

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

Wednesday, October 5, 2022

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 Regular meeting on October 5, 2022.

Vice Chairperson Peter Apo called the October 5, 2022, HCDA Kakaako Authority Regular meeting to order at 9:05 a.m.

Acknowledgement that the Meeting is Being Convened Virtually

Executive Director Craig Nakamoto reiterated the wording contained in the Meeting Agenda regarding the guidelines and directives provided by Section 92-3.7, Hawaii Revised Statutes, to enable public boards and commissions to conduct business virtually with a meeting site open to the public.

About the foregoing, Mr. Nakamoto reiterated wording contained in the Meeting Agenda, noting that the HCDA welcomes public attendance via the Zoom link provided and also at the meeting site, located at The American Brewery Building, 547 Queen Street, 2nd Floor Board room, Honolulu, Hawaii 96813. He noted that the meeting would be live streamed on the HCDA’s YouTube Channel contained in the Meeting Agenda, and that the HCDA also welcomed public comment and public participation via submission of written and/or oral testimony. Mr. Nakamoto stated that individuals, if any, from the public who had requested to provide testimony were on standby and would be permitted to speak during the public testimony session of the specific agenda item.

Vice Chair Apo conducted the roll call. Those present were as follows:

Members Present:

Sterling Higa
Susan Hirai, DBEDT (Ex Officio)
David Rodriguez, DOT (Ex Officio)
Dane Wicker, City and County of Honolulu DPP (Ex Officio)
Tracy Ban, B&F (Ex Officio)
Kevin Sakoda
Phillip Hasha
Peter Apo, Vice Chairperson

Members Excused:

Chason Ishii, Chairperson

Legal Counsel:

Kelly Suzuka, Deputy Attorney General

Staff Present:

Craig Nakamoto, HCDA Executive Director
Garet Sasaki, HCDA Administrative Services Officer
Francine Murray, Community Outreach Officer
Tommilyn Soares, HCDA Executive Secretary

A quorum was present.

II. APPROVAL OF MINUTES

Regular Meeting Minutes of September 7, 2022

Vice-Chair Apo asked for comments or corrections. There were none. The meeting minutes were approved as presented.

III. DECISION MAKING

Consider Authorizing the Executive Director to Expend General Obligation Bond Funds Appropriated to the HCDA pursuant to Act 248, Session Laws of Hawaii 2022 in an Amount Not to Exceed \$2,000,000.00 for Plans, Design and Construction for Improvements for Kolowalu Park, identified by Oahu Tax Map Key No. 2-3-004-080, and located at 1150 Queen Street in Honolulu, Hawaii. The primary scope of the project is to create an off-leash dog park on the mauka side of Kolowalu Park.

Mr. Garet Sasaki, Administrative Services Officer, presented the staff report provided in the Board packet. He explained that the HCDA is the landowner for Kolowalu Park (which is split by Queen Street and referred to as Kolowalu Park Mauka side and Makai side) and that the Mauka side of the park is under-utilized. Therefore the 2022 Legislature appropriated, to the HCDA, \$2,000,000.00 for improvements to the park and the HCDA anticipates utilizing the appropriation to create an off-leash dog park. He added that staff will secure a vendor, and will likely utilize the Request for Proposals method of procurement.

Member Rodriguez asked if the HCDA would be financing the dog park and not utilizing a Public-Private partnership. He also asked if the surrounding condominiums in the area have an area for their dogs.

Mr. Nakamoto stated that, as Mr. Sasaki had mentioned, the HCDA has been appropriated \$2,000,000.00 for improvements to Kolowalu Park and that includes a design and construction of the off-leash dog park. He noted that, for the most part, the surrounding condominiums are dog friendly; however, there is a need for an off-leash dog park within the Kakaako Community. The current rules require dogs to be leashed.

Member Sakoda asked if the Authority could focus on the cost of maintenance, who will be responsible and the on-going cost of the off-leash dog park.

Mr. Nakamoto acknowledged Member Sakoda's comment and noted that the HCDA's Capital Improvement Projects ("CIP") staff will be reviewing the project and will work with the Asset Management staff regarding low-cost maintenance landscaping.

There were no further questions from Board members.

Vice Chair Apo suggested that a motion be made before receiving Public Testimony.

MOTION:

Vice Chair Apo asked if there was a motion for the Authority to Authorize the Executive Director to expend General Obligation Bond Funds appropriated to the HCDA pursuant to Act 248, Session Laws of Hawaii 2022 in an amount not to exceed \$2,000,000.00 for plans, designs, and construction for improvements for Kolowalu Park and undertake all tasks necessary to effectuate the purpose(s) for this for action.

Member Hasha motioned. Member Sakoda seconded the motion.

Public Testimony

Vice Chair Apo noted that the HCDA had received over 50 written testimonies in support.

Executive Director Nakamoto thanked those who took the time to provide written testimony in support of the action item and then read the names of those who had submitted written testimony.

There were no further inquiries to provide verbal testimony, and no other written testimonies were received.

Vice Chair Apo asked if there was a discussion on the motion.

Member Rodriguez asked whether, if the entire \$2,000,000.00 that is appropriated is not used, do the remaining funds get encumbered?

Mr. Sasaki responded and stated that the \$2,000,000.00 is appropriated for improvements to Kolowalu Park, and the dog park is the first project that the HCDA would execute. If there are any remaining funds, the HCDA would then look to see what other improvements are necessary and proceed accordingly. Any remaining funds not utilized would then lapse, if not used.

There was no further discussion by Board members regarding the motion.

Mr. Sasaki conducted the roll call vote.

The motion passed with 8 "yes" votes, and 1 excused.

Consider Authorizing the Executive Director to Expend General Obligation Bond Funds Appropriated to the HCDA pursuant to Act 248, Session Laws of Hawaii 2022 in an Amount Not to Exceed \$2,000,000.00 for Plans and Design for Central Kakaako Street Improvements on Ilaniwai Street between Cooke Street and Ward Avenue. The primary scope of the project is to plan and design improvements including roadway repairs and patching, sidewalk construction, drainage and waterline upgrades, and electricity and telecom upgrades consistent with the City and County of Honolulu Complete Streets Ordinance pursuant to Article 33, *Revised Ordinances of Honolulu*.

Mr. Garet Sasaki noted that, like the last agenda item, the legislature appropriated \$2,000,000.00 to the HCDA for street improvements in Central Kakaako. He added that one of the City's projects involves improvements to Queen, Kawaiahao and Waimanu streets within the Kakaako district. Therefore, the HCDA's focus will be on Ilaniwai Street, and it anticipates expending \$2,000,000.00 for plan and design improvements to Ilaniwai Street.

Member Sakoda asked Mr. Sasaki to elaborate on how the city is getting the work done to the entire area's infrastructure, as Mr. Sasaki mentioned for the other three streets. He also noted that he understands that Howard Hughes' plan for Halekauwila Street is for it to run through all of Kakaako.

Mr. Nakamoto responded and said the effort to improve Ilaniwai Street, and the other streets mentioned by Mr. Sasaki, is part of collaborative discussions with the city and the Department of Transportation ("DOT"). The legislature appropriated funds to the DOT for Kakaako road improvements and has been working with the City (which has agreed to do the work) to make improvements to those streets mentioned by Mr. Sasaki as well as the improvements the HCDA plans to do on Ilaniwai Street. Currently that is the plan for road improvements for Central Kakaako. He added that Howard Hughes has plans to realign Auahi Street and Pohukaina Street; however, he does not know of any plans to improve Halekauwila Street.

Member Sakoda noted that, in the past, there have been issues with the HCDA implementing these street improvements because the existing businesses do not want to give up their parking. He asked how that situation is going.

Mr. Nakamoto said there will be a lot of community outreach in the planning phase of improvements to Ilaniwai Street because one of the issues is the businesses parking on Ilaniwai Street and along Queen Street. He added that a Design Advisory Board or task force might be necessary during the planning phase, to help collect community input. He also mentioned that the \$2,000,000.00 is only appropriated for planning and design, and the HCDA will likely need to request additional funds for construction, during the 2023 legislative session. If the HCDA successfully improves Ilaniwai Street, it will be a "proof of concept" for the HCDA as an agency and Board.

Member Hasha stated his business is located on Ilaniwai Street and asked whether he should abstain from the voting on the action item. He also asked if there is a timeline for the improvements to happen.

Mr. Nakamoto stated that community outreach will be a determining factor; in the past the community stopped some of the improvements that were needed on Queen Street. Once the HCDA engages in community outreach for the improvements to Ilaniwai Street and is able to reach a design stage, there will be a better sense of whether the project will move forward with construction. He hoped that the HCDA will be able to complete the planning and design by next year, and if construction funds are appropriated by the 2023 Legislature, then there might be a better sense of a timeline. Because the action item was to approve expending money appropriated for plans and design, Mr. Nakamoto did not see any issues with Member Hasha participating in the vote, but he deferred to Deputy Attorney General Suzuka.

Deputy Attorney General Suzuka confirmed that Member Hasha's vote was acceptable; however, he should acknowledge that he will be voting impartially at this point.

Member Hasha acknowledged and also stated that he was willing to help with community outreach.

Mr. Nakamoto acknowledged Member Hasha's comment and thanked him for volunteering with the community outreach.

There were no further questions from Board members.

Public Testimony

There were no inquiries to provide verbal testimony, and no written testimonies were received.

MOTION

Vice Chair Apo asked if there was a motion for the Authority to Authorize the Executive Director to Expend General Obligation Bond Funds Appropriated to the HCDA pursuant to Act 248, Session Laws of Hawaii 2022 in an Amount Not to Exceed \$2,000,000.00 for Plans and Design for Central Kakaako Street Improvements on Ilaniwai Street between Cooke Street and Ward Avenue and Undertake all tasks necessary to effectuate the purpose(s) of this For Action.

Member Higa motioned. Member Sakoda seconded the motion.

There was no discussion by Board members regarding the motion.

Mr. Sasaki conducted the roll call vote.

The motion passed with 8 “yes” votes, and 1 excused.

Consider Authorizing the Executive Director to Award and Execute a Three-Year Contract with Two One-Year Options to Extend, to Doonwood Engineering, Inc. for performance of maintenance, testing, and repairs to the HCDA’s sewage pump system and backflow preventer equipment located at:

- a. **Kewalo Basin Harbor located at 1125 Ala Moana Blvd., Oahu Tax Map Key Nos. 2-1-058:132, :134, and :137;**
- b. **Ala Moana Pump Station located at 240 Keawe Street, Oahu Tax Map Key No. 2-1-015: 063; and**
- c. **Kolowalu Park located at 1150 Queen Street, Oahu Tax Map Key Nos. 2-3-004:080 and :014**

in Honolulu, Hawaii, in an Amount Not to Exceed \$187,485.00, in accordance with Bid Form No. 5 for IFB HCDA 04-2022.

Executive Director Nakamoto presented the staff report. Doonwood Engineering holds the current contract that is due to expire in November 2022, and the requirement to test and monitor the backflow preventor and sewage pump in the three locations is a Board of Water Supply requirement. In addition to monitoring and testing these systems, the contract will also include an allowance for any emergency repairs that might be necessary; however, the HCDA does not expect to utilize that allowance. He noted that Doonwood Engineering, Inc. was the lowest and only bidder to the current solicitation.

There were no comments or questions by Board members.

Public Testimony

There were no inquiries to provide verbal testimony, and no written testimonies were received.

MOTION

Vice Chair Apo asked if there was a motion for the Authority to Authorize the Executive Director to Award and Execute a Three-Year Contract with Two One-Year Options to Extend, to Doonwood Engineering, Inc. for performance of maintenance, testing, and repairs to the HCDA’s sewage pump system and backflow preventer equipment located at:

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- c. Kolowalu Park located at 1150 Queen Street, Oahu Tax Map Key Nos. 2-3-004:080 and :014

in Honolulu, Hawaii, in an Amount Not to Exceed \$187,485.00 in accordance with Bid Form

No. 5 for IFB HCDA 04-2022 from the Hawaii Community Development Revolving Fund Leasing and Management Subaccount and Undertake All Tasks Necessary to Effectuate this For Action.

Member Sakoda motioned. Member Wicker seconded the motion.

There was no discussion by Board members regarding the motion.

Mr. Nakamoto conducted the roll call vote.

The motion passed with 8 “yes” votes, and 1 excused.

Consider Adopting Hearing Officer Wayne Nasser’s Recommended Findings of Fact, Conclusions of Law and Decision and Order in the Following Consolidated Contested Case Hearing Matter: In Re Petition of the Golden Eagle Marine Charter Services Corp, Docket No. ACC-2017-01.

Executive Director Nakamoto stated, for the record, due to the Appellant Counsel’s inability to appear at today’s HCDA Board meeting, the Golden Eagle Matter was being deferred to a later date.

There were no comments or questions from Board members and no public testimony.

Vice Chair Apo called for a short recess.

IV. INFORMATION AND DISCUSSION

Discussion Regarding the Option to Purchase Reserved Housing Units During the Unit’s Regulated Term Pursuant to Hawaii Administrative Rules § 15-22-186 (c)(1).

Mr. Gareth Sasaki, HCDA Administrative Services Officer, presented the staff report and provided background information for the Board. He stated that this matter was brought to the attention of the Board as a proactive strategy to maintain Reserved Housing (“RH”) Units as affordable units when these units come up for sale during the regulated term. The 2005 vested rules are applicable to most of the existing RH units. The 2005 vested rules provided that only another government agency (approved by the Authority) can buy back these units. Therefore, the HCDA staff is bringing this matter to the Board to seek input and consultation on designating non-governmental buyback agents.

Member Sakoda said his concern was how the rise of interest rates will affect the affordability of these units. Based on calculations, 30% – 33% of the buyer’s income goes toward the purchase of a Reserved Housing unit, and he believes that the rise in interest rates would affect the price of a unit. Member Sakoda added that he would like to ensure the Authority is in tune with what the new market price rate would be in the Reserved Housing “bucket” vs. at what price the HCDA would buy back the unit.

Mr. Nakamoto agreed that the rising interest rates will have an impact in pricing, as higher

interest rates generate higher mortgages. With respect to the agenda item, as a bigger picture, the focus of today's discussion is how does the HCDA create an increase of inventory of these reserved housing or affordable housing units within the State. How does the HCDA keep the existing RH inventory in Kakaako affordable for a longer period through the buyback provision? Currently, the HHFDC is the designated buyback agency for the HCDA's current inventory of RH units. If the HHFDC decides to waive the buyback option, the HCDA then loses that affordable unit to market rates. The only two tools to ensure affordability is the buyback option and the equity sharing. The desire is to maintain these affordable units for a longer period of time by having a nonprofit or similar agency to act as the buyback agent for the HCDA. The bulk of the existing RH unit inventory were built by Kamehameha Schools or Howard Hughes, and the provisions for the buyback agents are in the 2005 vested rules, which have been superseded.

Member Sakoda noted that he is concerned that the HCDA will buy back a unit at a higher price, and the affordable prices will come in lower. Ulana is a good example where units were negotiated and sold when rates were at 2.5% for a mortgage, whereas now the rates are at 6%. The affordability portion becomes less affordable. He added that, if the HCDA has a bigger social mission of providing reserved housing then perhaps the HCDA will absorb losses somewhere.

Mr. Nakamoto added that, as far as he knows, the HCDA has not bought back any units, due to the lack of resources. If the HCDA did buy back a unit, the agency would then need to hold on to that unit and manage it until it can be sold again.

Member Higa asked how many units the HCDA has waived its buyback option on, and whether this a common problem.

Mr. Nakamoto responded that he would not say it is a common problem; however, the HCDA as an agency has NOT bought back any units. The HHFDC is the buyback agent for the HCDA's reserved housing units, and they have bought back some units, but not all units.

Member Wicker asked whether, if a unit is sold at a fair market rate, does the HCDA share in any equity?

Mr. Nakamoto responded and confirmed that the shared equity remains with the HCDA.

There were no further comments or questions by board members.

Public Testimony

There were no written testimonies submitted.

Ms. Reina Miyamoto, Executive Director of Hawaii HomeOwnership Center, provided oral testimony in support.

Member Higa asked Ms. Miyamoto if her organization would be interested in taking on something like this task.

Ms. Miyamoto responded, “Yes”; that her organization would be interested in being the HCDA’s buyback agent.

Member Sakoda made a motion for the Board to enter an executive meeting, pursuant to HRS § 92-5 (a)(4). Member Higa seconded. Vice Chair Apo conducted a voice vote. The motion passed unanimously.

Vice Chair Apo requested Deputy Attorney General, Kelly Suzuka, HCDA Executive Director Nakamoto, HCDA staff Gareth Sasaki, Francine Murray and Tommilyn Soares, to join the Board in its executive meeting.

Pursuant to Section 92-5 (a) (4) Hawaii Revised Statutes, the Authority convened in Executive Session at 10:06 a.m.

The Authority met in Executive Session until 10:21 a.m.

Vice Chair Apo reconvened the meeting at 10:21 a.m.

V. REPORT OF THE EXECUTIVE DIRECTOR

Monthly Report and Other Status Report

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

Executive Director Nakamoto deferred to the written report provided in the Board packet and highlighted the Native Hawaiian Development Hui that has been gathering with HCDA staff, Mark Hakoda, to identify any Native Hawaiian issues within the Kakaako Community Development District. Those issues will then be incorporated into the comments being collected for the Mauka Area Rule Amendment process.

Mr. Nakamoto noted that the HCDA has been receiving complaints of unleashed dogs at Kolowalu Park. The current rules allow dogs in the park; however, they are required to be leashed, and so the HCDA’s Asset Management staff have been going out to Kolowalu Park to hand out information and reminders to dog owners regarding the leash requirements. The HCDA staff have also alerted HPD and the State Sheriff to increase patrolling in the area.

There were no comments or questions by Board members.

Public Testimony

There were no inquiries to provide verbal testimony, and no written testimonies were received.

VI. ADJOURNMENT

Vice Chair Apo thanked those who joined the meeting on Zoom and then adjourned the meeting at 10:24 a.m.

Sterling Higa, Secretary

Date Board Approved