

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

**Wednesday, February 5, 2025
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 Boardroom and provided an option to attend virtually (utilizing the state-supported Zoom Meeting platform) for a Regular meeting on February 5, 2025.

Chairperson Sterling Higa called the February 5, 2025, HCDA Kaka‘ako Authority Regular meeting to order at 11:07 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 (“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 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 Boardroom, 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 were as follows:

Members Present: Sterling Higa, Chairperson
Chason Ishii, Vice Chairperson
Miki‘ala Lidstone, Secretary
Mark Anderson, B&F (Ex-Officio)
Tim Streitz, City & County of Honolulu DPP (Ex Officio)
Kevin Sakoda

Members Excused: Mary Alice Evans, DBEDT (Ex Officio)
Melissa Miranda-Johnson, DOT (Ex Officio)
Michael China

A quorum was present.

Legal Counsel: Kevin Tongg, Deputy Attorney General

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

II. APPROVAL OF MINUTES
Regular Meeting Minutes of January 8, 2025

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 (i) solicit a Statement of Qualifications (SOQ) from Developers for the Development of a Mixed-Use, Mixed-Income, affordable rental housing project (Project) on land owned by the Hawaii Community Development Authority (HCDA) in the Kakaako Community Development District (KCDD), located at 956/958 Queen Street and 955/957 Kawaiahao Street and further identified as Tax Map Key(s) (TMK) 2-3-003:022 and 2-3-003:094 (Block P); (ii) select a Developer for development of the Project; and (iii) enter into a Development Agreement and Ground Lease with the selected Developer for development of the Project.

Mr. Deepak Neupane, Program Specialist V, presented the staff report included in the board packet. He summarized the affordable housing initiatives taken by the HCDA since inception, and highlighted the current plan for developing a mixed-use, mixed-income affordable rental housing project at 956/958 Queen Street and 955/957 Kawaiahao Street. Mr. Neupane explained that soliciting for a Statement of Qualifications may result in more submissions, as a Request for Proposals can be costly and time-consuming for potential developers to prepare and submit.

Chair Higa asked how the members of the selection committee are chosen.

Mr. Nakamoto and Mr. Neupane answered that committee members are selected among qualified internal and external individuals, with approval of the Executive Director. Mr. Neupane affirmed that HCDA board members may sit on the selection committee by first expressing interest to the HCDA staff, as some have in the past.

Member Streit asked if the community-based facilities required in this project is intended to achieve the agency goal of creating a community center.

Mr. Nakamoto answered that this requirement is included as a placeholder, in addition to other mixed uses. Mr. Neupane added that this is standard language so developers understand that the inclusion of other community benefits in the development is expected.

Vice Chair Ishii noted that the qualifications are very broad and acknowledged that this may be intentional. He suggested that the developer selection be made in a way that would ensure that the respondent chosen can execute the project successfully and secure the funding needed for completion.

Mr. Neupane responded that the developer's ability to assemble financing for the development is critical, therefore, the ability to assemble financing for the project is allocated 50 points in the evaluation criteria.

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

Public Testimony

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

MOTION:

Chair Higa asked for a motion to authorize the Executive Director to (i) solicit a Statement of Qualifications (SOQ) from Developers for the Development of a Mixed-Use, Mixed-Income, affordable rental housing project (Project) on land owned by the Hawaii Community Development Authority (HCDA) in the Kakaako Community Development District (KCDD), located at 956/958 Queen Street and 955/957 Kawaiahao Street and further identified as Tax Map Key(s) (TMK) 2-3-003:022 and 2-3-003:094 (Block P); (ii) select a Developer for development of the Project; (iii) enter into a Development Agreement and Ground Lease with the selected Developer for development of the Project; and (iv) take all actions necessary to effectuate the purposes of this For Action.

A motion was made by Member Sakoda and seconded by Vice Chair Ishii.

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

IV. FOR INFORMATION & DISCUSSION

Update by HCDA Staff on the Makai Planning and Outreach efforts for the Makai Area of the HCDA's Kakaako Community Development District.

Mr. Ryan Tam, Director of Planning and Development, provided a verbal update on the subject matter. He stated that the current Kaka'ako Makai Area Plan and Rules were adopted in January 2024 with the intent to 1) align with the preceding Mauka Area Plan and Rules, and 2) solicit community input on the future of the Makai area. The HCDA is in the process of negotiating with a professional services consulting firm to undertake

this effort, and is assessing the existing conditions and performing community stakeholder outreach.

Member Anderson commented that there is a high degree of public interest in this effort, and suggested that the HCDA update the website by adding an FAQ section with understandable updates to properly inform the public on this matter.

Mr. Nakamoto and Mr. Tam received Member Anderson's suggestion. Mr. Tam explained there were extensive community outreach efforts and research studies regarding the development of this area, and agreed that it would be beneficial to the public if that was easily accessible.

Member Streitz asked why the Kaka'ako Community Development District was divided between Mauka and Makai areas, and if the two areas should continue to have its own Plan and Rules.

Mr. Nakamoto answered that they were established at different times. The Mauka area of the district was established at the inception of the HCDA, and the Makai area was added later. Mr. Tam answered that, while the two areas have its own Plan and Rules currently, HCDA is hoping to align the two Rules to increase staff efficiency and create allow the agency to manage the district more holistically.

Mr. Neupane insighted that an inadvertent advantage of having separate Rules was that updates only needed to be made in one Area instead of the whole district, and it worked because the two Areas have such differing characteristics naturally.

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

Public Testimony

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

Presentation by HCDA Staff on the Performance Metrics for the Honuakaha Senior Rental Housing Project, Located at 545 Queen Street, Honolulu, Hawaii, 96813.

Mr. Gareth Sasaki, Chief Financial Officer, presented the staff report provided in the board packet. He summarized the financial metrics and operating metrics, and reported renovations taking place to rehab vacant units and hopefully increase occupancy. Mr. Sasaki explained that monthly financial checks will be made to review income and expenses, budget-to-actual performance, and monitor receivables and delinquent balances. He also noted the ongoing effort to reduce vacancy by monitoring the application process and coordinating with the property manager on renovations of vacant units.

Mr. Nakamoto expressed his gratitude to Member Anderson, who suggested that the

HCDA look into utilizing the ARPA Fund. The HCDA pursued this suggestion but due to timing issues, the direct ARPA funds were not granted. However, Mr. Nakamoto explained that ARPA funding may still be available indirectly to the HCDA via another state agency, whose ARPA funding was granted and subsequently reimbursed by the Federal government. This alternative method is pending review by the Deputy Attorney General's office.

Member Sakoda asked how the property and hurricane insurance is handled for Honuakaha, and if the insurance rates have increased significantly.

Mr. Sasaki answered that the insurance is paid for by the AOA. Ms. Doi answered that the insurance rates increased significantly in 2023 for last year's policy, causing a need to increase maintenance fees. The rates did increase again in 2024, but more modestly. Still, she noted future costs will likely continue to rise.

Member Sakoda asked if there is continued pressure to increase the monthly rent.

Ms. Doi answered that there is pressure on Honuakaha LP as the entity is responsible for paying the increasing maintenance fees for all of the senior rental units. Mr. Nakamoto added that, while there is always pressure to increase rent, increases must be at a reasonable amount so as to maintain its status of "affordable housing."

Chair Higa asked who is financially responsible to pay for the senior housing utilities.

Ms. Doi answered that the Honuakaha LP is financially responsible, as utilities are included in the tenant's rent and are paid directly by the LP.

Chair Higa asked if there is a possibility of divesting Honuakaha from HCDA in the near future.

Mr. Nakamoto stated that the decision to divest any property from HCDA is under the board's direction, so it is always a possibility. He noted that there are other individuals who are familiar with senior rental projects and may be willing to take over the project.

Chair Higa, as a board member, expressed his support of divesting Honuakaha, given that a significant amount of cost and effort has gone into this project that is outside of HCDA's expertise. He thanked the HCDA staff for their efforts to make the project viable.

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

Public Testimony

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

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 Executive Director report provided in the board packet. He noted that the Blessing of the Kolowalu Improvements Project and Grand Opening of the Kolowalu Dog Park will be on Saturday, February 8, 2025.

Member Streitzi noted the success and benefits that the Kolowalu Park Improvements and Dog Park add to the area. He added that surrounding businesses have benefitted from the increased patronage, and suggested that the HCDA reach out to these businesses for assistance with the project's costs of insurance and maintenance.

Chair Higa added that interviews with the surrounding businesses would be helpful in conveying HCDA's impacts on the community.

Vice Chair Ishii asked why an update on the Heeia Stream Access Road is reported in the Capital Improvements section.

Mr. Nakamoto apologized for the error, as it should be reported in the next Heeia board meeting.

There were no further 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 the meeting on Zoom and then adjourned the meeting at 11:53 a.m.

Miki'ala Lidstone, Secretary

Date Board Approved