

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
SPECIAL MEETING**

AUGUST 15, 2018

MINUTES

The Board of Directors of the Hawaii Housing Finance and Development Corporation met for a special meeting at J. Walter Cameron Center, located at 95 Mahalani Street, Wailuku, Hawaii, on Wednesday, August 15, 2018, at 10:30 a.m.

With a quorum present, Chair Milo Spindt called the meeting to order.

Those present and excused were as follows:

Present: Director Milo Spindt, Chair
Director Leilani Pulmano, Vice Chair (10:31 a.m.)
Director Rona Fukumoto, Secretary
Director Donn Mende
Director George Atta
Director Sara Lin
Designee Scott Kami for Director Laurel Johnston
Designee Mary Alice Evans for Director Luis Salaveria

Executive Director Craig Hirai

Excused: Director Melvin Kahele

Staff Present: Diane Taira, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Stan Fujimoto, Development Section Chief
Ken Takahashi, Housing Development Specialist
Genoa Ward, Housing Development Specialist
Esa Pablo, Secretary to the Board

Guests: Linda Schatz, Legacy Wailuku LLC/Schatz Collaborative LLC
Vince Bagoyo, J. Bagoyo Development Group LLC
Charles P. Wathen, Legacy Wailuku LLC
Janine Clifford, Clifford Planning & Architecture
Ben Lee, Clifford Planning & Architecture
Darren Unemori, W.S. Unemori Engineering
Erin Mukai, Munekiyo Hiraga
Michael Munekiyo, Munekiyo Hiraga
Tyler Fujiwara, Austin, Tsutsumi & Associates
Brian Ige, Dowling Company Inc.
Bruce U`u, Hawaii Regional Council of Carpenters
Ivan Lay, Hawaii Regional Council of Carpenters
Kehau Filimoe`atu, Hawaii Community Assets
Linda Munsell, County Housing Division
Saumalu Mata`afa, Office of Council Services
William Spence, Maui County Department of Housing and Human Concerns

Chair Spindt deferred approval of the meeting minutes of April 12, 2018 and July 12, 2018 to the Board's next regular meeting to be held on September 13, 2018.

**I.
CALL TO
ORDER/
ROLL CALL**

**II. A.
APPROVAL
OF MINUTES**
Regular
Meeting
4/12/18

Housing Development Specialist Ken Takahashi presented the For Action, stating staff's recommendation as follows:

That the HHFDC Board of Directors approve the following for the Wailuku Apartment Rental Housing Project, in Wailuku, Maui, Hawaii, TMK: (2) 3-5-001:064, substantially as discussed this For Action:

- A. Certification of Legacy Wailuku LLC, or other successor entity approved by the Executive Director, as an Eligible Developer pursuant to Section 15-307-24, HAR;
- B. Development of the Wailuku Apartment Rental Housing Project with the proposed exemptions from statutes, ordinances and rules of the County of Maui as recommended for approval, pursuant to Section 201H-38, HRS;
- C. Execution of a development agreement required for such exemptions as approved by the Executive Director; and
- D. Authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action;

Subject to the following:

- E. Approval with or without modification by the Maui County Council pursuant to Section 201H-38, HRS;
- F. Approval by the Maui County Council of a District Boundary Amendment (DBA) to the State Land Use District Map to change the existing Agricultural District designation of the Property to the Urban District prior to execution of a development agreement; and
- G. Compliance with all rules and regulations and such other terms and conditions as may be required by the Executive Director.

Director Mende moved, seconded by Director Fukumoto

That staff's recommendation be approved.

Vice Chair Pulmano recused herself from the vote.

Takahashi stated that by letter dated August 2, 2017, the County of Maui Department of Housing and Human Concerns confirmed that the proposed project of Legacy Wailuku LLC (Developer) will not meet the Maui County Rental Guidelines for processing and therefore, is being processed under the HHFDC's Affordable Rental Guidelines. The statutory basis for the approval of housing projects with exemptions from statutes, ordinances, and rules of any government agency relating to planning, zoning, and development of land was referenced.

The Wailuku Apartments Rental Housing (Project) will require a State District Boundary Amendment that would change the existing State Agricultural District Classification to the State Urban District.

The Developer believes that the requested exemptions are necessary to achieve and maintain the financial feasibility of the proposed Project and would enable the Developer to help fulfill a critical need for affordable rental housing without the use

**III. A.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve the
Certification of Legacy
Wailuku LLC, or Other
Successor Entity
Approved by the
Executive Director, as
an Eligible Developer
Pursuant to Section
15-307-24, Hawaii
Administrative Rules;
the Project Proposal
Including Exemptions
from Statutes,
Ordinances and Rules
Pursuant to Section
201H-38, Hawaii
Revised Statutes; and
Execution of
Development
Documents for
Approved Exemptions
for the Proposed
Wailuku Apartments
Rental Housing
Project, Located in
Wailuku, Maui, TMK
No.: (2) 3-5-001:064

of government subsidies, and deliver rental units at a location within the Urban Growth Boundary of the Maui Island Plan in proximity to Wailuku Town, existing residential developments, public facilities and support services. Furthermore, the Project would yield substantially more units than what would be allowed under the current Agricultural Zoning District.

The estimated total project budget is approximately \$96.6 million, with the following estimated project schedule:

- Start Design/Entitlement/Foundation Permit – November 2018
- Closing of Construction Financing – December 2019
- Start of Construction – December 2019
- Projected Occupancy Permit – September 2021

Takahashi opened for questions, along with the Developer representatives, who provided a brief presentation.

Linda Schatz, the Developer's representative for Legacy Wailuku, LLC, thanked the Board for their time and travel to Maui. Schatz stated that they are very excited for this unique project in terms of its scale, being privately financed and includes Community input.

Chair Spindt opened the floor for anyone who wished to provide public testimony on this matter. Public testimony was provided by the following:

William Spence, Director of the Maui County Department of Housing and Human Concerns (Maui DHHC), expressed the Maui DHHC's strong support of the Project, being in an ideal location near jobs, shopping, and goods and services. He further stated that the Project also provides needed housing units for Maui residents and overall, is a very good project.

Director Atta asked if the project site services any agricultural area. Spence stated that the project site does not service any agricultural purpose at this time and is within the County of Maui Urban Grown Boundary, designated for urban development.

Bruce U'u, with Hawaiian Regional Council of Carpenters, expressed his support of the Project, stating that there is a dire need for housing and a great need for public and private partnerships with the government to help subsidize housing cost for Maui residents. U'u thanked the Board and its predecessors for providing affordable housing opportunities for previous family generations and those to come.

Ivan Lay, with Hawaiian Regional Council of Carpenters, expressed his support of the Project, stating that affordable rentals are greatly needed in the Wailuku area, and believes the Project is situated in the perfect location for working families. Lay thanked and expressed his appreciation to the Board for their time.

With no further discussion, Chair Spindt thanked everyone for attending and supporting the Project.

The motion was carried, with Vice Chair Pulmano recusing herself from the vote.

The Board recessed the meeting at 10:55 a.m. and reconvened at 11:07 a.m.

Chief Planner Janice Takahashi presented the For Action, stating staff's recommendation as follows:

That the HHFDC Board of Directors:

RECESS
10:55 a.m.
RECONVENED
11:07 a.m.

III. B.
DISCUSSION
AND/OR
DECISION
MAKING
Approve the
Recommendations of

- A. Approve the recommendations of the Qualified Allocation Plan Subcommittee.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

the Qualified Allocation Plan Subcommittee

Vice Chair Pulmano moved, seconded by Director Fukumoto

That staff's recommendation be approved.

Takahashi stated that the Qualified Allocation Plan (QAP) Subcommittee's recommendations were presented last week, at its August 9, 2018 Board of Directors Meeting and opened for questions.

Chair Spindt asked if the Board had any further comments or questions regarding the changes that were made to the QAP, noted at the August 9, 2018 meeting, addressing two of the six recommendations relating to #2, energy efficiency and #3, adaptive re-use. The other recommendations will require more time and continued discussions with program users.

There being no questions, the motion was unanimously carried.

Finance Manager Darren Ueki presented the For Action, stating staff's recommendation as follows:

That the HHFDC Board of Directors approved the following:

- A. Authorize the Executive Director, or his designated representative, to conduct a public hearing on the proposed 2019/2020 QAP;
- B. Authorize the Executive Director to take all action necessary to effectuate the purpose of this For Action.

III. C. DISCUSSION AND/OR DECISION MAKING

Approve Request to Conduct a Public Hearing on the Low-Income Housing Tax Credit Program's 2019/2020 Qualified Allocation Plan

Vice Chair Pulmano moved, seconded by Director Fukumoto

That staff's recommendation be approved.

Ueki stated that based on the discussions and findings of the QAP Subcommittee, changes were incorporated in policy and actual scoring mechanisms within the QAP.

Ueki noted the following tentative timeline schedule:

- September 25, 2018 – Conduct a Public Hearing
- November 8, 2018 – Final Approval of the QAP by the Board
- December 14, 2018 – Application Available
- February 15, 2019 – Applications Due: 9% LIHTC and RHRF – FY2019 (Funding Round 1)
- May/June 2019 – Present Recommendations to the Board
- June 2019 – RHRF – FY2019 (Funding Round 2)
- October/November 2019 – Present Recommendations to the Board

With the QAP Subcommittee recommendations now approved, Director Lin asked what are the next steps. Chair Spindt stated that the QAP Subcommittee will be dissolved and a new subcommittee will be established to look at the 2020/2021 QAP.

Chair Spindt thanked staff and the QAP Subcommittee members for all their hard work.

With no further discussion, the motion was unanimously carried.

Chair Spindt stated that the QAP Subcommittee will now be dissolved and asked for volunteers for a new QAP Subcommittee to look at the 2020/2021 QAP.

The new QAP Subcommittee will consist of the following members:

- Milo Spindt
- Leilani Pulmano
- George Atta
- Sara Lin

Designee Kami moved, seconded by Designee Evans

That the following item be added to the agenda:

“Discussion on Requested Modifications to Award of Request for Proposals No. 17-010-PPMS Affordable Rental Housing Portfolio Restructuring and Preservation to Join Offerors Standard Property Company, Inc. and Stanford Carr Development, LLC as Successful Offeror”

With the motion unanimously carried, the above title was added to the agenda.

Designee Kami moved, seconded by Designee Evans

That the HHFDC Board of Directors amend the previously approved Award of Request for Proposals No. 17-010-PPMS Affordable Rental Housing Portfolio Restructuring and Preservation to joint offerors Standard Property Company, Inc. and Stanford Carr Development, LLC, as Successful Offeror, to provide for a revised due diligence expiration date to end no later than September 17, 2018.

The motion was unanimously carried.

Chair Spindt asked Executive Director Hirai to speak on the reasoning for the amendment. In regard to discussions held at its August 9, 2018 Board Meeting to tentatively hold a Special Meeting on August 29, 2018, Executive Director Hirai stated that staff believes it would be more efficient and cost effective to not have another Special Meeting this month, but rather extend the due diligence date and further discuss the matter at its regularly scheduled Board Meeting on September 13, 2018.

There being no further discussion, Chair Spindt called for the question.

With no objections, the main motion, as amended, was carried.

There being no further business on the agenda, Designee Evans moved, seconded by Vice Chair Pulmano

That the meeting be adjourned at 11:30 a.m.

The motion was unanimously carried.



RONA FUKUMOTO
Secretary

IV.
ADJOURNMENT
11:30 a.m.