

Reviewed and Approved by Executive Director: 
September 7, 2022

FOR ACTION

I. REQUEST

Consider Authorizing an Additional Loan of Five Hundred Thousand Dollars (\$500,000.00) from the Hawaii Community Development Special Fund, Reserved Housing Subaccount, to the Honuakaha Limited Partnership, to Cover Continuing Operating Losses for the 12-month period July 2022 to June 2023 Relating to the Honuakaha Senior Rental Housing Project located at 545 Queen Street, Honolulu, Hawaii 96813, and Identified by Tax Map Key No. 2-1-031-021.

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. Operating expenses exceed the annual revenue.

The Kakaako board authorized the Executive Director to make a loan of up to \$1,000,000.00 at its October 6, 2021 meeting.

A Permitted Interaction Group was established on November 3, 2021 and presented its findings and recommendations on August 3, 2022. One recommendation was to increase rent 5% annually; however, the breakeven increase is approximately 25%.

III. DISCUSSION

The operating losses for the 12-month period June 202 – July 2022, excluding interest, depreciation, and amortization was approximately \$400,000. The request is for \$500,000 due to anticipated increases in costs (e.g., utilities and appliances).

A loan is needed to supplement the operations of the Project.

IV. RECOMMENDATION

Authorize the Executive Director to Make an Additional Loan of Five Hundred Thousand Dollars (\$500,000.00) from the Hawaii Community Development Special Fund, Reserved Housing Subaccount, to the Honuakaha Limited Partnership, to Cover Continuing Operating Losses for the 12-month period July 2022 to June 2023 Relating to the Project located at 545 Queen Street, Honolulu, Hawaii 96813, and Identified by Tax Map Key No. 2-1-031-021.

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Reviewed By: Craig Nakamoto, Executive Director 

