

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

Wednesday, November 2, 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 November 2, 2022.

Chairperson Chason Ishii called the November 2, 2022, HCDA Kakaako Authority Regular meeting to order at 9:02 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.

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

Members Present:

Peter Apo, Vice Chairperson
Sterling Higa
Dane Wicker, City and County of Honolulu DPP (Ex Officio)
Kevin Sakoda
Phillip Hasha
Mike McCartney, DBEDT (Ex Officio)
Chason Ishii, Chairperson

Members Excused:

David Rodriguez, DOT (Ex Officio)
Craig Hirai, B&F (Ex Officio)

Legal Counsel:

Kelly Suzuka, Deputy Attorney General

Staff Present:

Craig Nakamoto, HCDA Executive Director
Garet Sasaki, HCDA Administrative Services Officer
Lindsey Doi Leaverton, HCDA Asset Manager
Francine Murray, HCDA Community Outreach Officer
Tommilyn Soares, HCDA Executive Secretary

A quorum was present.

II. APPROVAL OF MINUTES
Regular Meeting Minutes of October 5, 2022

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

III. INFORMATION AND DISCUSSION

Presentation by Stanford Carr Development for the Proposed Kaiaulu O Kakaako Master Plan, Block C Development (a proposed Hawaii Revised Statutes §201H-38, Affordable Housing Project) located at 461 Cooke Street, Honolulu, Hawaii, 96813, at Oahu TMK 2-1-054:001.

Executive Director Nakamoto provided a brief overview of the staff report for this project, and introduced Mr. Stanford Carr, the President of Stanford Carr Development, to present. Mr. Carr presented a slide deck regarding the Block C Development, Kahuina.

Member Apo asked if there is a sense of place theme for the project, specifically for the planned open space plaza, that may incorporate some levels of Hawaiian culture. Mr. Carr stated they have consulted and collaborated with Kamehameha Schools' cultural team, which is how they concluded on the names of the project, its towers, and other aspects. He continued saying they want to celebrate the history of the ahupa'a.

Chair Ishii pointed out the differences between the entry corridors to each tower and asked if anything can be done to redesign the entry corridor to the tower that is planned to have the affordable units. Mr. Carr stated he understands Chair Ishii's concerns and noted it has been a challenge because they need to satisfy the needs of Kamehameha Schools with respect to their ground floor commercial units, which they are retaining ownership of. Mr. Carr continued by saying they will use interior architecture and design to create a welcoming environment. Mr. Carr stated rather than a corridor, he prefers to call it a "galleria" because it will be lined with memorabilia to celebrate Kakaako and its history.

Chair Ishii stated he understands Kamehameha Schools' desire for their commercial spaces, so he is unsure what can be done to address the remaining space for the corridor. Executive Director Nakamoto asked Mr. Carr to revisit the slide showing the ground level layout because the slide is an updated iteration compared to the one in the Board's packet. Executive Director Nakamoto noted that Mr. Carr and his team worked with HCDA to make improvements to the entryways. Chair Ishii stated he appreciates their flexibility.

Chair Ishii asked if Mr. Carr is planning on any contribution to help improve Mother Waldron Park in any manner. Mr. Carr stated they are amenable to that, stating they were able to reinvest \$600,000 into the park in 2013, when they completed a different project under-budget and ahead of schedule, which enabled them to renovate the park with new irrigation, turf, landscape planning, and the construction of two new basketball courts. Chair Ishii stated one recommendation would be additional lighting for safety during the evenings and nights.

Member Higa asked Mr. Carr what he thinks is the key to producing units at the 70% AMI range. Mr. Carr stated it is a combination of increased density, the exemptions that they are requesting for the project to HHFDC, and the HRS 201H-38 statute.

Member Sakoda asked Mr. Carr for his thoughts on the impact of the rise in interest and mortgage rates in terms of meeting affordability and moving forward. Mr. Carr stated it absolutely has had an impact and offered some statistical examples of the current impact in Hawaii and nationally. Mr. Carr stated there is an acute shortage of housing inventory, which is reflected in the median home prices, but noted people will still buy to get into the housing ladder. Mr. Carr stated they can look at buying a forward commitment to lock in interest rates before going to market in order to protect affordable buyers and hedge on the risk of increased interest rates. Mr. Carr stated more inventory needs to be built to supply local residents.

Chair Ishii asked how the HOA fees will affect the rental units. Mr. Carr stated the rental units do not pay HOA fees. Chair Ishii asked how that will work. Mr. Carr stated the reason for the density is that there will be a total of 861 units, of which 124 will be rentals, and all of the amenities will be prorated and shared by their undivided respective interest in their CPR, so there will be more units to prorate and achieve the level of quality of amenities and to amortize that over a larger number of units in order to keep the price down. Chair Ishii stated it has been a challenge with other projects in the past. Mr. Carr stated with respect to the rentals, the rents are calculated based on 30% of the adjusted gross income of the household and household size, including utilities.

Executive Director Nakamoto asked when Mr. Carr expects to go to the City Council. Mr. Carr stated subsequent to obtaining 201H approval through HHFDC, and followed

by an introduction to the City Council, before their Zoning and Planning Committee. Executive Director Nakamoto asked if it would be around March or April of 2023. Mr. Carr confirmed.

There were no further questions or comments by Board members.

Public Testimony

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

IV. REPORT OF THE EXECUTIVE DIRECTOR

Monthly Report and Other Status Reports

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

Executive Director Nakamoto pointed out the addition of Exhibit B to the report, which presents the metrics for the Honuakaha Limited Partnership.

Member Sakoda asked what the estimated annual loss was regarding the Honuakaha Limited Partnership. Executive Director Nakamoto stated Mr. Sasaki would be able to answer with the exact number, and noted that much of the projected loss was attributable to the gap in the rent for the existing tenants. Mr. Sasaki stated the initial number for this fiscal year was about \$400,000, and noted each subsequent year is expected to decrease by varying amounts, but ultimately break even within three to five years, followed by the ability to begin paying back the loan.

Referencing Exhibit B, which reports the financial metrics for July, August, and September, Member Sakoda asked if the current losses are well below what the initial estimates were. Mr. Sasaki stated sometimes bigger bills come in at one time, so it would not reflect in the three-month period shown in the report. Executive Director Nakamoto stated there will be a five percent rent increase for existing tenants effective in January and a five percent increase on the rent for tenants in the new rent structure when their anniversary date comes up. Executive Director Nakamoto noted the rent increases will be necessary to keep up with additional property expenses and increase in AOA expenses as well.

Member Sakoda stated he was anticipating an average of \$33,000 loss each month, but the report shows an average of \$9,000 lost each month, so he was wondering where the recovery is coming from. Mr. Sasaki stated it is just a matter of timing.

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.

V. ADJOURNMENT

Chair Ishii thanked those who joined the meeting on Zoom and then adjourned the meeting at 9:56 a.m.

Sterling Higa, Secretary

Date Board Approved