



## **HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

**DAVID Y. IGE**  
GOVERNOR

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**CRAIG K. HIRAI**  
EXECUTIVE DIRECTOR  
Phone: (808) 587-0641

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### **STATE SELECTS LEASEHOLD PARTNER FOR RENTAL HOUSING PORTFOLIO RESTRUCTURING AND PRESERVATION**

HONOLULU – The Hawaii Housing Finance and Development Corporation (HHFDC) Board of Directors has selected Nou ka Hale, a joint venture between local developer Stanford Carr Development, LLC and Los Angeles-based Standard Communities as its leasehold partner for the State’s Affordable Rental Housing Portfolio.

The portfolio consists of six affordable rental housing properties with 1,221 residential units and approximately 86,000 square feet of commercial space. The properties include:

- Pohulani Elderly in Kakaako, Oahu, 263 elderly units
- Kauhale Kakaako in Kakaako, Oahu, 268 family units
- Kamakee Vista in Kakaako, Oahu, 226 family units
- Kekuilani Courts in Kapolei, Oahu, 80 family units
- Honokowai Kauhale in Lahaina, Maui, 184 family units
- Lailani Apartments in Kailua-Kona, Hawaii, 200 family units

## **Long-Term Rental Housing Affordability Preserved**

Rents at the properties will remain affordable throughout the terms of the 75-year\* ground leases, with maximum rents of no greater than either 80 or 100 percent of the U.S. Department of Housing and Urban Development Area Median Income (AMI) rent guidelines. Additionally, current residents at all of the properties will now be protected from large rent spikes going forward, and they will be allowed to stay in their homes indefinitely.

- For current residents at Pohulani Elderly, annual rent increases will be restricted to no more than two percent (2%) for the duration of the tenants' residencies.
- For current residents at the five family properties, annual rent increases will be restricted to no more than two percent (2%) for the next five years and five percent (5%) for the subsequent 30 years.

## **Rent Subsidies Increased and Extended**

In connection with the portfolio restructuring and preservation, the HHFDC Board awarded project-based Rental Assistance Program (RAP) contracts to Nou ka Hale. The contracts provide rent subsidies for households which currently participate in the program† and earn less than 80 percent of the AMI, with the intent that residents will be able to stay in their homes for as long as they choose due to the subsidy.

- At Pohulani Elderly, HHFDC will provide an initial 20-year RAP contract that increases the maximum monthly subsidy from \$250 to \$300.
- At the four family properties where RAP subsidies are currently offered, HHFDC will provide 10-year RAP contracts that increase the maximum monthly subsidy from \$175 to \$225. In the sixth year of the contract, the maximum monthly subsidy will increase to \$500.
- At Kekuilani Courts, where RAP subsidies are not currently offered, HHFDC will provide a five (5)-year RAP contract through which a subsidy of up to \$500 per month will be available to qualified residents beginning in 2023.

## **Property Renovation and Resident Services Programs**

Nou ka Hale has committed to a \$53.9 million capital improvement program that will include renovations to both apartment units and common areas. Improvements will include upgrades of finishes and fixtures in the living units. Common areas will be refreshed, and community rooms will be renovated to support additional community programming and activities. In addition, building systems that are antiquated will be repaired.

Additionally, Nou ka Hale will offer to residents a package of community programming that enriches their lives, with focus on after-school academic programming, adult education classes, financial literacy, and wellness programming for residents of all ages.

## **Public-Private Partnership**

“Partnerships like this are really the key to building more homes for Hawaii’s families, and we will continue to work with the private sector to make the most of limited state resources. Net proceeds can now be used for capital improvements and extended rental assistance,” said Governor David Y. Ige.

Standard Communities Co-Founder Jeff Jaeger added, “We are excited to partner with HHFDC for this transaction to accomplish our shared goal of providing high-quality affordable housing, which these properties will certainly be following the planned renovations, to residents who need it most. This is a rare opportunity to have a positive impact on more than 1,200 families, and we look forward to doing so in the years to come. While we are busy improving these properties, HHFDC will be putting the proceeds of the transaction to work for the benefit of thousands of additional Hawaii families.”

Estimated net proceeds to HHFDC from the \$170 million portfolio sale price are approximately \$81 million. In addition to its prior commitment to use net proceeds for the development of new affordable rental housing, the HHFDC board has established a subcommittee to consider additional uses of the transaction proceeds, including:

- Completion of improvements at the Villages of Kapolei to enable HHFDC to dedicate certain infrastructure to the City and County of Honolulu.
- Purchase of the leased-fee interest in existing rental housing properties to ensure affordability beyond their ground-lease expiration dates.
- Infusion of the Rental Assistance Revolving Fund with cash to provide new project-based rental assistance payment commitments to support the development of new rental housing projects or the preservation of existing projects.
- Infusion of the Rental Housing Revolving Fund with cash to ensure that pipeline projects which may be faced with previously unanticipated financing gaps because of Federal tax reform are completed on schedule.

### **Nou Ka Hale**

Nou ka Hale is a 50/50 partnership between Stanford Carr Development, LLC and Standard Property Company, Inc., which includes Standard Communities.

### **About Stanford Carr Development**

Honolulu-based Stanford Carr Development (SCD) is wholly-owned by its founder Stanford Carr and has developed over 5,000 homes in Hawaii with a combined sales volume of \$2.0 billion. Examples of SCD's affordable multi-family rental projects include Franciscan Vistas, Halekauwila Place, Keauhou Lane, and Hale Kewalo (the latter of which is expected to be completed in 2019.)

"We've been serving Hawaii families since 1990 and have a 25-year working relationship with HHFDC, so the best outcome for residents is important to our team, and we will work tirelessly to ensure a successful transition," said Stanford Carr, principal of Stanford Carr Development.

## **About Standard Communities**

Standard Communities is the affordable housing division of Standard Property Company (SPC). SPC is a full-service, multi-family real estate investment and management firm. SPC invests in multi-family real estate in primary United States markets. The firm owns more than 10,000 residential units (including approximately 7,100 affordable units) and more than 50 retail spaces across the United States. The organization operates out of offices in Los Angeles, New York, Washington D.C., Seattle, Chicago, and Orange County, California.

## **About the Hawaii Housing Finance and Development Corporation**

The mission of Hawaii Housing Finance and Development Corporation is to increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development. HHFDC is administratively attached to the State of Hawaii, Department of Business, Economic Development and Tourism and is governed by a nine-member Board of Directors which establishes policies and executive direction for the corporation.

CBRE, Inc. is providing advisory and consulting services to HHFDC.

Goodsill Anderson Quinn & Stifel is providing legal services to HHFDC through a contract with the State of Hawaii, Department of the Attorney General.

For more information, contact: Kent Miyasaki, Information Officer,  
Hawai'i Housing Finance and Development Corporation, at (808) 341-4069 or [Kent.K.Miyasaki@hawaii.gov](mailto:Kent.K.Miyasaki@hawaii.gov).  
[www.dbedt.hawaii.gov/hhfdc/](http://www.dbedt.hawaii.gov/hhfdc/)

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\* For Kamakee Vista, the term will be equal to the remaining term of the existing ground lease with Atherton Family Foundation which expires on December 31, 2056.

† At Kekuilani Courts, eligible residents that are income-qualified under the existing HHFDC Rental Housing Revolving Fund program will be entered into the Rental Assistance Program.