

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

**March 14, 2019**

**MINUTES**

The Board of Directors of the Hawaii Housing Finance and Development Corporation met for a regular meeting at their office, located at 677 Queen Street, Honolulu, Hawaii, on Thursday, March 14, 2019, at 9:00 a.m.

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

With a quorum present, Chair Milo Spindt called the meeting to order at 9:04 a.m.

Those present and excused were as follows:

Present: Director Milo Spindt, Chair  
Director Leilani Pulmano, Vice Chair  
Director Rona Fukumoto, Secretary  
Director George Atta  
Director Donn Mende  
Director Melvin Kahele  
Director Sara Lin  
Director Mike McCartney (arrived at 9:44 a.m.)  
Designee Robert Yu for Director Roderick Becker

Executive Director Craig Hirai

Staff Present: Sandra Ching, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Housing Finance Manager  
Deepak Neupane, Development Branch Chief  
Dean Minakami, Development Section Chief  
Carianne Abara, Development Support Section Chief  
Melissa Loy, Corporate Controller  
Christopher Woodard, Real Estate Portfolio Manager  
Patrick Inouye, Housing Finance Specialist  
Jocelyn Iwamasa, Housing Finance Specialist  
Glori Ann Inafuku, Housing Finance Specialist  
Albert Palmer, Housing Development Specialist  
Jason Takata, Property Management Coordinator  
Lisa Wond, Planner  
Mavis Masaki, Planner  
Kent Miyasaki, Housing Information Officer  
Esa Pablo, Secretary to the Board

Guests: Paul Zweng, WWCA  
Laverne Taramoto, WWCA  
Cynthia Hopkins, WWCA  
Norman Sadoyama, WWCA  
Laurence Uyemura, WWCA  
Julita Antone, WWCA  
Shirley Shiroma, WWCA  
Frank Shiroma, WWCA  
Toni Cano, WWCA  
Wayne Matayoshi, WWCA  
Hannah Salas, WWCA  
Lucy Salas, WWCA  
Natasha Welch-Ornellas, WWCA  
John L. Reppun, Community/KNB#25  
Jim Murphy, Honolulu Habitat for Humanity

Keith Kato, HICDC  
Carl Cunningham, Mark Development  
Hersh Singer, SMS  
Faith Rex, SMS  
Andrew Conboy, Hastings, Conboy & Associates  
Elijah Kane, Kane Ohana Property Management LLC  
Andrew Gomes, Star Advertiser  
Mahoe Collins, DLNR

Vice Chair Pulmano moved, seconded by Director Mende

That the minutes of the regular meeting held on February 14, 2019 be approved as circulated.

The motion was carried unanimously.

Housing Finance Manager Darren Ueki presented the For Action and stated staff’s recommendation:

That the HHFDC Board of Directors approve the following:

- A. Extend the deadline to issue Hula Mae Multi-Family (HMMF) Bonds for the Kaloko Heights Affordable Housing Project to March 31, 2020; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Pulmano moved, seconded by Director Mende

That staff’s recommendation be approved.

Ueki stated that in February 2019, HHFDC received a 12-month extension request to Resolution No. 106, from March 31, 2019 to March 31, 2020.

The extension would allow the project time to amend its 201H exemption to reflect consolidation and re-subdivision of the project site for realignment of the right a way for the Holoholo Street extension boarding the project. Its building permit application is anticipated to be submitted in August 2019.

Ueki further stated that financing for the project is being discussed with Wells Fargo Bank N.A., Bank of Hawaii, and Sugar Creek Capital. The project also has 75 Project Based Section 8 Housing Choice Vouchers allocated by the County of Hawaii.

Ueki opened for questions, along with Mr. Keith Kato, on behalf of the project.

Director Lin commented that she is glad to see such a high amount of the Project Based Section 8 Housing Choice Vouchers being allocated to the project.

There being no further discussion, the motion was carried unanimously.

Ueki presented the For Action and stated staff’s recommendation:

That the HHFDC Board of Directors approve the following:

- A. Extend the Rental Housing Revolving Fund (RHRF) Letter of Intent (LOI) dated September 19, 2017, for the Kaloko Heights Neighborhood Housing Project RHRF Loan to March 31, 2020, subject to the requirements as set forth in the For Action dated September 14, 2017 and

**II. A.**  
**APPROVAL**  
**OF MINUTES**  
Regular  
Meeting  
2/14/19

**III. A.**  
**DISCUSSION**  
**AND/OR**  
**DECISION**  
**MAKING**  
Approve an Extension to Resolution No. 106, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kaloko Heights Affordable Housing Project Located in Kailua-Kona, Hawaii, TMK No.: (3) 7-3-009: 032

**III. B.**  
**DISCUSSION**  
**AND/OR**  
**DECISION**  
**MAKING**  
Approve an Extension to the Rental Housing Revolving Fund Project Letter of Intent for the Kaloko Heights Affordable Housing Project



- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Located in Kailua-Kona, Hawaii, TMK No.: (3) 7-3-009: 032

Vice Chair Pulmano moved, seconded by Director Mende

That staff's recommendation be approved.

Ueki stated that this For Action is a companion of the previously approved, regarding the RHRF, which provides a gap equity low interest loan to the project. Based on the project's progress made in site control, zoning approvals, and financing commitments, the RHRF LOI extension is being recommended to March 31, 2020.

There being no questions, the motion was carried unanimously.

Ueki presented the For Action and stated staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. Approve the amendments to the Housing Trust Fund (HTF) Allocation Plan, subject to public comments;
- B. After the public comments, authorize the Executive Director to approve the PY2019 HTF Allocation Plan provided that no substantive amendments are required; and
- C. Authorize the Executive Director to take all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Pulmano moved, seconded by Director Mende

That staff's recommendation be approved.

Ueki provided an overview of the HTF program administered by the U.S. Department of Housing and Urban Development (HUD), stating that the purpose of the HTF is to provide grants to State governments to increase and preserve the supply of decent, safe, and sanitary affordable housing for primarily extremely low-income (30% AMI) households, including homeless families. HHFDC is designated as the HTF Grantee for the State of Hawaii and has limited the use of HTF funds for rental housing only. Eligible activities include acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

Ueki further stated that the HTF allocation plan must describe how the funds will be distributed and used to address housing priority needs, what activities may be undertaken with the funds, and how recipients and a project will be selected to receive those funds.

Over the past three years, HHFDC has received the minimum HTF annual allocation for states of \$3 million. Should the fund be insufficient for all states and D.C. to receive the minimum allocation, HUD will publish an alternate methodology.

Ueki reported that in its conducted discussions with the county housing agencies of Hawaii, Kauai, Maui, and the City and County of Honolulu, program concerns revolved around the adjustment to the regulations of the new federal program and financial challenges in the development and operating costs of an HTF project under the HTF program's 30% AMI target and 30-year affordability period.

Therefore, to help address concerns regarding program and financial challenges, staff recommends changing the HHFDC's PY2019 HTF Allocation Plan by:

1. Revising the HTF Maximum Per-Unit Development Subsidy Limits by adopting the Public Housing Development Cost Limits.

**III. C.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**

Approve the Hawaii Housing Finance and Development Corporation's Amendment to the Housing Trust Fund Allocation Plan for the U.S. Department of Housing and Urban Development's National Housing Trust Fund Program Subject to Public Comments



Ueki noted that this would allow developers to apply a larger per unit limit towards each of the HTF units.

2. Further clarifying the Distribution of Funds by including additional language of “. . . and/or complete the tasks to meet the commitment requirements. . . .” in Sections II.c. and II.d. of the HHFDC’s HTF Allocation Plan.

Ueki noted that should the counties not be able to deliver, funds would be returned to HHFDC to seek another project and hopefully avoid a return in funds.

Director Atta inquired about staff training to implement the HTF program with the counties. Ueki stated that staff does offer training opportunities and have ongoing discussions with the counties.

There being no further discussion, the motion was carried unanimously.

Housing Development Specialist Albert Palmer presented the For Action and stated staff’s recommendation:

That the HHFDC Board of Directors approve the following actions related to the Lanakila House Lot project located in Honolulu, Oahu, TMK No.: (1) 1-7-041: 002, substantially as described herein:

- A. Conveyance of the project site to HHFDC by quitclaim deed; or
- B. Set-aside of the project site to HHFDC for affordable housing purposes; and
- C. Issuance of an immediate Management Right-of-Entry to HHFDC; and
- D. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Pulmano moved, seconded by Director Mende

That staff’s recommendation be approved.

Palmer stated that under Act 196, Session Laws of Hawaii 2005, the Joint Legislative Housing and Homeless Task Force (Task Force) was asked to determine the inventory of all state lands used for low-income and public housing, the condition of public housing units on the lands, and whether other state lands and properties are available and suitable for the development of transitional shelters for the homeless or low-income rental housing.

Through the Task Force’s report submitted to the Legislature in 2006, HHFDC’s predecessor entity, Housing and Community Development Corporation of Hawaii (HCDCH) was recommended to develop the identified parcels for leasehold ownership. Out of the approximate 70 parcels identified by the Task Force, HCDCH discovered that three of the parcels were suitable for home development, which included the subject parcel located at 1741 Lanakila Avenue (Lanakila Parcel). The Board of Land and Natural Resources (BLNR) approved the set-aside of parcels to HHFDC on September 28, 2007. HHFDC published a Request for Proposals (RFP) on December 7, 2007 for the three parcels plus four additional parcels of unknown origin.

However, no responses were received to HHFDC’s RFP and BLNR approved HHFDC’s request to rescind its approval of the set-asides for affordable housing purposes on February 9, 2018.

Through due diligence of the Lanakila Parcel, Honolulu Habitat for Humanity

### III. D. DISCUSSION AND/OR DECISION MAKING

Approve: (1)  
Conveyance of the  
Project Site to Hawaii  
Housing Finance and  
Development  
Corporation  
(“HHFDC”) by  
Quitclaim Deed for  
Affordable Housing  
Purposes; or (2) Set-  
Aside of the Project  
Site to HHFDC for  
Affordable Housing  
Purposes; and (3)  
Issuance of Immediate  
Management Right-  
of-Entry to HHFDC  
for a Vacant Parcel  
Located at 1741  
Lanakila Avenue,  
Honolulu, Oahu,  
TMK No.:  
(1) 1-7-041: 002



(Habitat) expressed its interest to the Department of Land and Natural Resources (DLNR), and subsequently to HHFDC, on its proposed redevelopment of the property and construction of a new 5-bedroom, 2.5 bath (or similar size) single-family house under its self-help program. The property is proposed to be sold as an affordable leasehold product to an affordable buyer pursuant to Hawaii Administrative Rules 15-307, Subchapter 4, subject to HHFDC's requirements, under Habitat's Home Build program and other applicable terms.

HHFDC proposes to enter into a development agreement with Habitat for the aforementioned proposal and a lease would be issued to Habitat's selected and approved purchaser subject to determined lease terms and financing requirements.

Palmer opened for questions, along with Mr. Jim Murphy, with Habitat.

Vice Chair Pulmano inquired about the R-3.5 residential zoning and estimated lot size, stating that the more housing that could be accommodated on the lot would be preferable. Murphy stated that the lot size is believed to accommodate 2 smaller houses, of which they are open to doing, as it meets the zoning requirements.

As a follow up to Vice Chair Pulmano's comment, Director Fukumoto asked whether there was a greater need for larger-sized homes. Murphy stated that there is a mixed need for both smaller and larger homes; however, 3-bedroom/1.5 bath homes are also currently needed.

In reference to section III.C. of the For Action, Director Lin asked how long it took to accomplish the 80 homes built by Habitat. Murphy stated 30 years and added that a dedication ceremony on its 81<sup>st</sup> home would be held on Tuesday, in Waipahu.

Vice Chair Pulmano inquired about the remaining six parcels from the RFP. Palmer stated that because the parcels are owned by the DLNR, he is unaware of its current status. Murphy added that Habitat has done brief assessments of the other parcels and is currently determining possible development opportunities.

Director Kahele inquired about Habitat's criteria in the selection of its applicants. Murphy stated that families need to be between 30% and 60% of the area median income, have a clean credit, ability to repay their mortgage, and have a housing need. If there should be several qualifying applicants, a lottery is conducted.

Chair Spindt asked what the advantage is in getting this in fee title versus executive order. Real Estate Portfolio Manager Chris Woodard clarified that properties to which HHFDC owns the fee title are not subject to Chapter 171, regarding Public Land, Management and Disposition, and therefore, HHFDC would not have to get BLNR's approval of things like grants of easements.

There being no further discussion, the motion was carried unanimously.

The Board recessed at 9:35 a.m. and reconvened the meeting at 9:44 a.m.

Director McCartney arrived at this time – 9:44 a.m.

Real Estate Portfolio Manager Chris Woodard presented the For Action and stated staff's recommendation:

That the HHFDC Board of Directors approve the Waiahole Valley Community Strategic Plan.

Director McCartney moved, seconded by Director Kahele

That staff's recommendation be approved.

Woodard stated that in December 2016, HHFDC entered into a contract with SMS Research & Marketing Services to provide community planning services to assist staff

**RECESS**  
9:35 a.m.

**III. E.**  
**DISCUSSION**  
**AND/OR**  
**DECISION**  
**MAKING**  
Approve the Waiahole  
Valley Strategic Plan



in the development of a strategic plan for the Waiahole Valley Agricultural Park and Residential Lots Subdivision.

Woodard further stated that in August 2018, SMS and staff presented an overview of the draft strategic plan to the community at a meeting held at Waiahole Elementary School, which was then presented to the HHFDC Board of Directors in September 2018. In addition, the presentation of the draft Strategic Plan was also made available on HHFDC's website for public viewing prior to the September 2018 Board Meeting, and hard copies were distributed at a community meeting relating to possible water system improvements held in October 2018.

If the draft strategic plan is approved by the Board, a final presentation will be made to the community in April 2019, and staff will subsequently proceed to develop action plans guided by the approved strategic plan. The first action plans to be addressed would be in the areas of lease enforcement and voluntary lease modifications.

Woodard distributed and presented the Overview of the Waiahole Valley Community Strategic Plan handout to the Board, covering existing conditions and recommendations as it relates to voluntary lease modification, management resources, agricultural productivity, vacant residential and agricultural lots, and water system issues.

Executive Director Hirai left at this time – 9:59 a.m.

Woodard acknowledged that there were Waiahole Valley residents present for public comment and introduced Mr. Hersh Singer and Faith Rex, on behalf of SMS; and Mr. Andy Conboy, Real Estate Consultant to SMS, with Hastings, Conboy & Associates, Ltd.

Notification letters regarding possible Board approval of the plan were noted to be sent to all Waiahole Valley Lessees last Friday concurrent with the transmittal of materials to the Board.

Chair Spindt opened for public comments and asked that names be stated for the record.

WWCA representative Paul Zweng thanked the executive director and members of the Board for the opportunity to speak on the draft strategic plan. He stated that he believes some of the goals are a good and genuine effort to approach longstanding problems (e.g., inability to access financing for residential lots.). However, he felt that the plan's recommendations create financial burdens (e.g., increased lease rents, increased water rates, construction of water system, conversion to septic system, and third-party consultants) on lessees rather than the landlord, who he felt should be responsible for the capital infrastructure costs. Therefore, he requested that approval of the plan be deferred a few months to further discuss and suggested that a team, consisting of HHFDC, SMS, and the Community members, be put together to offer a strategic plan that works for everyone.

Waiahole Resident, John Reppun concurred with Zweng, stating that more time is needed to further review the strategic plan. He expressed gratitude to HHFDC for hanging in there as long as they have and discussed his desire for farm training/education for the next generations and the opportunity to provide the community's ideas on possible fixes, which he felt could reduce major annual bearing costs (i.e., replacement/relocation of the Waiahole and Waikane bridges, and including/utilizing Waikane/conservation lands outside of Waiahole).

In regard to Zweng's comment on increased costs associated with third-party consultants, Woodard clarified that the reason for engaging in third-party consultants is to research existing issues to see how we can better utilize and serve our existing lessees and farmers; not for profit purposes.



Director Kahele stated that he did not see an issue with delaying the approval a few months to further discuss the strategic plan with the Community. Director Atta concurred.

Chair Spindt inquired about the community involvement in the strategic planning process. Singer stated that the plan is based on the input gathered, as well as from the community through various resident surveys and face-to-face discussions. The plan was also presented at community meetings, where their feedback was obtained and incorporated (i.e., their desire for long-term security, lease improvements, and implements in the water systems). Singer further explained that the strategic plan is to be used as a guideline, stating that it is through the action plans that the details of how and additional communication with the Community will be obtained.

In regard to Zweng's comment on increased costs associated with the conversion of a septic system, Chair Spindt stated that this issue is not something that is being enforced by HHFDC, but rather a legal requirement set forth by the Legislature, to convert all cesspools to septic systems by 2050 and how it will be paid for by all private property owners statewide.

Zweng stated that his reading of the plan places the financial burden on the lessees and asked for clarification on the responsibility of cost between HHFDC and the Community. Director McCartney stated that he did not see the issue being one-sided, but rather an issue that would need to be addressed by the people of Hawaii statewide, as a whole.

Chair Spindt commented that he would like to change the response of the Community to looking at HHFDC, not as an opponent, but rather as a partner in trying to proactively solve these solutions that would work for everyone, reiterating that the strategic plan is the first step in identifying possible solutions for all these issues from a macro perspective.

Vice Chair Pulmano asked whether the plan would go out for public comment once approved and asked for clarification on the next steps. Woodard stated that once approved, the plan would not go out for public comment, but rather be utilized as a roadmap to the final outcomes set forth through the various action plans where community input, details, and decisions are made.

WWCA President Laurence Uyemura commented that the Community had provided a proposed plan to HHFDC on having the water from the existing McCandless system kept as historical, while the new system line be used for potable water for the Waiahole Valley free of charge. He further stated that anything in excess of the estimated 3 gallons currently used by residents, could be charged to those outside the Waiahole Valley to satisfy a return to the Board of Water Supply.

Chair Spindt thanked Uyemura for his suggestion, stating that the evolution of water rights in the State of Hawaii is currently going through major legal changes, of which HHFDC would need to comply; hence, the need to consult with legal counsel to help define current regulations.

WWCA representative Toni Cano requested that the motion be amended to provide more time to work together without third-party consultants to avoid extra costs.

WWCA representative Hanna Salas stated that the Community has come a long way and that she would like to see the State and the Community work together in good-faith to accomplish something for future generations and avoid unnecessary costs by a prolonged process.

Director McCartney showed a video clip on his phone of a Waiahole protest, expressing his hope for all, as a State, to work in collaboration to address overall issues statewide, stating that this is a window of opportunity to get things done.

Discussion ensued on the time that would be allotted and explanation of required



legal challenges and additional consultant costs that are needed for a revised draft strategic plan.

Chair Spindt asked for a friendly amendment to be made to staff's recommendation.

Director McCartney moved, seconded by Director Kahele

To amend the motion, as follows:

That the HHFDC Board of Directors defer approval of the Waiahole Valley Community Strategic Plan to the June 13, 2019 Board of Directors Meeting, to enable HHFDC staff to further engage the Waiahole Valley Community and reach consensus on the plan, such efforts to be assisted by SMS subject to available funding.

The motion was carried unanimously, as amended.

The Board recessed at 11:42 a.m. and reconvened the meeting at 11:52 a.m.

Executive Director Hirai returned at this time – 11:52 a.m.

Chair Spindt proceeded to the Report of the Executive Director.

Planner Mavis Masaki provided the Board with a Legislative update on HHFDC's Administration bills. Masaki stated that two out of nine Administration bills did not survive. However, she stated that dollar amounts contained in the various budget bills are consistent with HHFDC's executive biennium budget requests.

The following priority bills were referenced and discussed:

- House Bill (HB) 1312: authorizing the issuance of general obligation bonds to be appropriated into and out of the rental housing revolving fund.
- HB 1259: appropriating capital improvement projects for fiscal biennium 2019-2021.
- HB 543: directing HHFDC to initiate negotiations or exercise its power of eminent domain to acquire the Front Street Apartments affordable housing project on Maui. Extends the time to complete the Leialii affordable housing project on Maui.
- HB 439: exempting lands set aside by the Governor to the HHFDC for the primary purpose of developing affordable housing from classification as public land subject to DLNR management.
- Senate Bill 1, SD1, establishes the ALOHA homes program under the HHFDC to facilitate the development of low-cost homes for sale to Hawaii residents on state-owned and county-owned land near rail stations of the Honolulu rail transit system.

Chair Spindt inquired about the economic forecast and how it will affect possible budget allocations for 2020/2021. Director McCartney stated that with the economy remaining at a plateaued stance, funding will be tight. Designee Yu added that in preparation for Fiscal Year 2021/2022, precautionary measures are being looked into as to what can be done today to accommodate the projected future reductions.

In reference to the Finance Branch Monthly Status Report, page 5, under section I.C.4., Executive Director Hirai cited the list of applications received for the RHRF FY 2019 Funding Round.

**RECESS**  
11:42 a.m.

**IV.  
REPORT  
OF THE  
EXECUTIVE  
DIRECTOR**



Director Kahele was excused at this time – 12:06 p.m.

Chair Spindt asked what the current RHRF balance is in comparison to the application requests received. Ueki stated that there is a remaining pot of approximately \$110 million for the funding round (i.e., \$70 million from the \$200 million, plus the \$38 million in conveyance tax.), with about \$153 million in RHRF requests.

There being no other business on the agenda, Vice Chair Pulmano moved, seconded by Director Mende

That the meeting be adjourned at 12:09 p.m.

The motion was carried unanimously.



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RONA FUKUMOTO  
Secretary

**V.  
ADJOURNMENT**