

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

Wednesday, April 5, 2023

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 April 5, 2023.

Chairperson Chason Ishii called the April 5, 2023, HCDA Kakaako Authority Regular meeting to order at 10:50 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:

Chason Ishii, Chairperson
Peter Apo, Vice Chairperson
Sterling Higa, Secretary
Melissa Miranda-Johnson, DOT (Ex Officio)
Sabrina Nasir, B&F (Ex Officio)
Craig Hirai, DPP (Ex Officio)
Mary Alice Evans, DBEDT (Ex Officio)
Kevin Sakoda

Legal Counsel:

Kelly Suzuka, Deputy Attorney General

Staff Present: Craig Nakamoto, HCDA Executive Director
Garet Sasaki, HCDA Administrative Services Officer
Francine Murray, HCDA Community Outreach Officer
Ryan Tam, HCDA Director of Planning and Development
Lindsey Doi Leaverton, HCDA Asset Manager
Tommilyn Soares, HCDA Executive Secretary

A quorum was present.

II. APPROVAL OF MINUTES
Regular Meeting Minutes of March 1, 2023

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

III. INFORMATION AND DISCUSSION

Presentation by Highridge Costa Development Company, LLC for the Proposed Development (a proposed Hawaii Revised Statutes § 201H-38, Affordable Housing Project) located at 690 Pohukaina Street, Honolulu, Hawaii, 96813, at Oahu TMK (1) 2-1-051: 041.

Mr. Ryan Tam, Director of Planning and Development, briefly summarized HCDA's staff report for this item. Mr. Tam acknowledged Mr. Randy Chu and Mr. Albert Palmer from the Hawaii Housing Finance & Development Corporation (HHFDC) being present at the meeting.

There were no questions or comments from board members on HCDA's staff report.

Mr. Chris Deuchar from Form Partners, Mr. Moe Mohanna from Highridge Costa Development Company, and Mr. Scott Settle from Affordable Housing Economic Development Foundation (AHED) provided a presentation of the project.

Chair Ishii thanked the presenters for providing HCDA with the opportunity to learn about the project and to review and provide comments on it.

Member Higa asked about two concerns noted in HCDA's response letter. Mr. Deuchar stated they need to complete the structural design to identify the exact column spacing in the parking garage, but that they like the flexibility of the DPP standards—which are narrower than HCDA's standards. With regards to a question about permeable surfaces, Mr. Deuchar stated they will use non-permeable surfaces but will meet code requirements to treat stormwater on-site. They are also working to achieve the LEED silver standard.

Member Hirai asked about how 201H works in the Kakaako community development district. Mr. Tam stated that HHFDC and the applicant take the project to the City Council for approval after HCDA review. Member Hirai recalled some issues with past building permits, and Executive Director Nakamoto noted that this is why HCDA asked to be involved in the process. He indicated that there is no action for the HCDA board.

In response to another question from Member Hirai, Mr. Mohanna confirmed that the project will be a 75-year land lease from the State and that each building will have its own separate legal ownership entity due to its financing structure. The shorter building, which is targeted at 30-60% of the area median income (AMI), will be a single-use limited partnership. The taller building will be wholly owned by a local, qualified non-profit 501(c)(3), which will be AHED Foundation. The Department of Education (DOE) will have a bulk subdivision for 28,000 square feet.

Member Hirai stated there was a Memorandum of Agreement (MOA) with respect to the Coral Street extension and the school. Member Hirai suggested that HHFDC may want to find that MOA.

In response to a follow-up question from Vice Chair Apo regarding the parking stall sizes, Mr. Deuchar explained that garage is based on the structural engineering design. Long-span garages are only possible on large sites that allow the parking garage to be separated from the residential building. Mr. Deuchar indicated that they do need the requested exemptions in order to achieve their desired program on this given site. Mr. Mohanna added that there will be a podium deck and that the buildings were intentionally pushed to the side of the site. They do intend to facilitate the parking issues with the future residents, and will try to stretch the structure to create as much room as possible.

Member Nasir joined the meeting.

Mr. Deuchar confirmed to Member Hirai that the subdivision request for the school property has been submitted and gone through its first round of comments. They will be addressing those comments and sending it back to DPP.

Member Sakoda asked if there a gap between total rental income and operating costs that is subsidized by the government, and how this is affected by future increases in maintenance costs. Mr. Mohanna responded as follows:

- The shorter building (30-60% AMI) will use the low incoming housing tax credit program and will not have any ongoing project subsidies.
- Rents are dictated via HUD and the State of Hawaii; a separate utility allowance schedule is published by the City and County of Honolulu.
- Development is sized to what the community can afford to pay for 40+ years.

- Program can be refinanced 15 to 20 years; any physical needs need to be addressed before any proceeds are pulled out.
- The Revolving Rental Housing Fund has compliance requirements related to maintenance and rents; also occupancy and income levels.
- Non-compliance (such as for deferred maintenance) could affect developers' ability to work elsewhere in the nation.
- Rules would also apply to the taller building (80-100% AMI); also no ongoing rental or operations subsidies.
- Mohanna stated that they need the full spectrum of programs to cover this gap between rental income and operating costs.
- In other communities, they have assisted residents with accessing financial planning services, including building credit and savings for home purchase downpayments.

In response to a question by Chair Ishii, Member Hirai stated that the City and County would review the design requests, such as curb cuts, because Pohukaina Street is not a State highway. Member Miranda-Johnson added that this would be the Department of Transportation Services (DTS).

There were no further questions or comments from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

Status Update: Amendment of Title 15, Chapter 217, Hawaii Administrative Rules ("HAR"), Relating to the Kakaako Community Development District Mauka Area Rules to Address the Transit Oriented Development Overlay Plan and Environmental Impact Statement, Dated June 10, 2015.

Mr. Ryan Tam, Director of Planning and Development, presented a slide deck presentation of a high-level update of the Mauka Area Rule Amendments.

Member Hirai asked if this was the overlay that was planned in 2015. Mr. Tam and Executive Director Nakamoto confirmed, and Mr. Tam added that the EIS was completed but the plan was never formally adopted, so the idea was to go directly into the rules.

There were no further questions or comments from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

IV. DECISION MAKING

Consider Adopting the Findings and Accepting the Recommendations of the Permitted Interaction Group Established Pursuant to Hawaii Revised Statutes §92-2.5(b)(1) at the HCDA Kakaako Board Meeting held on January 4, 2023, to Determine the Requirements and Qualifications for Designating a Non-Governmental Entity as a Buyback Agent for HCDA Reserved Housing Units that are Intended to be Sold during the Reserved Housing Unit’s Regulated Term Presented During the March 1, 2023 HCDA Kakaako Board Meeting.

Ms. Lindsey Doi Leaverton, Asset Manager, gave a brief summary of the staff report for this item. Ms. Leaverton pointed out that the listed qualifications for a buyback agent are similar to HCDA’s current Reserved Housing requirements. She noted that one difference would be that the regulated term would be for a minimum of five years, which differs from the current terms that range from two to ten years. Mr. Leaverton stated if these findings and recommendations are approved, HCDA would solicit proposals to find qualified non-profit housing trusts in the coming months.

Executive Director Nakamoto added that HCDA will continue to have its right to receive the shared equity on the unit upon the sale of the unit. He noted the shared equity requirement is not limited to the regulated term, so HCDA has two tools to ensure the continued affordability of these units.

There were no questions or comments from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

MOTION:

Chair Ishii asked for a motion for the Authority to Adopt the Findings and Accept the Recommendations of the Permitted Interaction Group Established Pursuant to Hawaii Revised Statutes §92-2.5(b)(1) at the HCDA Kakaako Board Meeting held on January 4, 2023, to Determine the Requirements and Qualifications for Designating a Non-Governmental Entity as a Buyback Agent for HCDA Reserved Housing Units that are Intended to be Sold during the Reserved Housing Unit’s Regulated Term Presented During the March 1, 2023 HCDA Kakaako Board Meeting.

Member Apo motioned. Member Higa seconded.

Chair Ishii asked if there was any discussion on the motion. There was no discussion from board members.

Ms. Lindsey Doi Leaverton conducted the roll call vote.

Motion passed with 8 ayes.

Consider Dissolving the Permitted Interaction Group Established Pursuant to Hawaii Revised Statutes §92-2.5(b)(1) at the HCDA Kakaako Board Meeting held on January 4, 2023, to Determine the Requirements and Qualifications for Designating a Non-Governmental Entity as a Buyback Agent for HCDA Reserved Housing Units that are Intended to be Sold during the Reserved Housing Unit’s Regulated Term.

Executive Director Nakamoto provided information on the dissolution of the Permitted Interaction Group.

There were no questions or comments from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

MOTION:

Chair Ishii asked for a motion for the Authority to Dissolve the Permitted Interaction Group Established Pursuant to Hawaii Revised Statutes §92-2.5(b)(1) at the HCDA Kakaako Board Meeting held on January 4, 2023, to Determine the Requirements and Qualifications for Designating a Non-Governmental Entity as a Buyback Agent for HCDA Reserved Housing Units that are Intended to be Sold during the Reserved Housing Unit’s Regulated Term Presented During the March 1, 2023 HCDA Kakaako Board Meeting.

Member Higa motioned. Member Sakoda seconded.

Chair Ishii asked if there was any discussion on the motion. There was no discussion from board members.

Ms. Lindsey Doi Leaverton conducted the roll call vote.

Motion passed with 8 ayes.

V. 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 highlighted the following information that is included in the report:

- The acquisition of Block P and the next steps for those parcels;

- The Honuakaha Senior Rental Housing Project and the recent discussions about the complex in the media, and HCDA’s efforts to facilitate discussions with residents. Executive Director Nakamoto also noted that Senator Moriwaki, Speaker Saiki, and Councilmember Dos Santos-Tam are going to be scheduling a meeting with both the renters and the homeowners on April 12 to get their feedback. Executive Director Nakamoto stated he sees the situation as a challenge and an opportunity to do better and address resident concerns;
- There were bare spots in the sod at Kolowalu Park so HCDA’s landscaper replaced the sod;
- The Kolowalu Park Improvements, including the proposed dog park, are proceeding. The dog park is currently in the design phase and staff hopes to have that completed by December 2023. Executive Director Nakamoto noted there will be placemaking and wayfinding features in the dog park, which is consistent with some of the feedback from the Native Hawaiian Hui that Vice Chair Apo was part of, along with Kamehameha Schools, the Office of Hawaiian Affairs, and others;
- The other Kolowalu Park Improvement is the permanent crosswalk on Queen Street. Executive Director Nakamoto stated there is currently a temporary crosswalk and refuge island installed. HCDA staff hopes to get the permanent improvements, including a flashing beacon, in place by July or August, notwithstanding any supply chain issues.

Member Higa thanked Executive Director Nakamoto for taking the Honuakaha situation seriously, and stated he is grateful to see the care and thoughtfulness Executive Director Nakamoto has put forward in responding to the situation. Member Higa stated he is excited to see it through to its end and resolving the concerns. Executive Director Nakamoto thanked Member Higa and noted that the concern is shared between himself and the AMT and ASO staff as well.

Executive Director Nakamoto also noted that there is about one month left in the current legislative session, and he will be able to update the board towards the end of the month.


There were no further comments or questions from the board members.

Public Testimony

Chair Ishii called for public testimony. There were no inquiries to provide verbal testimony, and no written testimonies were received.

VI. ADJOURNMENT

Chair Ishii thanked those who joined the meeting on Zoom and then adjourned the meeting at 12:11 p.m.



 Sterling Higa, Secretary

May 3, 2023

 Date Board Approved