HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
REGULAR MEETING

June 9, 2022

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met remotely and in-person for their Regular Meeting on Thursday, June 9, 2022, with its HHFDC Board Room, located at 677 Queen Street, Suite 300, Honolulu, Hawaii, designated as their public location.

A roll call was taken, declaring a quorum. Chair Donn Mende called the meeting to order at 9:00 a.m.

Those present and excused were as follows:

Present: Director Donn Mende, Chair (In-Person)
Director Gary Mackler, Vice Chair (In-Person)
Director Sean Sasaki, Secretary (In-Person)
Director Melvin Kahele (In-Person)
Director Sabrina Nasir (Remote) – 9:03 a.m.
Director Craig Hirai (In-Person)
Director Mike McCartney (In-Person) – arrived 9:03 a.m.

Executive Director Denise Iseri-Matsubara

Excused: Director Jay Kimura
Director Carol Reimann

Staff: Sandra Ching, Deputy Attorney General
Ciara Kahahane, Deputy Attorney General
Francis Keeno, Executive Assistant
Christopher Woodard, Chief Planner
David Oi, Housing Finance Manager
Dean Minakami, Development Branch Chief
Holly Osumi, Chief Financial Officer
Randy Chu, Development Section Chief
Lanz Dong, Real Estate & Compliance Specialist
Melissa Loy, HHFDC Corporate Controller
Christopher Oakes, Housing Finance Specialist
Jeff Martin, Housing Finance Specialist
Jay Nakamura, Housing Finance Specialist
Claude Allen Jr., Project Manager
Cheryl Kajitani, Housing Development Specialist
Eavahn Beresiwsky, Housing Development Specialist
Albert Palmer, Housing Development Specialist
Stan Fujimoto, Housing Development Specialist
Gale Nishimoto, Project Resource Specialist
Keri Higa, Planner
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Analyst
Connie Cuello, Office Assistant
Esa Pablo, Secretary to the Board

Guests: David Ige, Governor of Hawaii
Gil Riviere, Hawaii State Senate
Grant F. Allison, Bays Lungs Rose Voss
Keegan Flaherty, 'Ikenaeka Development LLC
Robert Van Tassell, Catholic Charities Hawai‘i
Michael Magaoay, Catholic Charities Hawai‘i
Connie Yu-Pampalone, Catholic Charities Hawai‘i
Hakim Ouansafi, HPHA
Kevin Auger, HPHA
Jennifer Sugita, HPHA Deputy Attorney General
Joelle Chiu, Ahe Group
Sara DeVries, Ahe Group
Craig Watase, Mark Development Inc.
Dean Sakata, Mark Development Inc.
Andrew Reenders, CBRE
Jesse Wu, U.S. Department of Housing and Urban Development
Douglas Bigley, UHC
Mig Saenz, UHC
Dennis Enomoto, Palekana Permitting and Planning
Stuart Hartman, Retirement Housing Foundation
Salvatore Ingrao, Retirement Housing Foundation
Laurel Gillette, Retirement Housing Foundation
Bob Fard, Retirement Housing Foundation
Jeff Furuta, GSF LLC
Gary Furuta, GSF LLC
Jon Pang, Case Lombardi & Pettit
Kali Watson, HCDB
Llewellyn Kamalani, Waiahole Valley
Keti Kamalani, Waiahole Valley
Jokia Reppun, Waiahole Valley
Judith Clark, Waiahole Valley
Kim Balauro, Waiahole Valley
Jason Silverstein, Waiahole Valley
Pat Dumadag, Waiahole Valley
Vivien Lee
Kevin Gilchrist
Kaaniapu (screen name)
Kalai‘i (screen name)
iPad2 (screen name)
iPhone (screen name)
Bruce (screen name)

Director Kahele moved, seconded by Director Sasaki, to approve the meeting minutes of May 12, 2022.

The motion was carried unanimously.

Approval was deferred to be taken in executive session.

Vice Chair Mackler moved, seconded by Director Hirai to approve staff’s recommendation.

Executive Director Denise Iseri-Matsubara presented the For Action, expressing HHFDC’s appreciation to Director Kahele for his contributions to the State of Hawai‘i while serving on the HHFDC Board of Directors for two (2) consecutive four-year terms, ending on June 30, 2022. A Special Recognition Certificate was presented to Director Kahele by Governor Ige.

HHFDC Regular Meeting – June 9, 2022
Chair Mende called for a recess at 9:06 a.m. and reconvened the meeting at 9:14 a.m.

Chair Mende stated for the record, that Directors Mike McCartney and Sabrina Nasir were in attendance (arrived approximately at 9:03 a.m.).

Chair Mende asked Director Nasir, who attended remotely, to state who, if anyone, was present at her remote location. Director Nasir stated there was no one present at her remote location.

Governor Ige thanked and expressed his appreciation to the HHFDC Board and staff for their hard work and dedication, which he believes has resulted in the $300 million that was committed by the Legislature for HHFDC and affordable housing.

The motion was carried unanimously.

Chair Mende thanked those who submitted written testimony and stated that public testimony on this item would be taken at this time. Public testimony instructions were stated by Executive Assistant Francis Keeno.

Ms. Keti Kamalani asked that the Board consider affordable agriculture leases in Waiahole Valley for those who are actively working their land.

There being no further testimony, Chief Planner Christopher Woodard presented the For Discussion, providing an overview of the 93 long-term ground leases for the various lots within Waiahole Valley with an average monthly base rent of $110 plus percentage rent (agricultural), $119 (residential), and $160 plus percentage rent (Poi Factory commercial lot). He further stated that under these long-term ground leases the lessor and lessee are required to renegotiate the rents for the next 15 years, beginning June 2023. The leases also stipulate that renegotiation commence in June 2022. Arbitration is the ultimate dispute resolution.

Therefore, Woodard stated that HHFDC staff would like to formalize its policy and strategy with the Board regarding the upcoming lease rent renegotiations. Table 2: Near-Events, on page 7 of the For Discussion was referenced:

- June 23, 2022 - Board approval of Policy and Strategy
- Week of June 27, 2022 - Community Meeting
- June 29, 2022 - Initial Lease Rent Period Ends
- Week of July 4, 2022 - Written Lease Rent Offers Delivered to Lessees

Director McCartney moved, seconded by Director Kahele, to convene in executive session at 9:28 a.m., pursuant to Section 92-5(a)(3), Hawaii Revised Statutes (HRS) to deliberate the authority of persons designated by the board to conduct negotiations to acquire public property, or during the conduct of such negotiations; and Section 92-5(a)(4), HRS, to consult with the board’s powers, duties, privileges, immunities, and liabilities as it relates to this matter.

The motion was carried unanimously.

The board reconvened in regular session at 10:39 a.m.

Chair Mende asked that the agenda be taken out of order by deferring discussions on agenda item III.C. to the end of the Discussion and/or Decision Making section.
Director Kahele moved, seconded by Director Sasaki, to approve staff’s recommendation.

Planner Keri Higa presented the For Action, stating that for the Consolidated Plan Annual Action Plan (AAP) Program Year 2022 (July 1, 2022 - June 30, 2023), the State is anticipated to receive $3,000,039 from the U.S. Department of Housing and Urban Development’s (HUD’s) HOME Investment Partnerships (HOME) funds, $3,744,423 in National Housing Trust Fund (HTF), $452,605 in Emergency Solutions Grant (ESG), and $282,828 in Housing Opportunities for Persons with AIDS (HOPWA) program. The activities for PY2022 activities were summarized, with the funds to be used for the purposes of improving the availability and affordability of decent, safe, and sanitary housing in a suitable living environment.

Higa stated that the draft AAP was subject to a 30-day public comment period, in which no comments were received. The APP will be submitted to HUD by next week.

There being no questions, the motion was carried unanimously.

Director McCartney moved, seconded by Director Kahele to approve staff’s recommendation.

Housing Finance Specialist Christopher Oakes presented the For Action, stating that HHFDC received eight 9% Low Income Housing Tax Credit (LIHTC) applications requesting an aggregate amount of $11,406,087 in federal LIHTC over a 10-year period and $11,406,087 in state LIHTC over a 5-year period.

Based on the criteria and guidelines set forth within the 2022/2023 Qualified Allocation Plan (QAP) and other determining factors, Kai Olino and the Hale Pilina Family I projects are being recommended for awards.

Oakes stated that Kai Olino had the highest aggregate LIHTC criteria score for project readiness and is not requesting RHRF, while also providing various amenities, services, and Section 8 Project Based vouchers from the County of Hawaii.

Although being the third highest score, Hale Pilina Family I was elected for its project location and use of RHRF, as well as project readiness and receiving an Affordable Housing Fund Award from the County of Maui.

Before commencement of presentations for Kai Olino and Hale Pilina Family I projects, Chair Mende asked if there were any public testimony on items III.D. and III.E There being none, the Board proceed with the project presentations by the developers.

On behalf of the Kai Olino project, Ms. Joelle Chu presented a PowerPoint presentation (Attachment A) providing background information on the project and Ahe Group’s experience in developing LIHTC projects.

Director McCartney asked who the land was originally acquired from. Chu stating that the original developer was Alexander & Baldwin.

Director McCartney asked what the construction cost per the square foot is. Chu stated that the cost was $294.45 per square foot.

On behalf of the Pilina Family I project, Mr. Jeff Furuta presented a PowerPoint presentation (Attachment B), providing an overview of the project’s location and site plans.

Catholic Charities’ president Mr. Michael Magaoay thanked Director Kahele for his service to the Board, as well as the rest of the HHFDC Board members for their due diligence.
Also on behalf of Catholic Charities, Mr. Robert Van Tassel expressed his gratitude to the members of the HHFDC Board, staff, and Executive Director Iseri-Matsubara.

Deputy Attorney General (DAG) Sandra Ching noted the following corrections to be made to Exhibit F of the For Action, regarding the Conditions of the LIHTC Award:

1. First sentence should read: The recommendations to allocate [2024] 2022 LIHTC is subject to the following general provisions.

2. Item 11, the good faith deposit shall be received no later than 4:00 PM HST on July 30, [2024] 2022.

3. Item 12, the owner agrees to meet the 10% expenditure requirement as described under Internal Revenue Code Section 42 as of June 30, [2022] 2023.


Vice Chair Mackler inquired about the awarding process and asked why the second highest scored project – Hale O Pi’ikea II, was not recommended for an award. Executive Director Iseri-Matsubara stated that in addition to the Criteria Point System component in determining the project ranking, other factors that are looked at, such as, but not limited to, the percentage of what is paid back at Year 55.

Director Nasir asked whether quantifying the other factors are difficult to include within its application scoring summary. Executive Director Iseri-Matsubara stated that this is the published criteria process for the 2022/2023 QAP approved by the Board. However, staff could further explore possible scoring options.

There being no further discussion, the motion was carried unanimously.

Director Kahele moved, seconded by Vice Chair Mackler to approve staff’s recommendation.

There being no public testimony on this item, Oakes presented the For Action, stating that due to the Front Street Apartments’ ongoing litigation being uncertain, the project has failed to meet the Site Control Minimum Threshold under the QAP for LIHTC, reducing the number of RHRF applicants to 19 of the 20 applications received for the FY2022 RHRF Funding Round.

Oakes further stated that the approval of the RHRF Approved Project List does not obligate or guarantee that an applicant will receive funding, as HHFDC may elect to select, reject, or defer an applicant’s request based on the best interest of the RHRF program.

There being no questions, the motion was carried unanimously.

Director Kahele moved, seconded by Director Sasaki to approved staff’s recommendation.

There being no public testimony on this item, Oakes stated that this For Action is in conjunction to what was previously approved, with the Hale Pilina Family I Project, requesting $17 million in RHRF, with an origination fee of 0.5% of loan amount (in accordance with CH 15-311, HAR).

There being no questions, the motion was carried unanimously.
Director Kahele moved, seconded by Director Sasaki, to approve staff's recommendation.

There being no public testimony on this item, Housing Finance Branch Manager David Oi presented the For Action, stating that this is the third Hula Mae Multi-Family (HMMF) tax-exempt revenue bonds extension request for the Kaiaulu O Kapiolani (Project), extending out to June 30, 2023. The general contractor has provided pricing for the current requested construction window based on this extension and the project’s financial closing is targeted for November 2022.

In response to Vice Chair Mackler’s questions in reference to the developer’s request letters dated September 2020, May 2021, and May 2022, Mr. Douglas Bigley noted the following:

- The project is currently going through the building permit process.
- The anticipated building permit completion date of September 2022 was based on its discussions with the County of Hawaii.
- The 12-month extension (as opposed to a 6-month extension) was requested as a precautionary measure.

There being no further questions, the motion was carried unanimously.

Director Kahele moved, seconded by Director Sasaki to approve staff's recommendation.

There being no public testimony on this item, Oi stated that this For Action is in conjunction with the project previously discussed and requests an extension deadline to the RHRF Letter of Intent (LOI) to June 30, 2022.

The being no questions, the motion was carried unanimously.

Chair Mende called for a recess at 11:35 a.m.; with the meeting reconvening at 11:45 a.m.

Director Kahele moved, seconded by Vice Chair Mackler, to approved staff's recommendation.

Stuart Hartman, President and CEO of Retirement Housing Foundation (RHF) provided a brief history about RHF and its experience in the development of affordable housing and its commitment to the HPHA School Street project.

DAG Ching noted the following corrections:

2. On page 5 of 5, under section IV. Recommendation, the RHRF LOI being extended is dated January 18, 2022] November 2, 2021.

HHFDC Regular Meeting – June 9, 2022

III.H. DISCUSSION AND/OR DECISION MAKING
Approve an Extension to Resolution No. 136, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kaiaulu O Kapi'olani Project Located in Hilo, Hawaii, TMK Nos.: (3) 2-4-025: 048, 053, and 080

III.I. DISCUSSION AND/OR DECISION MAKING
Approve an Extension to the Rental Housing Revolving Fund Project Letter of Intent for the Kaiaulu O Kapi'olani Project Located in Hilo, Hawaii, TMK Nos.: (3) 2-4-025: 048, 053, and 080

RECESS
11:35 a.m.
RECONVENED
11:45 a.m.

III.J. DISCUSSION AND/OR DECISION MAKING
Approve an Extension to the Rental Housing Revolving Fund Project Letter of Intent for the HPHA School Street Redevelopment Phase 1A Project Located in Honolulu, Oahu, TMK No.: (1) 1-6-
Oi presented the For Action, stating that pursuant to Act 88, SLH 2021, the State Legislature approved $40 million in general obligation funds to HHFDC’s RHRF for the project. The RHRF LOI and commencement of construction will be extended to August 31, 2023.

The motion was carried unanimously.

There being no public testimony on this item, Director Kahele moved, seconded by Director McCartney, to approve staff’s recommendation.

Oi presented the For Action, stating that in a First Amendment to the Dwelling Unit Revolving Fund agreement for the Kaiāulu o Kūkū’ia Apartments project, upon receipt of the requisite entitlements from the County of Maui, HHFDC will grant no more than $2.5 million (in addition to the $5 million DURF loan previously approved in June 14, 2018), as costs are incurred to build the extension of the Fleming Road.

Vice Chair Mackler asked whether work for the Fleming Road extension was competitively bid. Bigley responded in the affirmative.

DAG Ching asked for confirmation that the $2.5 million DURF increase is subject to the approval and release of funds by the Governor. Oi responded in the affirmative.

The motion was carried unanimously.

Director Kahele moved, seconded by Vice Chair Mackler, to approve staff’s recommendation.

There being no public testimony, Woodard presented the For Action, stating that the Kulia I Ka Nuu project is HHFDC’s last project within its owned and operated rental housing portfolio to be offered for sale. Through an RFP process, HHFDC received three proposals and based on the scoring of the evaluation committee, Catholic Charities Hawaii was selected as the Successful Offeror.

Van Tassell provided background information on Catholic Charities and its work efforts to provide various health and educational services for the project and surrounding community.

There being no questions, the motion was carried unanimously.

Executive Director Iseri-Matsubara thanked Director Melvin Kahele for his service to HHFDC and the Board.

Director Kahele thanked the Board and staff for all their help and patience.
There being no further business on the agenda, Director Kahele moved, seconded by Director Sasaki to adjourn the meeting at 12:08 p.m.

The motion was carried unanimously.

SEAN SASAKI
Secretary
Kai Olino Apartments
Ahe Group is one of Hawaii's leaders in the affordable housing development industry and has demonstrated success in all facets of development, from acquisition and rehabilitation to new construction and long term ownership. Located in Kailua, Hawaii, Ahe Group is dedicated to developing quality affordable housing communities with an emphasis on multi-family, senior housing, and workforce housing units. Ahe Group also has the distinction of developing the first LEED Certified Platinum affordable housing properties in Hawaii.

Founded in 2014 by Makani Maeva

- 20 properties
- 1,839 units
- 4,500+ people
61 Okupu Street Eleele, HI 96705
Project History

- Located on the bluff overlooking the Port Allen small boat harbor (Hanapepe - Eleele community)
- Originally planned as for-sale market rate condominiums - entitled & permitted
- Land is currently vacant with some infrastructure
- An Ahe Group affiliate purchased the land in November 2020
Project Type: New Buildings
Target: Families
Affordability Period: 61 Years
Land Area: 3.8 Acres
Floor Area: 63,786 SF
Project Cost: $34,280,046
Estimated Completion: Q4 2023
Units: 48 units in Phase 1 (2 & 3 Bedrooms)
Unit Types: 34 2-bedroom units, 12 3-bedroom units, 2 manager units
Type of Construction: Two 3-story Buildings
LIHTC Request: $2,032,070
Status

- Loan from County of Kauai’s Housing Development Fund
- COK awarded 20 year HAP contract on 25% of the units
- Permits have been issued
- Construction estimated to begin fall 2022
- Four units are reserved for families experiencing homelessness
- Property is adjacent to retail, commercial, and industrial use
- Bus stops nearby
- Building will be LEED Platinum
Infill Development of a Vacant, under-used Parcel
Addition of New Construction Units
Housing First - Permanent Housing for the Homeless
Provide New Affordable Housing for a Range of Households
Clean Energy & Green Construction

The Vision
HALE PILINA FAMILY
AFFORDABLE RENTAL PROJECT
Phase 1

TMK: (2)3-7-013:026
Kahului, Maui, Hawai‘i
Catholic Charities Housing
Development Corporation
June 2022
DEVELOPMENT TEAM

NON-PROFIT DEVELOPER
CATHOLIC CHARITIES HOUSING DEVELOPMENT CORPORATION

DEVELOPMENT CONSULTANT
GSF LLC

PLANNER
MUNEKIYO HIRAGA

ARCHITECT-ENGINEER
M&A HAWAII, INC.

GENERAL CONTRACTOR
ARISUMI BROTHERS, INC.

PROPERTY MANAGER
HALE MAHAOLU
REGIONAL LOCATION
PROJECT SITE MAP

[Map showing the project site located near Kamahamoe Avenue, Salvation Army, Coach Spencer Shiraishi Memorial Pool, Kahului Post Office, South Pālāhuʻu Avenue, and other landmarks around it.]
EXISTING PROJECT SITE

South Pu‘unēne Avenue Looking Towards the Project Site

Panoramic view of the Site from Kaulawahine Street
PROJECT OVERVIEW

• TWO 3-STORY RESIDENTIAL BUILDINGS
  ▪ 88 1BR (60%) & 2BR (40%) UNITS
  ▪ ELEVATOR AND LAUNDRY ROOMS
  ▪ ONSITE RESIDENT MANAGER UNIT
  ▪ MULTI-PURPOSE ROOM
  ▪ PRIVATE PARK

• TARGET RENTAL MARKET <60% AMI
PROPOSED SITE PLAN

S. PU'UNENE AVENUE

ATTACHMENT B

KAUWAWAHINE STREET
BUILDING ELEVATIONS
CONCEPTUAL RENDERING
FINANCING TEAM

CCHDC
COUNTY OF MAUI
FIRST HAWAIIAN BANK
HAWAII HOUSING FINANCE LLC
HHFDC
HHFDC

DEVELOPER EQUITY
OTHER GOV’T FINANCING
BANK FINANCING
TAX CREDIT SYNDICATION
FEDERAL/STATE LIHTC
RHRF LOAN
11 PROJECT TIMELINE

HHFDC RHRF & LIHTC Approval: June 2022
Projected Building Permit Date: 1st Quarter 2023
Close Construction Financing: 1st Quarter 2023
Construction Start Date: 1st/2nd Quarter 2023
Placed in Service Bldg. 1: 2nd/3rd Quarter 2024
Placed in Service Bldg. 2: 3rd/4th Quarter 2024
Achieve 100% Occupancy: 1st Quarter 2025