

Minutes of a Regular Meeting  
Of the Members of the  
Hawaii Community Development Authority  
State of Hawaii

Wednesday, January 7, 2015

**KAKAAKO**

**I. CALL TO ORDER/ROLL CALL**

A regular meeting of the Kakaako Members of the Hawaii Community Development Authority (“Authority” or “HCDA”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority, at 1:35 p.m. on Wednesday, January 7, 2015, at the Authority’s principal executive offices at 461 Cooke Street, Honolulu, Hawaii, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

Members Present: Rodney Funakoshi (DBEDT)  
Jade Butay (DOT)  
Miles Kamimura  
Brian Lee  
Lois Mitsunaga  
Scott Kami (BF)  
Douglas Murdock (DAGS)  
Brian Tamamoto

Others Present: Anthony Ching, Executive Director  
Sandra Ching, Deputy Attorney General  
Lindsey Doi, Compliance Assurance & Community Outreach  
Officer  
Shelby Hoota, Program Specialist  
Holly Hackett, Court Reporter

**II. APPROVAL OF MINUTES**

1. Kakaako Special Meeting of November 25, 2014

Chairperson Lee asked whether there were any comments or corrections to the minutes of the November 25, 2014 special meeting. There were no comments or corrections from Members, and the minutes were approved as presented.

### **III. REPORT OF THE EXECUTIVE DIRECTOR**

Executive Director Ching summarized his report, which included a summary of the project activity in the district, financials, as well as a management report from Kewalo Basin Harbor. He stated harbor occupancy is relatively consistent and acknowledged that the operator is undertaking efforts to redesign and improve the harbor.

Mr. Ching also gave members an update on the proposal by Seagull Schools to develop an early education center at Kakaako Waterfront Park. He stated we have undertaken consultation with SHPD regarding any historic sites at the location, however Mr. Ching stated the area is reclaimed land so there is no expectation that historic properties will be found.

Mr. Ching again noted that Aedward Los Banos had rejoined the HCDA as asset manager, and HCDA is currently looking to hire a new assistant for the executive director.

Member Tamamoto thanked Mr. Ching for the Kewalo Basin Report and asked if the board could be updated every quarter as the harbor is redeveloped. Member Tamamoto also asked about the status of the city's coning branch relocation. Mr. Ching replied that the AG is reviewing the no-cost lease, which would allow the city to occupy the Look Lab site. 53 By the Sea has agreed to provide the electrical hookup for the city, which may take about 2-4 weeks to install. Mr. Ching expects the city will be able to move in shortly thereafter, possibly reducing the number of homeless issues in the area. He says the HCDA is also working with Howard Hughes Corp. to reopen Auahi Street and activate the area for pedestrian uses, along with conducting the necessary traffic studies.

Member Tamamoto asked who the lead is for clearing the homeless near Look Lab, and Mr. Ching replied the city typically has the lead since roadways and sidewalks are outside of HCDA jurisdiction. However, Mr. Ching noted the HCDA will work with the homeless and the city to provide outreach services and assistance when needed.

Member Tamamoto asked about the Volleyball Tournament HCDA sponsored last month. Mr. Ching replied that it was a success with over 30 teams, and as much as 150 young adults who participated. He says the Kakaako Parks Peek Event also had entertainment and local groups to demonstrate agriculture and art activities that may be part of that area in the future. Member Tamamoto congratulated HCDA staff for a job well done.

Chair Lee reminded the public that the project pipeline for Kakaako is available at [hcdaweb.org](http://hcdaweb.org). Chair Lee asked about the reopening of Auahi Street and if it would be open for pedestrians and vehicles. Mr. Ching replied that it would be a full service street with a painted bike lane and sidewalk. Chair Lee also thanked HCDA staff for planning the Kakaako parks outreach event.

Chair Lee asked about the New Years Eve event at Kakaako Waterfront Park and Mr. Ching replied that HCDA staff also assisted with ensuring park rules were followed. He says in general the event was well-behaved and there were no noise complaints.

Chair Lee asked about the status of the enterprise network repair contract. Mr. Ching stated that procurement is not an issue, but the whole scope hasn't yet been completed.

Members had no additional questions or comment. Chair Lee opened the floor for public testimony.

#### PUBLIC TESTIMONY

Jack Hamada: Asked whether the board approved major changes to Waiea

- Chair Lee stated that this format isn't made for questioning, however Mr. Hamada stated he wanted to be on record with this question.
- Chair Lee stated that although it is not required, he would ask Mr. Ching.
- Mr. Ching replied that the HCDA approved the development permit for Waiea last year, but the developer must comply with building code after that, so the design may change. The HCDA does not approve any changes after the initial zoning permit is approved.

Wayne Takamine: Stated that the community has concerns about the master planning process for the Kakaako Makai parks and that there is not enough community outreach.

### **IV. KAKAAKO MATTERS**

2. Information and Discussion re: November 20, 2014 letter from Jonathan L. Ortiz and November 20, 2014 email from Cedric Chun regarding the Kakaako Land Company.

Mr. Ching noted that the HCDA does not have the authority to determine land ownership. He summarized a letter received from the law firm representing the Kakaako Land Company, as well as an email from Cedric Chun regarding parking and road conditions along central Kakaako, near Queen Street and requesting the opportunity to reply to complaints made at prior meetings.

Members had no questions or comment on this agenda item.

#### PUBLIC TESTIMONY

1. Mike Carroll, represent landowners who are in litigation with Kakaako Land Company and Chun Brothers: Did not receive the email or letter from Chun Brothers and disagrees with what was contained therein. Urges HCDA to take an active role in the issue, saying that the affected streets are major streets and affect local businesses.

Member Tamamoto asked whether a court hearing date is scheduled, and Mr. Carroll replied that a date was denied earlier. Member Tamamoto asked how this issue could be resolved. Mr. Carroll replied that he wants the HCDA and the city to take an active role in resolving the issue, especially since the county stated it won't maintain the streets that are now private property. Member Tamamoto noted the HCDA would consult with the AG.

Member Funakoshi asked what the state's authority is in this matter and why the HCDA would have any authority over the state or city. Dep. Attorney General Ching stated that HCDA does not have any authority or jurisdiction over this area. Mr. Carroll stated that HCDA should have an interest in resolving the problem and the city would follow HCDA's lead. Mr. Ching stated it is HCDA's belief that the HCDA does not have jurisdiction over these streets, but the HCDA has been very active in communicating with the city and Cedric Chun with respect to various issues. However, Mr. Ching stated the HCDA does not have a legal mandate or responsibility for adjudicating the management of these roadways. Chair Lee asked if Queen Street was in compliance with county codes, and Mr. Ching replied in the affirmative and said Queen St. does not have adequate infrastructure. Chair Lee asked about area landowners previously rejecting road improvements and infrastructure improvements and Mr. Ching noted that a prior HCDA Improvement District project was abandoned after failing to receive adequate support from property owners. Mr. Ching stated most property owners at the time did not want to support the development of city standard streets and infrastructure in the area. Mr. Ching stated that solving the current problem involves determining who is responsible for improvement projects in the area and who maintains the roadway.

Member Funakoshi stated that since the matter is under litigation, it isn't right for the HCDA to get involved.

2. Dexter Okada, owns family business on Queen St.: Stated the improvement district project didn't involve area landowners and the HCDA was not transparent at that time.
3. Clara Morikawa: Thinks HCDA should be involved in this situation because HCDA doesn't require parking on site for this small businesses owners, so they have to park off-property.
4. Pam Wood: Have been working with the City & County and there still are no answers since the TMK doesn't reflect an owner. Questioned whether they have been paying property taxes on these streets and questioned who owns the sidewalks, since Imperial Plaza made the sidewalk improvements. City won't maintain private roads, including a downed stop sign, so the residents need solutions.

There was no additional public testimony.

3. Decision Making: Shall the Authority Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on the Pacifica Honolulu Condominium Unit No. 609 and Consenting to the Owner's Request to Refinance the Original Mortgage?

Mr. Ching summarized the report located in tab 3 of the packet distributed to Members and emphasized that this agenda item has nothing to do with the sale of reserved housing, rather it is about refinancing and HCDA's shared equity requirement.

There were no further comments or questions from Members or the public on the agenda item.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Execute an Agreement Subordinating its Shared Equity Encumbrance on the Pacifica Honolulu Condominium Unit No. 609 and Consenting to the Owner's Request to Refinance the Original Mortgage.

A motion was made by Member Tamamoto and seconded by Member Funakoshi

A roll call vote was conducted.

Ayes: Members Kamimura, Lee, Mitsunaga, Tamamoto, Kami, Butay, Murdock, and Funakoshi.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

Chair Lee called a recess at 2:38 p.m.

Chair Lee reconvened the regular meeting at 2:49 p.m.

4. Shall the Authority Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by Kewalo Development LLC, the Developer of Phase IV-A of the Project?

Mr. Ching summarized the report in tab 4 of the packet distributed to Members. He stated 1133 Waimanu satisfied HCDA requirements for all existing projects in the Nauru Development. The final component of that development, Waihonua, will be completed this month, led to a residual reserved housing requirement that will be satisfied by 404 Piikoi. 72 reserved housing units in 404 Piikoi must be constructed within two years after the occupancy of Waihonua. Mr. Ching stated that in developing 404 Piikoi, A&B/ Kewalo Development Partners decided to turn the project over to Stanford Carr

Development to build 128 rental units for lower income groups making 60% AMI or less in a development called Hale Kewalo.

Mr. Ching noted that the production of more housing units, especially those affordable to people making 60% AMI and lower, is a worthy goal. He says the Hale Kewalo project would also keep the prices affordable for the entire 60-year term of the agreement.

Given the legislative and statutory changes, HCDA is in the default position. So if Stanford Carr fails to secure financing and closing within two years, the project and title would be turned over to the HCDA.

Mr. Ching says the requested amendment would allow Stanford Carr to take on the project from Kewalo Partners/A&B, and would also establish a mechanism for the HCDA to exercise control over the project's escrow account.

Mr. Ching says a sewer connection application was granted for the Hale Kewalo project. He says Carr will need to meet the application deadline by HHFDC to receive funding, and must also close on his financing within 12 months. This is consistent with the timing of Carr's other project, Halekauwila Place.

Chair Lee recognized Deputy Attorney General Diane Taira was in attendance at the meeting.

Member Kamimura asked what HCDA would do if Stanford Carr was unable to perform adequately and complete the project. Mr. Ching stated that we would then issue an RFP for the entire parcel for the same project, using the same design. Mr. Ching says we could find another developer fairly easily, however finding buyers for the tax credit might be challenging. Member Kamimura stated that HCDA needs to understand the downsides to tax credits and asked how it would affect the Waihonua project. Mr. Ching stated HCDA has given the certification to allow for certificate of occupancy at Waihonua so that buyers can get their units. However, any outstanding obligation like the reserved housing requirement would affect the developer's financials.

Members had no additional questions or comments on this agenda item.

Stanford Carr (Stanford Carr LLC) and Rick Stack (A&B Properties) made a presentation to the board on Hale Kewalo. Mr. Stack stated that if Carr could not build the project, HCDA would receive the land, \$1.9 million in escrow, as well as all the work that has been done to date (i.e. planning, design, etc.). Mr. Stack stated that the Waihonua project is complete and ready to close, but in order to close the books the reserved housing component needs to be decided. Mr. Carr showed a rendering of the 128-unit Hale Kewalo, which includes 1-bedroom units, 2-bedroom units, and 3-bedroom units. He stated they have a commitment letter from PNC Bank to purchase the federal tax credits, and they may get additional commitment from American Savings Bank. Mr. Carr stated they would resubmit their application for additional funding from HHFDC at the end of

the month and if successful, they can price units as affordable to those making as little as 30% AMI.

Member Tamamoto asked Mr. Carr about the height of the building. Mr. Carr clarified that the original 72-units were in a 5-story building, while the 128-units are in an 11-story building. Member Tamamoto asked about the financing and pro forma. Mr. Carr stated that the \$50 million in project financing is public and follows the same plan as Halekauwila Place, with the funding coming from the rental housing trust fund, low income housing tax credits and private activity bond financing.

Member Kami asked about whether the tax credits were non-competitive, to which Mr. Carr answered in the affirmative. Member Kami asked whether the project could still reach the 60% AMI level without the trust fund, to which Mr. Carr replied yes, however if the trust fund was approved, the project could then reach down to the 30% AMI affordability level.

#### PUBLIC TESTIMONY

1. Jack Hamada: Asked whether Stanford Carr has repaid the \$17 million loan from HCDA for Halekauwila Place
  - a. Mr. Ching stated that HCDA stands behind PNC Bank to be repaid, so HCDA has a long-term strategy to recoup the loan. However, Mr. Carr is not in default for the conditions of the loan. Mr. Carr clarified that Halekauwila Place is fully occupied and they're finalizing the audits. They expect they will begin making debt service payments to HCDA later this year.

There were no further comments or questions from the public on the agenda item.

Chairperson Lee entertained a motion for the Authority to Authorize the Executive Director to Amend the Planned Development Permit for 404 Piikoi Project (PD 2-84) as Requested by Kewalo Development LLC, the Developer of Phase IV-A of the Project.

A motion was made by Member Tamamoto and seconded by Member Funakoshi.

Member Tamamoto stated that he has been a very vocal proponent of reserved housing and workforce housing. He says this project exemplifies what the HCDA is trying to accomplish and it's admirable that the developer is moving the AMI level down to 30% or 60% and increasing the number of available units. Member Tamamoto stated that projects at that low-income range are extremely difficult to finance, so he commends Stanford Carr and thinks this is an outstanding project.

Member Funakoshi seconded the motion and stated that this project has very good financial backing and is a great project that warrants HCDA's full support.

Chair Lee says this project hit the trifecta, as it creates more units, at a lower AMI range, and keeps it affordable for a longer period of time.

A roll call vote was conducted.

Ayes: Members Kamimura, Butay, Lee, Mitsunaga, Tamamoto, Kami, Murdock, and Funakoshi.

Nays: None.

The motion passed 8 to 0 with 1 excused (1 vacant position).

## **V. ADJOURNMENT**

The meeting was adjourned at 3:25 p.m.

Respectfully submitted,

Miles Kamimura  
Secretary

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.