

**STATE OF HAWAII  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
KAKAAKO MEETING**

**Wednesday, July 07, 2021**

**MINUTES**

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

The Hawaii Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawaii met virtually (utilizing the state-supported Zoom Meeting platform) for a meeting on July 07, 2021.

Board Chairperson, Jason Okuhama, called the meeting to order at 9:44 a.m.  
Those present were as follows:

**Members Present:**

Jason Okuhama, Chairperson  
Kevin Sakoda  
Philip Hasha  
Wei Fang  
Chason Ishii  
David Rodriguez, DOT (Ex-Officio)  
Craig Hirai, B&F (Ex-Officio)  
Vacant (At-Large)

**Members Excused:**

Daniel Ikaika Ito  
Dean Uchida, DPP (non-voting)

**Legal Counsel:**

Kelly Suzuka, Deputy Attorney General

**Staff Present:**

Deepak Neupane, Executive Director  
Carson Schultz, Director of Planning & Development  
Lindsey Doi Leaverton, Asset Manager  
Craig Nakamoto, Compliance Assurance & Community Outreach Officer  
Francine Murray, HCDA Program Specialist  
Tommilyn Soares, HCDA Secretary

A quorum was present.

## **Acknowledgement that the Meeting is Being Convened Virtually**

Chair Okuhama reiterated the wording contained in the Meeting Agenda regarding the state's response to the COVID-19 pandemic, the state's efforts to slow the community spread of the virus and Governor David Y. Ige's issuance of Supplementary Emergency Proclamations which suspended Chapter 92 of the Hawaii Revised Statutes to the extent necessary to enable public boards and commissions to conduct business without holding meetings open to the public.

With regard to the foregoing, Chair Okuhama reiterated wording contained in the Meeting Agenda noting that HCDA welcomes public attendance via the Zoom link and HCDA's YouTube Channel contained in the meeting agenda, HCDA also welcomes public comment and public participation via submission of written and or verbal testimony (consistent with the social distancing guidelines and Emergency Proclamation directives in effect).

Chair Okuhama stated that individuals, if any, from the public who have requested to provide testimony are on standby and will be permitted to speak during the public testimony session of the specific agenda item.

## **II. APPROVAL OF MINUTES**

1. Regular Meeting Minutes of June 2, 2021

Minutes were approved as presented.

## **III. ACTION ITEM**

2. Consideration of the Association of Unit Owners of 988 Halekauwila, Petition for Declaratory Relief and for Hearing.

*The Authority anticipates convening an executive meeting pursuant to HRS §92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's power, duties, privileges, immunities and liabilities for the subject agenda item.*

HCDA Executive Director, Mr. Deepak Neupane, provided a summary of the staff report for this item.

Chair Okuhama asked for questions or comments from board members.

Member Ishii asked Mr. Neupane if his recommendation was reviewed and approved by legal counsel. Mr. Neupane confirmed that he had consulted with the Deputy Attorney General (AG), who was present to provide more insight if an executive meeting were to be convened.

There were no further questions or comments from board members.

## **Public Testimony**

Chair Okuhama called for public testimony. There was one written testimony received.

Mr. Brian Kang, appearing on behalf of Victoria Ward Limited, was present to summarize the written testimony he submitted.

Member Hasha motioned to enter Executive Session. Member Ishii seconded.

Chair Okuhama called for a voice vote; all members unanimously affirmed.

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Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 9:56 a.m.

The Authority met in Executive Session until 10:53 a.m.  
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Chair Okuhama reconvened the meeting in public session at 10:53 a.m.

Mr. Neupane stated the revised recommendation is that the board deny the petitioner's request for declaratory relief and hearing, and authorize the Executive Director to issue an order denying the request for declaratory relief and hearing, pursuant to §15-219-84(a)(1) and 15-219-84(b)(4) of Hawaii Administrative Rules, and encourage the petitioner to utilize §15-219-99 of HAR to address the violation that was included in the petition.

**Motion**

Member Hasha motioned for the board to deny the petitioner's request for declaratory relief and hearing, and authorize the Executive Director to issue an order denying the request for declaratory relief and hearing, pursuant to §15-219-84(a)(1) and 15-219-84(b)(4) of Hawaii Administrative Rules, and encourage the petitioners to utilize §15-219-99 of HAR to address the violation that was included in the petition.

Member Ishii seconded the motion.

Member Fang stated that she felt this motion is an imperfect resolution as she feels that the board has a commitment to continue to look deeper into this request and the broader issues regarding true preservation of affordability. Member Sakoda stated he agrees with and supports Member Fang's statements.

Mr. Neupane conducted the roll call vote. Motion passed with 5 votes in favor, 1 vote in opposition, and 3 excused.

Member Sakoda stated his vote in opposition was due to needing more legal clarity on the matter.

At 10:58 a.m. Chair Okuhama called for a recess of the Kakaako authority meeting, due to the scheduled 11:00 a.m. Kalaeloa Public Hearing and 1:00 p.m. Kalaeloa Authority Meeting. He stated that the Kakaako authority meeting would reconvene following the 1:00 p.m. Kalaeloa Authority Meeting.

Chair Okuhama reconvened the meeting at 1:47 p.m. Member Philip Hasha did not rejoin the reconvened meeting.

3. Convene a Kakaako Design Advisory Board and Appoint a Kakaako Authority Member Pursuant to Section 15-217-80(f), Hawaii Administrative Rules.

HCDA Kakaako Director of Planning and Development, Mr. Carson Schultz, provided a summary of the staff report for this item.

Chair Okuhama asked for questions or comments from board members.

There were no questions or comments from board members.

### **Public Testimony**

Chair Okuhama called for public testimony. There was no public testimony.

### **Motion**

Member Sakoda motioned for the board to convene a Kakaako Design Advisory Board and appoint a Kakaako Authority Member pursuant to Section 15-217-80(f), Hawaii Administrative Rules.

Member Fang seconded the motion.

Chair Okuhama asked if there were any board members who would like to volunteer to be part of the Kakaako Design Advisory Board.

Member Rodriguez asked if this committee had already been approved or if it is a Permitted Interaction Group (P.I.G.). Mr. Schultz clarified that it is not a P.I.G. and that HCDA has utilized the Kakaako Design Advisory Board in the past on projects like Symphony Honolulu and 801 South Street. Member Rodriguez stated he was curious how useful the board is. Mr. Neupane noted that the Design Advisory Board provides an opportunity for HCDA to give comments to the developer and has proven to be helpful in the past. Member Rodriguez stated he was concerned about any bureaucratic delay that might be caused in the project delivery by the developers. He asked if it would slow project delivery.

Member Ishii asked if the appointed authority member had to be a community member or if an At-Large member would be able to participate. Mr. Schultz answered that it needs to be a member of the Kakaako board, with no distinction between the types of members. Member Ishii asked if multiple members could participate. Mr. Schultz stated that the rules specify that composition of the Design Advisory Board allows for one Kakaako Authority member.

Addressing Member Rodriguez's concerns, Member Fang shared her experience on a previous Design Advisory Board, noting that it was helpful to have deeper discussions with

the developers and contractors regarding design matters prior to the development permit being presented to the board. Mr. Neupane added that the Design Advisory Board does not slow down the process because it runs in parallel with the staff's review of the permit application.

Chair Okuhama asked Member Sakoda if he would like to volunteer to participate in the Kakaako Design Advisory Board. Member Sakoda confirmed.

Mr. Schultz conducted the roll call vote. The motion passed with 5 votes in favor, 1 vote in opposition, and 2 excused.

Member Ishii asked Member Rodriguez the reason for his vote in opposition. Member Rodriguez answered that he determined his vote based on prior conversations with his Director and Deputies at DOT, who felt that it would hinder project delivery. He added the example of the issues the Symphony Honolulu project had regarding the visible light transmission (VLT), noting that if a Design Advisory Board was involved in reviewing that project, then the design review may not have been effective.

4. Authorize the Executive Director to Award and Execute a Three-Year Contract with Two One-Year Options to Extend with Diamond Parking Services, LLC for Parking Management, Operations and Maintenance Services for the Kewalo Basin Harbor Diamond Head Parking Lot, Located at 1125 Ala Moana Boulevard, Honolulu, Hawaii, Identified as Tax Map Key (1) 2-1-058:134 (Portion), in accordance with their Bid Form.

HCDA Asset Manager, Ms. Lindsey Leaverton Doi, provided a summary of the staff report for this item.

Chair Okuhama asked for questions or comments from board members.

Member Ishii asked Ms. Leaverton Doi what the monthly revenue for that parking lot is. Ms. Leaverton Doi stated that the revenue is volatile. Member Ishii stated his reason for asking was the fee incentive. Ms. Leaverton Doi answered saying the 1% monthly incentive is reasonable in comparison to other bid offers.

Member Fang asked if Diamond Parking is the same contractor for the other parking facility HCDA is responsible for, Kauhale Kakaako. Ms. Leaverton Doi confirmed that to be correct and added that staff has been pleased with their performance at Kauhale Kakaako.

Member Rodriguez asked if this would affect Howard Hughes' commitment to the area. Ms. Leaverton Doi stated staff is working closely with Howard Hughes on the matter, noting that Diamond Parking is also used by Howard Hughes to manage the parking area near the harbor that they are responsible for. Member Rodriguez referenced a previous Request for Proposal (RFP) involving Howard Hughes, and stated his concerns were about Howard

Hughes' commitment to maintaining the park and other surrounding areas in accordance with that. Mr. Neupane stated the park has been dedicated to the City and County (C&C), so the park is maintained by C&C. In reference to the RFP Member Rodriguez mentioned, Mr. Neupane added that Howard Hughes did not propose for the portion of the parking lot being considered in this item.

Member Sakoda asked if the bathroom there was HCDA's responsibility or that of the C&C. Ms. Leaverton Doi asked if he was referring to the comfort station right next to the parking lot. Member Sakoda confirmed. Ms. Leaverton Doi stated that comfort station is HCDA's and that staff recently executed a janitorial contract to take care of that bathroom. Member Sakoda asked if the grassy area near the bathroom is also HCDA's. Ms. Leaverton Doi confirmed and added saying staff is in the process of executing a landscaping contract for that area.

Chair Okuhama asked if the monthly net income made by HCDA would be the gross income less the management fee bid proposed by Diamond Parking. Ms. Leaverton Doi confirmed, saying the management fee also includes routine maintenance done by Diamond Parking. She added saying if anything needed to be done outside of routine maintenance, Diamond Parking would use additional revenues to complete those tasks.

Chair Okuhama asked if this will operate just above the breakeven point, but still serve as a service to the community. Ms. Leaverton Doi affirmed it to be a service to the community but added that HCDA will make substantially more than what it has in the past from this parking lot.

### **Public Testimony**

Chair Okuhama called for public testimony. There was no public testimony.

### **Motion**

Member Sakoda moved for the board to authorize the Executive Director to award and execute a three-year contract with two one-year options to extend with Diamond Parking Services, LLC for parking management operations and maintenance services for the Kewalo Basin Harbor Diamond Head parking lot, located at 1125 Ala Moana Boulevard, Honolulu, Hawaii, identified as Tax Map Key (1) 2-1-058:134 (portion) in accordance with their bid form.

Member Fang seconded the motion.

Ms. Leaverton Doi conducted the roll call vote. The motion passed with 6 votes and 3 excused.

5. Authorize the Executive Director to Execute a Consent to Mortgage Approval for the City and County of Honolulu's Down Payment Loan Assistance Program to Assist Eligible Buyers of Reserved Housing Units.

Ms. Leaverton Doi provided a summary of the staff report for this item.

Chair Okuhama asked for questions or comments from board members.

Member Ishii asked if HCDA would lose its position to the payment of the loan from the City and County (C&C) in case of default. Ms. Leaverton Doi confirmed that HCDA would no longer be in second position as it currently is, but rather third position following the loan from the C&C. She added saying the maximum loan amount is \$40,000, however, for each year that the person occupies their unit, the loan amount reduces. Member Ishii stated the movement of HCDA's position puts HCDA even more into a potential liability situation. Ms. Leaverton Doi confirmed.

Chair Okuhama asked how and where in the financing of the unit, the C&C's contribution would fit in. Mr. Neupane explained that the first position would be the mortgage with the bank, the second position would be the C&C's down payment, and the third position would be HCDA's shared equity.

Mr. Neupane stated HHFDC utilizes this program for the shared equity it has in projects it is involved with. He acknowledged that there are risks involved but stated that the down payment is typically a challenge for affordable housing buyers. He noted the C&C program is available only to households making 80% or less of the Area Median Income (AMI), reaching that sector of households typically has the biggest challenge in coming up with down payment money. He stated the motivation behind this program is to give those households the opportunity and affordability to be homeowners. Mr. Neupane acknowledged the risk but noted that the market value of the units is quite high, which would allow HCDA to maintain a decent amount of shared equity, even though HCDA would fall into the third position. He noted there are similar risks even for units not participating in this program.

Chair Okuhama stated that he liked the program and acknowledged that the potential applicants would already be in good standing to qualify for a mortgage and other components involved with home buying. He stated it would be a calculated risk to take for HCDA.

Member Sakoda asked if it is possible for a buyer to come in with no money down and use this program to make a down payment. Mr. Neupane stated there is a requirement within the program for the buyer to have a certain percentage down payment. Ms. Leaverton Doi added that the program has an educational element too that the participants are required to complete. Member Sakoda asked if the lending bank would accept it as well. Ms. Leaverton Doi confirmed that C&C works with the lending banks. She added saying the bar is high for people to participate, citing the example of The Central project, where only one household qualified for this program. Chair Okuhama stated there are programs that will finance a considerable amount of the loan amount, so a program like this would come in handy. Mr.

Neupane stated it would help households to get to a 20% down payment so they would not have to pay mortgage insurance, as that can be costly. Ms. Leaverton Doi added saying there is no interest, so the money is free.

Member Sakoda asked if this would affect the reserved housing calculations. Mr. Neupane stated it would not and added that the formula uses a 10% down payment calculation.

**Public Testimony**

Chair Okuhama called for public testimony. There was no public testimony.

**Motion**

Member Ishii motioned for the board to authorize the Executive Director to execute a Consent to Mortgage Approval and subordination of Equity Sharing Payment for the City and County of Honolulu’s Down Payment Loan Assistance Program to assist eligible buyers of reserved housing units.

Member Sakoda seconded the motion.

Ms. Leaverton Doi conducted the roll call vote. The motion passed with 6 votes and 3 excused.

**IV. REPORT OF THE EXECUTIVE DIRECTOR**

6. Monthly Report and Other Status Reports

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

Mr. Neupane chose to stand on the written report as presented, with one notion: the third paragraph of the Reserved Housing section should say June 2021, rather than June 2020.

Chair Okuhama asked for questions or comments from board members.

Member Sakoda asked Mr. Neupane to clarify what the money generated from shared equity payments can be used for. Mr. Neupane stated the board policy has been to use that money for financing affordable housing projects, he noted however, that there are no regulatory requirements for that money.

There were no questions or comments from board members.

**Public Testimony**

Chair Okuhama called for public testimony. There was no public testimony.



**V. ADJOURNMENT**

There being no further comment or questions on the Report of the Executive Director, Chair Okuhama thanked those who joined the meeting on Zoom and adjourned the meeting at 2:30 p.m.

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Jason Okuhama, Chairperson

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Date

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