

FOR INFORMATION

I. SUBJECT

Update by the Hawaii Community Development Authority Staff on the Financial Position and Operations of the Honuakaha Limited Partnership (HLP), Owner of the Honuakaha Senior Rental Housing Project, located at 545 Queen Street, Honolulu, Hawaii, and Identified as Tax Map Key Number 1-2-1-031-021.

II. BACKGROUND

During its September 7, 2022 Regular Kakaako Authority Meeting, the Board accepted the recommendations of the Permitted Interaction Group (PIG) established at the November 3, 2021 Kakaako Authority Meeting to examine the operations and management of the HLP relating to the Honuakaha Senior Rental Housing Project.

Those recommendations were as follows:

1. Increase Rent Annually: The PIG recommends the HCDA prepare a detailed budget every year and increase rent 5% annually for all tenants.
2. Unit Turnover: When units are vacated, rents on new units should be increased closer to prevailing low income market rents, which are substantially higher than current rents for existing tenants. However, it is understood those higher rents are partially offset by a “turnover/releasing” period and any capital costs incurred to rehabilitate those units in preparation for new occupants. These higher rents will also be increased by 5% annually.
3. Reserve Study: The PIG recommends the HCDA commission a reserve study bi-annually to ensure adequate funding of reserves and associated budget requests.
4. Performance Metrics: The PIG recommends the HCDA develop, closely monitor, and manage project operations based on a dashboard report which shows trends on a running monthly basis to include occupancy, net operating income, Section 8 statistics, unit turnover, and receivables.

III. UPDATE

1. Increase Rent Annually:

Studio (141 units)	2022	2023	2024	2025
Existing Tenants	\$630	\$662	\$715	TBD
New Move Ins	\$960	\$1,008	\$1,089	TBD

1-Bedroom (10 units)	2022	2023	2024	2025
Existing Tenants	\$735	\$772	\$834	TBD
New Move Ins	\$1,150	\$1,208	\$1,268	TBD

2. Unit Turnover:

Vacancies (as of August 31, 2024) - 20

- 5 Rent ready – pending applicant verification/ move in scheduling
- 15 Need full rehab
 - 7 Moved out <90 days

3. Reserve Study:

- a. 2021 – Done
- b. 2023 – Done
- c. 2025 – To Commence November 2024

4. Performance Metrics:

- a. Locations contract ended October 31, 2024
- b. Mark Development contract stated October 1, 2024; official start as the Property Manager was November 1, 2024
- c. Performance Metrics report to resume February 2025 for the period October – December 2024

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