

FOR INFORMATION & DISCUSSION

I. SUBJECT

Informational Presentation by HCDA Staff on the Dissolution of that Certain Honuakaha Limited Partnership Agreement, dated December 3, 1993, by and between Hawaii Community Development Authority, as the General Partner, and First Hawaiian Bank, as the Limited Partner, which Partnership is the Owner of the Honuakaha Senior Housing Project, Located at 545 Queen Street, Honolulu, Hawaii 96813.

II. BACKGROUND

Honuakaha Limited Partnership: The Hawaii Community Development Authority ("HCDA") is the General Partner in the Honuakaha Limited Partnership ("HLP"). First Hawaiian Bank ("FHB") is the Limited Partner in the HLP. The HLP developed and currently operates the Honuakaha Senior Rental Housing Project ("Project").

The Project was developed in 1995 as a senior rental housing project utilizing Low Income Housing Tax Credit (LIHTC) on land owned by the HCDA. The affordability requirement for a LIHTC project is 30 years. Within that time frame, the Project needs to remain affordable for those at 60% of area median income and below (currently \$63,900 and below for a one-person household). The LIHTC affordability requirements for the Project are now expired.

The HLP terminates next year on December 2, 2026, when the term of the Condominium Conveyance Document dated December 18, 1995, and recorded in the Bureau of Conveyances as Doc No. 95-165505 (the "CCD"), expires.

Per the HLP Agreement, upon dissolution of the HLP, HCDA as general partner shall liquidate and distribute the assets between the partners (1% to HCDA and 99% to FHB). The assets will include the residual value of all capital improvements.

III. DISCUSSION

HCDA staff have reached out to FHB to initiate dissolution discussions. Although the HLP termination on December 2, 2026 is separate from the operation of the Project, it is also prudent for the HCDA to begin examining various options for the future of the Honuakaha low-income senior rentals at this time.

The expiring HLP Agreement and the expired LIHTC requirements essentially lift all restrictions for the Project. This means the Project would no longer be required to regulate rents or restrict eligibility for units based on age, income, or asset criteria. The Project

could become a market rate project and could be leased/sold to any private developer for any purpose.

The HCDA recognizes the significant challenges that would come with removing all restrictions from the Project within just over a year. The HCDA also recognizes the need for affordable rental housing in the urban core.

HCDA staff are evaluating the potential options and will submit a recommendation to the Kakaako Authority at a future meeting in the first quarter of 2026.

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