

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
KAKAAKO BUSINESS MEETING

Wednesday, August 7, 2019

MINUTES

I. CALL TO ORDER/ROLL CALL

A regular business meeting of the Kakaako Members, Hawaii Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by, John Whalen Chair of the Authority at 9:02 AM, August 7, 2019 at Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813.

Members Present:

Kevin Sakoda
Phillip Hasha
Jason Okuhama
Wei Fang
David Rodriguez
Robert Yu
Chason Ishii
John Whalen, Chair
Kathy Sokugawa (DPP non-voting)

HCDA Staff Present:

Aedward Los Banos, Executive Director
Garett Kamemoto, Interim Kakaako Planning and Development Director
Lindsey Doi, Asset Manager
Francine Murray, HCDA Program Specialist
Alison Miyasaki, Administrative Services Officer
Kuulei Moses, HCDA Secretary

Legal Counsel:

Max Levins, Deputy Attorney General
Lori Sunakoda, Deputy Attorney General

II. APPROVAL OF MINUTES

1. Regular Meeting Minutes of July 10, 2019

The minutes for the July 10, 2019 meeting were approved as presented.

III. INFORMATION & DISCUSSION

Status Update: Ward Villages Master Plan by Howard Hughes Corporation.

Mr. Todd Apo, Senior Vice President for Community Development and Mr. Race Randle, Senior Vice President of Development of the Neighborhood of Ward Village provided an overview and update of the Ward Villages Master Plan for Victoria Ward, Limited a subsidiary of Howard Hughes Corporation.

Chair Whalen thanked Mr. Apo and Mr. Randle for a great orientation and update of the Ward Village Master Plan. He asked that as Howard Hughes is two-thirds of the way through its 15-year term of the vested Master Plan, what is the longevity of the Howard Hughes Corporation in Hawaii? In the past, board concerns were raised about how to address the completion of this Master Plan. The major public improvements in the Master Plan are Auahi Street and Ward Avenue designated with complete street modifications as well as completion of park space. The original plan included park space being built out with amenities and not just a green lawn. Chair Whalen requested that Howard Hughes may want to explain details of it plans to complete the layout of the Master Plan.

Mr. Apo explained that the Howard Hughes Corporation and Victoria Ward keep ownership of the ground floor commercial space, which is part of a long-term plan to remain in Kakaako. He stated that they will be able to provide updates on Auahi Street during the Victoria Place development presentation.

Chair Whalen stated, in terms of phasing Halekauwila Street was planned to be extended to connect with the existing Halekauwila Street on the Ewa side of Ward Avenue. It would be useful to know the approximate timetable for that, because it is an important feature and connectivity of the street grid that is not only included in the Ward Villages Master Plan but HCDA's Mauka Master Plan as well.

Mr. Apo acknowledged Chair Whalen's comment and noted that area was impacted a little because HART's rail plans run through that area, however Howard Hughes is seeking a plan to figure out what they can do and try and provide the board with a little more detail.

Member Fang and Chair Whalen noted the board discussed connecting Auahi Street and Pohukaina Street, according to the Master Plan layout. Chair Whalen added that when the Kamehameha Schools and General Growth Properties (at the time) Master Plans were adopted there was a mismatch between that connection point and that Kamehameha schools suggested extending Auahi Street. However, HCDA does not know if there has been an agreement between both parties.

Mr. Apo responded that at this point there is no final resolution. However, with recent discussions both parties recognize and understand the issue and the importance of coming together to weave Kakaako together.

Chair Whalen asked that during its presentation for the Victoria Place development, Mr. Apo and Mr. Randle provide an update on its status to satisfy the reserved housing requirements.

Member Rodriguez asked how the Greywater system for the area works.

Mr. Randle explained the stormwater management plan was interesting to roll out with the City's requirements. The Victoria Ward Park green space sits 3 or 4 feet above the original grade, beneath it lies a specific reservoir that functions as a 3-dimensional reservoir for water to collect off buildings and percolate back into the ground plain. Throughout the neighborhood there's a specific building by building approach, via filtration or greening of the roof tops and amenity decks that capture rain water before it goes into the system or to the ocean.

Member Ishii and Member Yu asked for information on the owner occupants versus foreign owners. As information becomes available in the newspapers or media there is a source that information is being provided and would like to make a connection on the data being reported.

Mr. Apo explained that they will do their best to provide information at its next status update presentation, however, the information being asked by board members versus information being made available for the public may be provided by different data points.

Member Sakoda asked if Howard Hughes could provide its perspective on where they think the Kakaako Community is in respect to the Master Plan and added that there may be confusion with people's perspective on timing. He asked at what point would Howard Hughes consider the community to be at a level where they feel it should be in regard to traffic, infrastructure, retail etc.

Mr. Randle explained that Howard Hughes has worked on some good imagery and can walk the board members through the phasing of the Master Plan, at the next meeting. Some of the phasing is subject to change, however, it will have information from Victoria Place, the next steps and upcoming projects. The roadway realignment of Auahi Street is a big project and will impact a large portion for a long period of time. They will try to strategically map out the construction activity in one portion to move forward in one direction, rather than construction that impacts the entire neighborhood.

Mr. Randle said they can also provide numeral information on the Floor Area that has been completed and developed whether its, commercial, industrial and residential. Mr. Randle explained that the development is sort of a puzzle that is put together as each project is completed. The completed commercial space to date is approximately 500,000 sq. ft., which is significantly complete. However, the residential portion of the Master Plan is about 30% complete. Mr. Randle added they can provide detail information on how they progress through each phasing that provides for a stabilized neighborhood.

Member Fang asked if Howard Hughes could provide (in its images) an overlay with labels of the land blocks that correspond to the Masterplan and also to provide more information on the

Industrial use portion, specifically what is being planned or done to help support either the current industrial tenants or what the vision is for that piece of development.

Member Sakoda added that safety and security keeps coming up as far as walking around the neighborhood and asked if those questions can be addressed like what Howard Hughes is doing to put pressure on the various entities to decrease the homelessness and increase the security of the walkability of the area.

Mr. Randle explained that there is a master Homeowners Association that is designed (after development has been completed) to fund the cost for security, landscaping and janitorial services. The residents as well as commercial spaces contribute to master Homeowners Association account.

Member Sakoda explained that concerns from residents' question what happens to that master's Homeowners Association where Howard Hughes has been covering the bulk of those costs, as those costs are expensive and if Howard Hughes leaves the Kakaako Community the residents will be stuck with the high costs.

There were no further comments and no public testimony.

Shall the Authority Authorize the Transfer of Reserved Housing Units to Revocable Trusts and Defer the Payment of Shared Equity and the HCDA's First Option to Purchase the Unit, Provided Certain Conditions are Met?

Ms. Lindsey Doi presented the report in the board packet. She noted that the current item and the next one up on the agenda is essentially the same request, the first request is a blanket approval and the next request is specific to unit at Ke Kilohana. She provided an overview for both items and explained that the authority recently approved a similar request for a unit at Rycroft Terrace and that this item is for a blanket approval, allowing for an expedited process for any future requests.

Ms. Doi reminded the Authority of its past approval of the Rycroft unit, allowing to transfer the unit to a revocable trust subject to the following conditions:

1. A new unilateral declaration of restrictive covenant is executed;
2. The reserved housing requirements listed in HAR 15-22 are incorporated into a new deed; and
3. The new deed and trust documents are subject to review by the HCDA Executive Director to ensure they are sufficient.

Ms. Doi stated that the same conditions will apply with the current request.

Mr. Los Banos further added that HCDA's current proposal is consistent with HHFDC's current requirements and program. He noted the 2018 reserved housing rules permit the transfer to a revocable trust subject to the Authority's approval.

Member Ishii asked if the rules state whether homeowners' insurance is required? Some insurance carriers may have certain parameters if units are in a revocable trust and therefore may have an impact to the insurance status of these units.

Ms. Doi explained that she will review the documents and if its included, those requirements will apply.

Member Sakoda asked are the current requirements listed annually validated and enforced?

Ms. Doi explained certain developments include language in its by-laws, like Rycroft Terrace. The managing agent for Rycroft's AOA conducts an annual owner occupancy certification. Other developments may not have those requirements that should have been included with the permitting of the project. She further explained that if HCDA receives a complaint, it triggers staff to send out a certification letter to the owner of the unit that requires a notarized affidavit response stating the owner is the occupant of that unit. If a response is not received a notice of violation is sent out, triggering an enforcement process.

Member Sakoda asked from HCDA's staff perspective, how would owners cheat this system? What would owners' strategies be to make money from these units?

Ms. Doi responded that she is not sure if there is a way to make money from the transfer of a unit to trust and that these requests are more for estate planning purposes.

There were no further comments and no public testimony

MOTION:

Member Hasha motioned for the board to authorize the transfer of Reserved Housing units to Revocable Trusts and defer the payment of shared equity and the HCD's first option to purchase the unit, provided certain conditions are met.

Member Okuahama seconded.

Ms. Lindsey Doi conducted the roll call vote. Motion passed with 8 in favor.

Shall the Authority Authorize the Transfer of Ke Kilohana Unit 2405 to a Revocable Trust and Defer the Payment of Shared Equity and the HCDA's First Option to Purchase the Unit?

Ms. Doi and Deputy Attorney General Max Levins explained that according to the approval by the authority on the previous item, this item is deferred to the Executive Director's approval/action, and therefore does not require action.

There were no further comments and no public testimony.

Shall the Authority Authorize the Executive Director to Expand the Existing Agreement between the Hawaii Community Development Authority and the Hawaii Housing Finance

and Development Corporation to 1) Allow HHFDC to serve as the HCDA's Designated Agent to Repurchase and Resell Any Reserved Housing Units Sold During the Regulated Term, in Accordance with HHFDC's Affordable Housing Program and Subject to HHFDC's Acceptance of the Condition of the Unit, and 2) If HHFDC determines that repurchasing the unit is not feasible, HCDA's Executive Director may waive HCDA's first right to repurchase the unit?

Ms. Doi presented the report provided in the board packet. She explained that authority members approved HHFDC to serve as HCDA's designated repurchasing agent for all Reserved Housing units at Rycroft Terrace. To date, HHFDC successfully repurchased three units to keep them within the state's affordable housing inventory and is in the process of repurchasing an additional two units.

This request would expand the agreement with HHFDC and HCDA to include all Reserved Housing units currently governed by HCDA and would expedite the repurchasing process for other Reserved Housing unit owners. HCDA recently received a request for a unit at Ke Kilohana and therefore this approval would allow HHFDC to expand its repurchasing abilities beyond Rycroft Terrace.

Member Yu recused himself from voting because he sits on the HHFDC board.

Member Sakoda stated that in future developments, based on HCDA's staffing would the authority and staff want to hold on to these Assets?

Ms. Doi responded that is an idea up for long-range planning discussions where the whole program could be transferred, so that when new projects are built (if rules get changed) its written to be built for HHFDC and not HCDA. However, that would be for future discussions on rule amendments.

There were no further comments and no public testimony.

MOTION

Member Hahsa motioned for the Authority to Authorize the Executive Director to Expand the Existing Agreement between the Hawaii Community Development Authority and the Hawaii Housing Finance and Development Corporation to 1) Allow HHFDC to serve as the HCDA's Designated Agent to Repurchase and Resell Any Reserved Housing Units Sold During the Regulated Term, in Accordance with HHFDC's Affordable Housing Program and Subject to HHFDC's Acceptance of the Condition of the Unit, and 2) If HHFDC determines that repurchasing the unit is not feasible, HCDA's Executive Director may waive HCDA's first right to repurchase the unit?

Member Fang seconded.

Ms. Doi conducted the roll call vote. Motion passed with 7 votes and 1 abstention.

Shall the Authority Authorize the Executive Director to Expend Public Facilities Dedication Funds in the Amount of \$80,000 and Enter into a Consultant Contract to Complete an Engineering Condition Assessment of the Box Drain Culvert Adjacent to the John A. Burns School of Medicine (JABSOM)?

Mr. Garrett Kamemoto, Interim Planning and Development Director for Kakaako explained that in February 2019, JABSOM began repairing a sinkhole that appeared on the Ewa end of their property. A gap within sections of the existing box culvert was discovered upon excavating the area. The sinkhole has since been repaired however, there are concerns that the sinkholes will continue to appear if there are other gaps in the culvert.

This engineering condition assessment will be able to determine whether there are other gaps and other damages to this portion of the existing box drain culvert.

No public testimony was received.

MOTION

Member Yu motioned for the Authority to Authorize the Executive Director to expand Public Facilities Dedication Funds in the amount of \$80,000 and enter into a consultant contract to complete an engineering condition assessment of the box drain culvert adjacent to the John A. Burns School of Medicine (JABSOM)?

Member Okuhama seconded.

Mr. Kamemoto conducted the roll call vote. Motion passed with 8 votes in favor.

Shall the Authority Authorize the Executive Director to Expend Up to \$800,000.00 from the Public Facilities Dedication Funds for Major Maintenance Repairs in the Hawaii Community Development Authority Kakaako Parks to Effectuate the Transfer of the Parks to the City and County of Honolulu?

Ms. Doi presented the report provided in the board packet. HCDA has been working with the City and County of Honolulu to transfer certain park properties in Kakaako Makai along with various road remnants. The city highlighted major maintenance items of concern during a pre-closing final inspection on July 29, 2019 and stated park conditions have deteriorated since the City initially offered to accept transfer of the properties in April 2018. Without the requested funding, the City would not be able to accept the park transfer without seeking additional funding for repairs from the City Council. This could put the parks transfer on hold indefinitely. The City indicated that it would accept the parks if the HCDA agreed to fund certain repairs.

Members questioned how the \$800,000 figure was derived and whether it was based on actual quotes for repair. City representatives noted that their list of required repairs has not yet been fully fleshed out, and that additional items may be added. City representatives noted that the walk-thru was only held about two weeks ago and there was insufficient time to prepare an accurate inventory with quotes for repairs. The \$800,000 figure is a best estimate based on the information available.

Member Hasha expressed concern that the transfer has taken over a year to close and there is still no signed agreement between the City and HCDA dictating the terms of the transfer. He says he had thought the only delay was a matter of paperwork, not the funding of repairs. He questioned whether the City would ask for additional funds later. He asked the Deputy Attorney General to include terms in writing with the City. Deputy Attorney General Lori Sunakoda noted Member Hasha's request and acknowledged she would include those terms.

Member Fang suggested that HCDA staff update the Governor's office with the status of this transfer and for staff to also send a letter to the Mayor reaffirming HCDA's commitment.

Member Hasha and Member Fang expressed a desire to reopen the discussion for the HCDA Parks Active Use Master Plan as a way to generate revenue if the HCDA keeps the park properties. Chair Whalen noted that the optimal solution remains transferring the park properties to the City.

There was no public testimony.

MOTION

Chair Hasha offered an amended motion, for the authority to authorize the executive director to expend up to \$800,000.00 from the Public Facilities Dedication Funds for Major Maintenance Repairs in the Hawaii Community Development Authority Kakaako Parks to Effectuate the Transfer of the Parks to the City and County of Honolulu contingent upon the successful closing of the transaction.

Member Rodriguez seconded.

Ms. Doi conducted the roll call vote. Motion passed with 7 yes votes and 1 no vote.

V. REPORT OF THE EXECUTIVE DIRECTOR

Monthly Reports and Other Status Reports

Approved permit applications that did not require HRS § 206E-5.6 public hearings.

The Authority deferred to the report provided in the board packet.

There were no questions by board members, and no public testimony.

V. ADJOURNMENT

Chair Whalen adjourned the regular meeting at 11:46 am.

Approved and Submitted by,

John Whalen, Chairperson

Date Approved by HCDA Board