is a prekindergarten, primary-school, or secondary-school teacher employed full time at a public school or an accredited private school • Teacher housing units may be within any of the three AMI categories

Public Prekindergarten Classrooms	<ul style="list-style-type: none"> Existing library and reading room spaces reserved for public prekindergarten programs operated by or in collaboration with the State of Hawai'i Department of Education
---	---

It is anticipated that a developer will be able to complete the property's conversion into a permanent rental housing project with little or no public financing other than the favorable economic terms of a long-term sublease from the county (possible due to the \$1.00 annual rent under the ground lease from HHFDC).

About the Property

Completed in 1989, Haggai purchased the Maui Sun Hotel in 1995 and then converted it into a missionary training facility. The 6.27-acre site is improved with a two-wing, six-story building containing 175 furnished guestrooms, including 27 suites having up to three bedrooms. Approximately one-quarter of the guestrooms have kitchens or kitchenettes, while many others are equipped with mini fridges and microwave ovens.¹

Property amenities include common kitchen and dining facilities, guest laundry rooms, a 120-seat auditorium, numerous meeting rooms, and an outdoor pool. Located in a mixed-use neighborhood of Kihei, the property is proximate to public schools, shopping centers, and other community amenities.

Further questions? Please contact HHFDC Housing Information Officer Gordon Pang at 808-341-4069 or (preferred) at gordon.pang@hawaii.gov.