

**STATE OF HAWAI‘I  
HAWAI‘I COMMUNITY DEVELOPMENT AUTHORITY  
KALAELOA MEETING**

**Wednesday, July 3, 2024**

**MINUTES**

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

The Hawai‘i Community Development Authority (“Authority” or “Board”), a body corporate and a public instrumentality of the State of Hawai‘i (“State”) met in-person at the HCDA’s physical meeting site, American Brewery Building, 547 Queen Street, 2<sup>nd</sup> Floor Board Room and provided an option to attend virtually (utilizing the State-supported Zoom Meeting platform) for a Regular meeting on July 3, 2024.

HCDA Chairperson, Chason Ishii, called the July 3, 2024, HCDA Kalaeloa Authority Regular meeting to order at 9:31 a.m. He introduced the new business representative on the Kalaeloa Board, Ms. Miki‘ala Lidstone.

Acknowledgment that the Meeting is Being Convened Virtually

Craig Nakamoto, Executive Director, reiterated the wording contained in the Meeting Agenda regarding the guidelines and directives provided by Section 92-3.7, Hawai‘i Revised Statutes (“HRS”), 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 HCDA welcomes public attendance via the Zoom link provided and also at the meeting site, located at The American Brewery Building, 547 Queen Street, 2<sup>nd</sup> Floor Board Room, Honolulu, Hawai‘i, 96813. He also noted HCDA also welcomes public comment and public participation via submission of written or oral testimony. Mr. Nakamoto 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. Mr. Nakamoto also noted the time limits for public testimony.

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

**Members Present:** Chason Ishii, Chairperson  
Sterling Higa, Vice-Chairperson  
Peter Apo, Secretary  
Melissa Miranda-Johnson, DOT (Ex-Officio)  
Mark Anderson, B&F (Ex Officio)  
Tim Streitz, City & County of HNL DPP (Ex-Officio)  
Mary Alice Evans, DBEDT (Ex-Officio)  
Miki‘ala Lidstone  
David Rae

A quorum was present.

**Legal Counsel:** Kelly Suzuka, Deputy Attorney General  
Kevin Tongg, Deputy Attorney General

**Staff Present:** Craig Nakamoto, HCDA Executive Director  
Garet Sasaki, HCDA Chief Financial Officer  
Francine Murray, HCDA Community Outreach Officer  
Lindsey Doi, HCDA Asset Manager  
Ryan Tam, HCDA Director of Planning & Development  
Charlene Oka Wong, HCDA Program Specialist V  
Tommilyn Soares, HCDA Executive Secretary

**II. APPROVAL OF MINUTES**  
**Regular Meeting Minutes of June 5, 2024**

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

**III. DECISION MAKING**  
**Consider Approving, Pursuant to the Findings of Fact, Conclusions of Law, and Decision and Order dated February 2, 2022 for Application No. KAL 21-005, Gentry Homes’s (“Gentry”) Reserved Housing Unit Pricing and Supporting Analyses for Increment 2 of Ka’ulu by Gentry, Located on Parcel TMKs (1) 9 1 013:197, :198, and :199 in the HCDA’s Kalaeloa community development district [no postal address].**

Ryan Tam, Director of Planning & Development, summarized the staff report provided in the board packet. Gentry is seeking approval of the reserved housing pricing in Increment 2, consisting of 13 reserved housing units. The proposed reserved housing unit prices for Increment 2 are unchanged from Increment 1 reserved housing unit prices, despite a slight increase in market values and a slight decrease in AMI levels. Mr. Tam introduced Mr. Quentin Machida, President and CEO of Gentry Homes, Inc., who was available to address any questions.

Chair Ishii asked about the sales performance of Increment 1 market units and reserved housing units, and how Gentry will increase sales of reserved housing units. He shared his concerns that the reserved housing units would eventually be converted to market units, which contradicts the board’s initial approval.

Mr. Machida answered that for Increment 1, 18 out of the 20 market units were sold, while 3 out of the 12 reserved housing units were sold. He explained that the physical differences between the market units and reserved housing units are minor and therefore comparable, and Gentry anticipates that a slightly larger cost gap between the two categories in Increment 2 would further appeal to reserved housing buyers.

Chair Ishii expressed that the cost gap may not be as effective as anticipated, as qualified buyers could seek generational support in order to purchase a market unit instead of a reserved housing unit.

Vice Chair Higa asked what the driving factor is for the price increase between Increment 1 and Increment 2 unit costs, and the estimated timeline for finishing all the increments.

Mr. Machida explained that the cost increase is due to appreciation and project cost increases. Based on current conditions, Gentry anticipates that all increments would be completed in approximately 2.5-3 years.

Member Evans asked hypothetically, if the reserved housing program was not in place and all units were sold at a market price, would the market price be lower than the proposed price?

Mr. Machida speculated that it is not likely for the price to be lower, as the cost for development is rising faster than the sales price in the current conditions.

Member Evans asked if the described current conditions imply that Gentry is unable to cover the development costs with the reserved housing agreement.

Mr. Machida answered that the margins are thin, but Gentry is able to cover the cost of the units currently.

Member Evans asked for clarification on the reserved housing terms on conveyance and shared equity.

Mr. Machida answered that the reserved housing units are restricted from being conveyed within the first five years. The shared equity, if any, is due to HCDA upon conveyance, regardless of how long it has been since the reserved housing purchase. If the unit is sold at market price, there is no shared equity obligation.

Member Streit asked if potential buyers of reserved housing units eventually opt to purchase a smaller-sized market value unit.

Mr. Machida answered that there is not enough data for the given scenario, but assumed that buyers purchase units based on their family needs, given that there is minimal difference in square footage between the market units and reserved housing units.

Member Lidstone asked if the power outages have affected construction or sales.

Mr. Machida explained that Gentry is connected to the HECO power grid but much of the initial development is powered by generators, so construction and sales have not been affected by the power outages in the area.

Mr. Tam added that there are various physical differences between the reserved housing units and the market units that may factor into the buyers' decision-making process, such as the location of laundry units.

Mr. Nakamoto asked if the incentives provided in Increment 1 will also be provided in Increment 2, and if there will be changes to the marketing strategy given any lessons learned from reserved housing sales in Increment 1.

Mr. Machida affirmed that Gentry will continue to offer the incentives provided in Increment 1. Mr. Rick Hobson, Vice President of Sales and Marketing and Company Broker at Gentry Homes, explained buyers have been more attracted to units overlooking parks rather than other buildings, and units that are away from high-traffic areas. Gentry has been conscious of these preferences and will update their marketing plan to highlight the included window blinds and feature the surrounding areas of units. They also plan to update their radio advertising to provide more information to the public about the reserved housing program.

There were no further questions or comments from the Board.

**Public Testimony**

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

**MOTION:**

**Chair Ishii asked for a motion to Approve, Pursuant to the Findings of Fact, Conclusions of Law, and Decision and Order dated February 2, 2022 for Application No. KAL 21-005, Gentry Homes’s (“Gentry”) Reserved Housing Unit Pricing and Supporting Analyses for Increment 2 of Ka‘ulu by Gentry, Located on Parcel TMKs (1) 9 1 013:197, :198, and :199 in the HCDA’s Kalaeloa community development district [no postal address].**

A motion was made by Member Rae and seconded by Secretary Apo.

Mr. Tam conducted the roll call vote. Motion passed with 9 ayes, 0 nays, and 0 excused.

**IV. REPORT OF THE EXECUTIVE DIRECTOR**

**Monthly Report and Other Status Reports**

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

Mr. Nakamoto referred to the Executive Director’s report provided in the board packet and noted that he is available for any questions board members may have.

There were no questions or comments from the Board.

**Public Testimony**

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

**V. ADJOURNMENT**

Chair Ishii thanked those who joined today’s meeting on Zoom and adjourned the meeting at 10:06 a.m.

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Peter Apo, Secretary

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Date Approved by the Board