

**STATE OF HAWAI‘I
HAWAI‘I COMMUNITY DEVELOPMENT AUTHORITY
KAKA‘AKO MEETING**

**Wednesday, October 2, 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, 2nd Floor Board Room and provided an option to attend virtually (utilizing the State-supported Zoom Meeting platform) for a Regular meeting on October 2, 2024.

HCDA Chairperson Sterling Higa called the October 2, 2024, the HCDA Kaka‘ako Authority Regular meeting to order at 9:00 a.m.

Acknowledgment 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, Hawai‘i Revised Statutes, to enable public boards and commissions to conduct business virtually with a meeting site open to the public.

Regarding 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, Hawai‘i 96813. The HCDA welcomes public comment and public participation via submission of written 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. Mr. Nakamoto also noted the time limits for public testimony.

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

Members Present: Sterling Higa, Chairperson
Peter Apo, Secretary
Mark Anderson, B&F (Ex-Officio)
Mary Alice Evans, DBEDT (Ex-Officio)
Tim Streitz, City & County of HNL DPP (Ex-Officio)
Michael China

Members Absent: Chason Ishii, Vice Chairperson
Melissa Miranda-Johnson, DOT (Ex-Officio)
Kevin Sakoda

A quorum was present.

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

John Price, Deputy Attorney General

Staff Present:

Craig Nakamoto, HCDA Executive Director
Garet Sasaki, HCDA Chief Financial Officer
Ryan Tam, HCDA Director of Planning and Development
Francine Murray, HCDA Community Outreach Officer
Deepak Neupane, Program Specialist V
Armaine Tomacder, HCDA Board Secretary
Lindsey Doi, Asset Manager

II. APPROVAL OF MINUTES

Regular Meeting Minutes of September 4, 2024

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

III. DECISION MAKING

Consider Authorizing the Executive Director to Engage in Community Planning Sessions Regarding the Makai Area of the Hawaii Community Development Authority's Kaka'ako Community Development District being described in Section 206E-32, Hawaii Revised Statutes, and more specifically as the portion of the Kaka'ako district that is makai of Ala Moana Boulevard between the Ala Moana Regional Park, Pier 1, and Forest Avenue; as well as the parcel situated mauka of Piers 6 and 7 and makai of Nimitz Highway to:

- (i) Review the Current Makai Area Plan and Rules, including but not limited to, the 2011 Kaka'ako Makai Conceptual Master Plan, and other Historical Planning Studies for the Makai Area,**
- (ii) Conduct Stakeholder Outreach and Community Planning to Consider Various Land Use Scenarios and Associated Infrastructure Needs for the Makai Area,**
- (iii) Develop Proposed Updates to the Makai Area Plan and Rules, as necessary,**
- (iv) Present the Proposed Updates to the Makai Area Plan and Rules, as necessary, to the Authority for its review, consideration, and possible adoption, and**
- (v) Undertake All Tasks Necessary to Effectuate the Purposes(s) of this For Action.**

Mr. Ryan Tam provided historical context of the Kaka'ako Makai area. He summarized the changes in vision for the area, highlighting how the community's involvement led to the residential ban and establishment of guiding principles in Kaka'ako Makai, and ultimately, heavily influenced the 2011 Kaka'ako Makai Area Plan and Rules.

Mr. Craig Nakamoto summarized the staff report provided in the board packet. He noted the significant change in land ownership in the area since 2012, as well as the possibility of the residential ban being repealed in the 2025 Legislative Session. Mr. Nakamoto explained the continuing need for community engagement, planning, and discussion – rather than the Legislature dictating land uses – as evidenced in the area's history. The findings that result from stakeholder engagement and discussion, if granted board approval, will aid HCDA in properly and effectively preparing for the upcoming legislative session and the future of Kaka'ako Makai.

Member Evans suggested that, in addition to the findings from community engagement, any legislative considerations should also be informed by the current environmental profile of Kaka‘ako Makai and the projected impact of climate change.

Member Streitz suggested that the proceedings of items (i) and (ii) should be followed by a summary report of their findings prior to proceeding with actions (iii) and (iv). The suggested summary report may increase the efficiency of staff resources and decision-making process for the HCDA board, and possibly even the Legislature.

Chair Higa provided comment as a resident of the Kaka‘ako district, that 1) the Kaka‘ako Waterfront Park is deteriorating and lacks assessability, 2) the current uses of the Kaka‘ako Makai area offer a limited amount of community benefit, 3) the infrastructure needs to be upgraded to take climate change and sea level rise into consideration, and 4) there should be clarity in what the allowable uses and intentions are for this area.

There were no further questions or comments from the Board.

Public Testimony

Chair Higa called for public testimony. There were four inquiries to provide oral testimony, and 42 written testimonies were received (41 in support, 1 for comments only).

Ron Iwami, President of Friends of Kewalos, expressed their support to conduct community outreach for the Kaka‘ako Makai Plan and Rules. Friends of Kewalos has represented the voice of the Kaka‘ako Makai community for years, and because the voice may change over time, community engagement should constantly be sought in order to represent and serve the people most effectively.

Wayne Takamine, Kaka‘ako Makai Community Planning Advisory Council, expressed his support to conduct community outreach for the Kaka‘ako Makai Plan and Rules. He explained how community outreach has been effective in the past and hopes to see community outreach play a role in the future decisions of this area.

Senator Sharon Moriwaki, also on behalf of Speaker Scott Saiki and Representative Adrian Tam, expressed their support to conduct community outreach for the Kaka‘ako Makai Plan and Rules. She explained that the findings from HCDA’s outreach will allow community-informed decisions to be made at HCDA and at the State Legislature.

Emma Davis, Ala Moana/Kaka‘ako Neighborhood Board Member, expressed her support to conduct community outreach for the Kaka‘ako Makai Plan and Rules. She acknowledged that there are different opinions about what the future of this area should be, so inviting the public to provide their opinions would be beneficial for the decision makers.

MOTION:

Chair Higa asked for a motion to authorize the Executive Director to Engage in Community Planning Sessions Regarding the Makai Area of the Hawaii Community Development Authority’s Kaka‘ako Community Development District being described in Section 206E-32, Hawaii Revised Statutes, and more specifically as the portion of the Kaka‘ako district that is makai of Ala Moana Boulevard between the Ala Moana Regional

Park, Pier 1, and Forest Avenue; as well as the parcel situated mauka of Piers 6 and 7 and makai of Nimitz Highway to:

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- (iii) Develop Proposed Updates to the Makai Area Plan and Rules, as necessary,**
- (iv) Present the Proposed Updates to the Makai Area Plan and Rules, as necessary, to the Authority for its review, consideration, and possible adoption, and**
- (v) Undertake All Tasks Necessary to Effectuate the Purposes(s) of this For Action.**

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

Mr. Nakamoto conducted the roll call vote. Motion passed with 6 ayes, 0 nays, and 3 excused.

Consider Authorizing the Executive Director to Reinitiate the Contested Case Proceedings for: In the Matter of the Notice of Order Regarding Violation Number N00 01 2019 of Kakaako Land Company, LLC, HCDA-2019-01, Regarding All or Portions of Cummins, Kawaihau, Clayton, Queen, and Ilaniwai Streets Located Within the Hawaii Community Development Authority’s Mauka Area of the Kaka‘ako Community Development District.

Mr. Craig Nakamoto summarized the staff report provided in the board packet. He explained that Kakaako Land Company, LLC (“KLC”) asserted ownership of all or portions of the subject streets, and was charging a fee for their use. The subject streets do not conform to and are not maintained to meet the construction and maintenance standards established for county highways, pursuant to HRS, Section 46-1.5(19)(A) and Section 265A-I by the county in which the development district is located. Mr. Nakamoto added that, in the *Butch Burke, et al. vs. KLC* case, the findings stated that the subject streets were not owned by KLC. The estimated amount of the accrued fines is around \$2,800,000.00 (based on a \$500.00/day for five violations from November 2, 2018 to February 9, 2021).

Member Evans asked about the likelihood that KLC’s counsel would agree to re-opening the case, and what the procedure would be if they do not agree to it.

Mr. Nakamoto answered that it is unlikely, but it is not certain. In the event that KLC’s counsel is not willing to open the case, HCDA will have to approach the hearings officer to request that the case be re-opened.

There were no further questions or comments from the Board.

Public Testimony

Chair Higa called for public testimony. There were three inquiries to provide oral testimony, and nineteen written testimonies were received (19 in support).

Senator Sharon Moriwaki, and on behalf of Speaker Scott Saiki and Representative Tam, expressed their support to reinstate the case with Kaka‘ako Land Company, as it has wrongfully burdened the business owners in the area and the resolution may result in significant funding for needed road improvements.

Bob Emami, Owner of The Car Store, expressed his support to reinstate the case with Kaka‘ako Land Company. He explained the financial strain and negative impacts to his business and urged for justice and improvements.

Emma Davis, Ala Moana/Kaka‘ako Neighborhood Board Member, provided general comments regarding the need for roadway improvements and signaling consistency in the Kaka‘ako area.

MOTION:

Chair Higa asked for a motion to authorize the Executive Director to Reinitiate the Contested Case Proceedings for: In the Matter of the Notice of Order Regarding Violation Number N00 01 2019 of Kakaako Land Company, LLC, HCDA-2019-01, Regarding All or Portions of Cummins, Kawaihau, Clayton, Queen, and Iianiwai Streets Located Within the Hawaii Community Development Authority’s Mauka Area of the Kaka‘ako Community Development District.

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

Mr. Nakamoto conducted the roll call vote. Motion passed with 6 ayes, 0 nays, and 3 excused.

Consider Authorizing the Executive Director to:

- (i) Enter into a Non-binding Letter of Intent For the Purposes of Conducting Preliminary Due Diligence, Including Obtaining a Fair Market Value Appraisal, with the Sellers (Lawrence and Mary Jean Wong Living Trust and The Chen Family Trust) of that Certain Vacant Parcel of Land Located within the HCDA’s Kaka‘ako Community Development District, Identified by Oahu Tax Map Key Number 2-1-030:012, with a Postal Address of 586 South Street, Honolulu, Hawaii 96813 (“586 South Street Parcel”), for the Purpose of Acquiring Said Parcel for the Development of Either Supportive Housing or Affordable Housing,**
- (ii) If the Preliminary Due Diligence on the 586 South Street is Satisfactory to the Executive Director, Authorize the Executive Director to Enter into Purchase and Sale Agreement(s) for the 586 South Street Parcel at a Purchase Price Not to Exceed the Appraised Fair Market Value and Other Necessary Terms and Conditions.**

Mr. Deepak Neupane summarized the staff report provided in the board packet. He affirmed that the Parcel is within the Civic Center Neighborhood of the Kaka‘ako Community Development District, Mauka Area, and has an asking price of \$4.1 million. Due to its close proximity to the proposed transit station and other amenities, the Parcel is highly desirable for affordable housing development, including senior rental, supportive housing, and housing development in general. Mr. Neupane recommended HCDA’s purchase of the Parcel, as

owning developable land in this location would be instrumental in furthering HCDA's goal of developing additional affordable housing in the district.

Member Streit asked if there is a known reason why the Parcel has been on the market for a while, and if it is eligible for mixed-use.

Mr. Neupane explained that the Parcel's size is relatively small for private commercial development, and speculated that this may be the reason why it has been on the market for a while. The Parcel is within the Kaka'ako Community Development District, Mauka Area, and therefore is eligible for mixed use.

Member Evans asked if the Parcel is within the Capital district.

Mr. Neupane answered that it is not, but it is just adjacent to the Capital district, which is why the height restriction and entitlement is similar to what the Capital district is.

There were no further questions or comments from the Board.

Public Testimony

Chair Higa called for public testimony. There was one inquiry to provide oral testimony, and no written testimonies were received.

Senator Sharon Moriwaki expressed her support of this possible land acquisition to provide more supportive housing options in Kaka'ako; specifically, the need for supportive kupuna housing.

MOTION:

Chair Higa asked for a motion to authorize the Executive Director to:

- (i) Enter into a Non-binding Letter of Intent For the Purposes of Conducting Preliminary Due Diligence, Including Obtaining a Fair Market Value Appraisal, with the Sellers (Lawrence and Mary Jean Wong Living Trust and The Chen Family Trust) of that Certain Vacant Parcel of Land Located within the HCDA's Kaka'ako Community Development District, Identified by Oahu Tax Map Key Number 2-1-030:012, with a Postal Address of 586 South Street, Honolulu, Hawaii 96813 ("586 South Street Parcel"), for the Purpose of Acquiring Said Parcel for the Development of Either Supportive Housing or Affordable Housing,**
- (ii) If the Preliminary Due Diligence on the 586 South Street is Satisfactory to the Executive Director, Authorize the Executive Director to Enter into Purchase and Sale Agreement(s) for the 586 South Street Parcel at a Purchase Price Not to Exceed the Appraised Fair Market Value and Other Necessary Terms and Conditions.**

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

Mr. Nakamoto conducted the roll call vote. Motion passed with 6 ayes, 0 nays, and 3 excused.

IV. FOR INFORMATION AND DISCUSSION

Update by the Hawaii Community Development Authority Staff on the Financial Position and Operations of the Honuakaha Limited Partnership, Owner of the Honuakaha Senior Rental Housing Project, located at 547 Queen Street, Honolulu, Hawaii, and Identified as Tax Map Key Number 1-2-1-031-021.

Mr. Garet Sasaki, Chief Financial Officer, presented the staff report included in the board packet. He highlighted the ongoing annual rent increase and current vacancies, with contextual information about the vacancies. He shared that the current property management company, Mark Development, Inc., will provide a presentation to the Board next month.

Member Evans asked if there are available funds to restore the vacant units to an acceptable condition.

Mr. Sasaki answered that the project is self sustaining and will not need a loan or financial support from HCDA.

Member Streitz asked why a large amount of the vacant units need to be rehabilitated.

Mr. Sasaki and Ms. Lindsey Doi, Asset Manager, answered that because the project is a senior independent living facility, some tenants may require a higher level of support. As they vacate their units, there are often sanitation issues or damage that needs to be repaired. The appliances in the units are also slightly smaller than standard, which may also lead to supply chain issues in finding suitable appliances and cabinetry.

There were no further questions or comments from the Board.

Public Testimony

Chair Higa called for public testimony. There was one inquiry to provide oral testimony, and no written testimonies were received.

Emma Davis, Ala Moana/Kaka‘ako Neighborhood Board Member asked questions only for clarification on AMI levels.

V. 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 project status reports provided in the board packet. He mentioned that a community meeting for the Kolowalu Park Improvements and Dog Park was scheduled for the following day, October 3, 2024.

There were no questions or comments by the Board.

Public Testimony

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

VI. ADJOURNMENT

Chair Higa thanked those who joined today's meeting on Zoom and adjourned the meeting at 10:29 a.m.

Peter Apo, Secretary

Date Approved by the Board