

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

Wednesday, July 5, 2017

**KAKAAKO BUSINESS**

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

A regular business meeting of the Kakaako Members of the Hawaii Community Development Authority (“Authority” or “HCDA”), a body corporate and a public instrumentality of the State of Hawaii, was called to order by Chair Whalen at 12:05 PM July 5, 2017, at the Authority’s principal offices at 547 Queen Street in Honolulu, Hawaii, 96813, pursuant to Article IV, Section 1 of the Authority’s Bylaws.

**Members Present:**

1. John Whalen
2. Steven Scott
3. Mary Pat Waterhouse
4. Beau Bassett
5. Wei Fang
6. Jason Okuhama
7. David Rodriguez
8. Laurel Johnston

**Absent Members:**

Kathy Sokugawa, DPP (non-voting)  
Derek Kimura, DHHL (non-voting)  
William Oh

**Others Present:**

Jesse Souki, Executive Director  
Mike Wong, Deputy Attorney General  
Deepak Neupane, Kakaako Planning Director  
Lindsey Doi, Asset Manager  
Aedward Los Banos, Administrative Services Officer  
Garett Kamemoto, Communications and Community Outreach Officer  
Francine Murray, Communications and Community Assistant  
Ku’ulei Moses, Secretary

II. **APPROVAL OF MINUTES**

1. Kakaako Regular Meeting of June 7, 2017

Minutes approved as presented.

III. **ACTION ITEMS**

2. Shall the Authority Adopt the Kakaako Makai Parks Active Use Master Plan (“Active Use Master Plan”) and Direct the Executive Director to Amend the Kakaako Makai Area Plan and the Kakaako Makai Area Rules (Chapter 15-23, Hawaii Administrative Rules), to Incorporate the Active Use Master Plan?

ED Souki reminded the Board that when Mr. Deepak Neupane initially presented this item there were concerns, so staff made changes that addresses those concerns.

Mr. Neupane presented the item under tab 1 of the Board packet focusing on the revisions that staff made to the master plan since the April 2017 meeting.

The Board members expressed their concerns with this version of the Master Plan. Chair Whalen felt that phase 1 and phase 2 of the park were most important in making the park more useable and more accessible to the public.

Member Basset was concerned that there was no reference to the amphitheater in phase 3, referenced in the earlier presentations. He wondered what the value was of an amphitheater and what purpose it brought to a park.

Member Fang suggested staff work with engineering consultants.

Member Bassett agreed; however, for that to happen something needed to be included in phases 1 or 2 if the Board wants this kind of amphitheater in the park.

Member Bassett feared that if not, HCDA is not going to think to hire a consultant because it is not part of phase 1 or 2.

**PUBLIC TESTIMONY**

Wayne Takamine testified providing comments on this item.

Member Scott said there were things that need to be changed in the Master Plan.

ED Souki recommended Board members send comments directly to Mr. Neupane.

Vice Chair Waterhouse asked if it was possible for Mr. Neupane to show what has been changed in the Master Plan, possibly use Ramseyer Format.

Mr. Neupane confirmed he could send a Ramseyer version or a track change version as well as a clean version.

ED Souki requested that the public also submit their comments.

**MOTION:**

The Board made a motion to defer this item until the next meeting.

3. Shall the Authority Approve the Most Current Draft of the Proposed Kakaako Reserved Housing Rules Amendments, dated July 5, 2017, for the Purpose of Holding Public Hearings to Adopt the Proposed Amendments?

The Authority may convene an executive meeting pursuant to HRS § 92-5 (a) (4), for the purpose of consulting with the Authority's legal counsel on questions and issues relating to the Authority's powers, duties, privileges, immunities, and liabilities relating to the above items.

Chair Whalen noted, this item is to determine if there is a basis to hold additional public hearings for the proposed Kakaako Reserved Housing Rules Amendments. The board will not be voting to adopt the proposed rules.

ED Souki mentioned that during the Office of Information Practices presentation on the Sunshine Law, it was stated that the three required meetings when a Permitted Interaction Group is established are:

1. Creation of the Permitted Interaction Group;
2. Its report/recommendation to the board; and
3. The Board action.

ED Souki also mentioned that the Permitted Interaction Group may hold as many meetings as necessary, between the time the group presents its report to the board and the actual board action/vote.

ED Souki reminded the board that a permitted interaction group was created for this item and completed its work. However, the version of the rules considered by that permitted interaction group was not adopted by the board and is not what is being presented to the Board today. The rules presented today are based on the Board's comments at its June 7, 2017 public hearing. A permitted interaction group was not created to make recommendations on the version being presented today.

ED Souki noted for the board that Mr. Deepak Neupane will present the version of the rules the board requested to review before the next public hearings are scheduled.

Mr. Neupane presented the staff report provided in the board packet under tab 3.

**PUBLIC TESTIMONY:**

Sharon Moriwaki and Galen Fox testified offering comments on this item.

**MOTION:**

Vice Chair Waterhouse made a motion for the Authority approve the most current draft of the proposed Kakaako Reserved Housing Rules Amendments, dated July 5, 2017, for the purpose of holding public hearings to adopt the proposed amendments. Member Johnston seconded.

Member Johnston offered an amendment to have the resale term lowered to 10 years, instead of 30 years. The second amendment she offered was to use fair market value regarding the buyback price. Member Rodriguez seconded the motion with the amendments.

Chair Whalen said he could not support that amendment. He felt that HCDA needs to compromise. The intent is to match what the city is doing with a 30 year regulated term. Member Fang agreed.

Chair Whalen called for the vote for the motion of the 10 year buyback.

Motion failed. 2 ayes, 5 nays.

Mr. Neupane told the Board that staff would like to propose a motion to make the 3 following amendments:

- 1) §15-218-41(f)(1) any mortgage created for the purpose of securing the payment of funds expended solely for the purchase of the reserved housing or workforce unit.

This language was changed to not focus on the first or second mortgage as long as the funding is used for purchase of a unit. This helps reserved housing unit buyers so they do not have to pay mortgage insurance premium, so they will be able to finance the additional 10%.

- 2) §15-218-45 Rental of reserved housing or workforce housing unit by reserved housing or workforce housing owner during regulated term.

This change will clarify that one can rent their unit during the regulated term, so long as it is rented at the regulated rent under the rules.

- 3) §15-218-48 Fees for administering reserved housing and workforce housing program. The authority may establish, revise, charge, and collect fees, premiums, and charges as necessary, reasonable, or convenient, for administering its reserved housing and workforce housing program. At the beginning of each fiscal year the executive director shall publish a schedule of fees for administering the reserved housing and workforce housing program.

Since HCDA is going to be buying these units back and reselling them, there is going to be administrative work that will have a cost. Just as HHFDC, HCDA would like to charge a processing fee.

Member Bassett asked when these fees would be charged. Mr. Neupane explained that this would be a one-time administrative fee on the buyback to process the paperwork.

Chair Whalen asked in regards to §15-218-45 amendment, what is going to be done to be sure that the unit does not become rented out at market value. Mr. Neupane explained that the unit would be regulated. ED Souki added that the rules currently allow renting a unit; however, as the rules are written now, it does not specify during the regulated term.

Member Bassett asked for §15-218-45 was just an amendment to the title, not to the substance of the rule. Mr. Neupane and ED Souki confirmed, the rule does not change, it is just a clarification to the title.

Member Bassett commented that in §15-218-48, it is unclear as to when that fee will need to be paid. It was unclear who is being assessed that fee and when it is going to be assessed. Mr. Neupane explained that the intent was that it would be paid by the owner at the time of the transaction. Member Bassett asked to add that in that language. Mr. Neupane said he could do that.

AG Mike Wong commented that he works with asset management and has observed that people will initiate the buyback process and then change their mind. AGs also put work into the process. The fee ensures commitment to the process.

ED Souki added that it does happen often.

Vice Chair Waterhouse made a motion to accept those amendments, Member Fang seconded the motion.

Motion passed with 7 votes, 2 excused.

ED Souki restated the motion to approve the most current draft of the proposed draft Kakaako reserved housing rules dated July 5, 2017 with the 3 amendments that were just voted on for the purpose of holding public hearings to adopt the proposed amendments and to authorized the Executive Director to make any necessary non-substantive changes before publishing the draft rules for the purpose of public hearings. Member Bassett moved the motion to approve, Member Johnston seconded the motion.

Mr. Neupane conducted the roll call vote.  
Motion passed with 7 ayes, and 2 excused.

ED Souki noted, the public hearing will be in August and the decision making in

September.

**IV. EXECUTIVE DIRECTOR REPORT**

4. Monthly and Status reports on the following:
- a. Approved permit applications that did not require HRS § 206E-5.6 public hearings.
  - b. HCDA Parks Update.
  - c. Update on 630 Cooke Street affordable rental "micro unit" housing project.

ED Souki referenced the ED report under tab 4 of the Board packet.  
Mr. Neupane provided a report regarding the micro unit housing project.

There were no further comments and no public testimony.

**V. ADJOURNMENT**

Chairperson Whalen adjourned the regular meeting at 3:19 p.m.

Respectfully submitted,



John Whalen,  
Chair