STATE OF HAWAIʻI
HAWAIʻI COMMUNITY DEVELOPMENT AUTHORITY
KAKAʻAKO MEETING

Wednesday, December 3, 2025
MINUTES

I. CALL TO ORDER/ROLL CALL

The Hawaiʻi Community Development Authority ("Authority" or "Board"), a body corporate and a public instrumentality of the State of Hawaiʻi ("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 December 3, 2025.

Chairperson Sterling Higa called the December 3, 2025, HCDA Kakaʻako Authority Regular meeting to order at 11:11 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, Hawaiʻi 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, Hawaiʻi 96813. The HCDA welcomes public comment and public participation via the 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 Mikiʻala Lidstone, Secretary Melissa Miranda-Johnson, DOT (Ex Officio) Tim Streitz, City & County of Honolulu DPP (Ex Officio) Michael China Kevin Sakoda
Members Excused:	Mark Anderson, B&F (Ex Officio) Mary Alice Evans, DBEDT (Ex Officio)

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 Lindsey Doi, HCDA Asset Manager Craig McGinnis, HCDA Director of Capital Improvements Francine Murray, HCDA Community Outreach Officer Ryan Tam, HCDA Director of Planning & Development Armaine Tomacder, HCDA Board Secretary

II. APPROVAL OF MINUTES

Regular Meeting Minutes of November 5, 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 Defer the Payment of Shared Equity for Rycroft Terrace Unit 534 Due to the Unit Owner's Death.

Ms. Lindsey Doi, Asset Manager, presented the staff report provided in the board packet. She explained that the subject property went through probate upon the death of the owner, and the owner's son was named the beneficiary. In normal circumstances, the inheritance of a reserved-housing unit would trigger the payment of shared equity, but since the son has been living in the unit with his family and does not intend to sell, he requested a payment deferral. She noted that he understands the payment will be due upon the eventual sale or transfer of the unit. Ms. Doi added that Mr. Wang, beneficiary of the subject property, was online and available for questions.

Member Streitz asked whether the beneficiary would assume the mortgage and financial responsibilities.

Mr. Wang confirmed that he would assume payment of the mortgage and association dues.

Member Sakoda asked whether the deferral was indefinite or would be resolved within a reasonable timeframe.

Ms. Doi clarified that the deferral is indefinite until the unit is sold or transferred, at which point the shared equity payment would be triggered. She explained that similar cases have occurred in the past, and since no money is exchanged during inheritance, the beneficiary would not be able to provide payment until a sale occurs.

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

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

MOTION:
Chair Higa asked for a Motion for the Board to Authorize the Executive Director to Defer the Payment of Shared Equity for Rycroft Terrace Unit 534 Due to the Unit Owner's Death and undertake all tasks necessary to effectuate the purpose(s) of this For Action.

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

Ms. Doi conducted the roll call vote. Motion passed with 7 ayes, 0 nays, and 2 excused.

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

IV. FOR INFORMATION & DISCUSSION

Informational Presentation by Mr. Craig Watase, Chief Executive Officer of Mark Development, Inc., ("MDI") on the Performance of MDI under that Certain Management Agreement for Honuakaha Limited Partnership for the Honuakaha Senior Housing Project, Located at 545 Queen Street, Honolulu, Hawaii 96813 dated September 21, 2023, but effective as of October 1, 2023.

Mr Craig Nakamoto, Executive Director, summarized the concerns raised by the Kakaʻako board at the previous board meeting, which included a request for the following presentation from Mark Development, Inc (MDI).

Mr. Craig Watase, Chief Financial Officer of MDI, presented the verbal update. He reported on challenges in delivering accurate financial statements due to inherited inaccuracies in rent rolls, missing documents, and complications with transitioning property management software. He explained that these issues affected accounts receivable and compliance with Section 8 and low-income housing requirements. Mr. Watase outlined corrective actions, including scanning old files, rebuilding income certifications, fixing software mapping issues, and reconstructing revenue streams unit by unit. He estimated that the project currently reflects an operating loss of approximately $300,000 over the past 12 months, largely due to increased AOAO dues and insurance costs, as well as vacancies from 29 units under repair. He noted that filling vacant units could generate approximately $370,000 annually, potentially eliminating the deficit. He described marketing challenges due to competition from newer senior housing projects in the area but emphasized that Honuakaha remains competitive in rent and unit size. He summarized the planned improvements, which include enhanced marketing, online application portals, and community amenities.

Member Sakoda asked to clarify the number of HCDA-owned units, vacancies, average rent amount, and monthly cash flow.

Mr. Watase and Ms. Doi confirmed that there are 150 low-income senior units under the Honuakaha Limited Partnership, with approximately 33 currently vacant, and stated that studios are rented at approximately $1,100 per month.

Chair Higa asked when MDI anticipates that the accounting issues will be resolved, and how quickly MDI expects vacant units to be turned over and occupied.

Mr. Watase estimated that accounting issues could be resolved by the year-end and that renovated units should be available for rent by the end of the first quarter. Upon completion of the unit renovations, he estimated that MDI may be able to rent roughly four units every two months, depending on market demand and applicant qualifications. Ms. Doi added that renovations are scheduled to be completed no later than July 2026, with units gradually turned over to the property manager.

Chair Higa asked Ms. Doi about the state of funding for the renovations project.

She explained that there is approximately $300,000 remaining in funding for this capital improvement project, which will be allocated for the purchase of extra materials and appliances to expedite future unit turnover. She stated that current funding should cover existing needs, though future rehabilitation will remain an ongoing need.

Executive Director Nakamoto outlined deliverables expected from Mr. Watase by year-end, including reconciled rental receipts, corrected accounts receivable reports, a summary of tenant delinquency letters, a documented application process, and a list of qualified applicants ready to move in. He recommended that Mr. Watase return in February 2026 to report on progress.

Chair Higa agreed with Executive Director Nakamoto’s requested deliverables and request for an update from Mr. Watase in February 2026.

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

Public Testimony

Chair Higa called for public testimony. There was one written testimony received, and there were two inquiries to provide oral testimony.

- Penny Soll (Honuakaha senior resident): Written Testimony, for comments only
    - Inquired about recent rent increase at Honuakaha
- Penny Soll (Honuakaha senior resident): Oral Testimony, for comments only
    - Inquired about recent rent increase at Honuakaha
- Eric Clark (CFO of JN Group): Oral Testimony, for comments only
    - Questioned the efficacy of the Honuakaha affordable senior housing project and the implications for other proposed projects, cited financial concerns as a taxpayer

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.

Mr. Garet Sasaki, Chief Financial Officer, presented the staff report provided in the board packet. He explained that discussions with First Hawaiian Bank have begun regarding the upcoming dissolution of the partnership, scheduled for December 2026. The project currently has income and age restrictions that will expire with the dissolution. While the Low-Income Housing Tax Credit (LIHTC) requirements will no longer apply, HCDA intends to consider options to maintain affordability for existing and future tenants. Mr. Sasaki emphasized that accurate financials will be critical to these discussions and that potential options will be presented to the board around the end of the first quarter, following review of the financials provided by MDI.

Chair Higa thanked Mr. Sasaki and noted the importance of receiving accurate financials in a timely manner. He reiterated his preference that HCDA disengage from actively managing the project, stating that it falls outside the Authority's core responsibilities.

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

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

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. Craig Nakamoto, Executive Director, referred to the report provided in the board packet.

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 in person and on Zoom and then adjourned the meeting at 12:07 p.m.

Miki'ala M. Lidstone — January 7, 2026

Miki'ala Lidstone, Secretary — Date Approved by the Board