


Reviewed and Approved by Executive Director: 
October 6, 2021

FOR ACTION

I. REQUEST

Consider Authorizing the Executive Director to Make a Loan of Up To One Million Dollars (\$1,000,000.00) from the Hawaii Community Development Special Fund, Reserved Housing Subaccount, to the Honuakaha Limited Partnership (“HLP”) to Immediately Pay Off the Maintenance Fees Owed to the Association of Apartment Owners of Honuakaha (“AOAO”).

II. BACKGROUND

The financial status of the Honuakaha Senior Rental project (“Project”) was presented for information to the Kakaako board at its September 1, 2021 meeting.

Currently, the annual operating cost for the Project, including the AOAO maintenance fee, exceeds the annual revenue. The negative financial situation of HLP has resulted in HLP deferring payment of HLP’s allocable share of maintenance fees to the AOAO since July 2020. The deferred maintenance fees are \$654,144 as of October 2021 and will increase to \$981,216 by June 2022.


III. DISCUSSION

HLP is legally obligated to pay maintenance fees attributable to the Project. The payment of the maintenance fees has been deferred since July 1, 2020 and the payment should not be deferred any longer.

Staff is recommending that the Authority authorize a loan of up to \$1,000,000 to HLP, and cause HLP to use the loan proceeds to immediately pay off the maintenance fees. Staff is also recommending that the loan be an unsecured loan with no interest and a maturity period of 20 years with no prepayment penalty.

IV. RECOMMENDATION

Authorize the Executive Director to make a loan of up to \$1,000,000.00 from the Hawaii Community Development Special Fund, Reserved Housing Subaccount, to HLP, to immediately pay off the maintenance fees owed to the AOAO and undertake all tasks necessary to effectuate the purpose(s) of this For Action.

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