

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

April 15, 2019

MINUTES

The Board of Directors of the Hawaii Housing Finance and Development Corporation (HHFDC) met for a special meeting at their office, located at 677 Queen Street, Honolulu, Hawaii, on Thursday, April 15, 2019, at 1:00 p.m.

With a quorum present, Chair Milo Spindt called the meeting to order at 1:03 p.m.

Those present and excused were as follows:

Present: Director Milo Spindt, Chair
Director Rona Fukumoto, Secretary
Director Sara Lin
Designee Mary Alice Evans for Director Mike McCartney
Designee Robert Yu for Director Roderick Becker

Executive Director Craig Hirai

Excused: Director Leilani Pulmano, Vice Chair
Director George Atta
Director Melvin Kahele
Director Donn Mende

Staff Present: Sandra Ching, Deputy Attorney General
Janice Takahashi, Chief Planner
Deepak Neupane, Development Branch Chief
Stan Fujimoto, Housing Development Specialist
Kent Miyasaki, Housing Information Officer
Esa Pablo, Secretary to the Board

Guests: Marlo Ting, Representative Troy Hashimoto, State House

Housing Development Specialist Stan Fujimoto presented the For Action and stated staff's recommendation:

That the HHFDC Board of Directors approve the following for the site investigation, planning, design, renovation or new construction, and leasehold ownership and operation of the Kahului Emergency Housing Project at the northwest corner of Kaahumanu and Wahinepio Avenues, Kahului, Maui, TMK No.: (2) 3-8-007: 117 (portion of), substantially as described in this For Action:

- A. A Memorandum of Understanding (MOU) between the County of Maui (County) and the HHFDC;
- B. A new Lease between the County and HHFDC in a form acceptable to HHFDC and the County;
- C. Issuance of a Right of Entry to the County;
- D. Following construction, issuance of a Sublease to the County;
- E. Under the Sublease, consent to a sub-Sublease or contract for services by the County with an operator of the Project;

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

**II. A.
DISCUSSION
AND/OR
DECISION
MAKING**

Approve: (1) a Memorandum of Understanding Between the Hawaii Housing Finance and Development Corporation (HHFDC) and the County of Maui (County); (2) County Lease to HHFDC; (3) Issuance of a Right of Entry to the County; (4) Issuance of a Sublease to the County; (5) Consent to a Sub-Sublease or Contract for Services by the County; and (6) a Budget from

- F. Approval of a budget of up to \$5 million from the Dwelling Unit Revolving Fund (DURF) from funds appropriated by the 2019 Legislature for the Project; and
- G. The Executive Director shall be authorized to take all actions necessary to effectuate the purposes of this For Action;

Subject to the following (as applicable):

- H. Extension of the Proclamation to enable execution of the MOU;
- I. 2019 Legislative appropriation of DURF funds with an earmark of \$5 million for the Project;
- J. Governor's approval of the 2019 Capital Improvements Program appropriations bill and allotment and release of DURF funds to HHFDC;
- K. Cancellation of the existing University of Hawaii (University) Lease by the County and the University;
- L. Availability of DURF funds;
- M. Approval of release of DURF funds by the Governor;
- N. Approval as to form of applicable documents by the Department of Attorney General and execution by the Executive Director; and
- O. Compliance with all laws and rules, and such other terms and conditions as may be required by the Executive Director.

the Dwelling Unit Revolving Fund for the Renovation or New Construction and Leasehold Ownership and Operation of the Kahului Emergency Housing Project Located at the Northwest Corner of Kaahumanu Avenue and Wahinepio Avenue, Kahului, Maui, TMK No.: (2) 3-8-007: 117 (portion)

Director Fukumoto moved, seconded by Designee Yu

That staff's recommendation be approved.

Fujimoto stated that the County owns a parcel of land of approximately 8.804 acres at the northwest corner of Kaahumanu and Wahinepio Avenues in Kahului, Maui, of which 4.045 acres of the property is leased to the University of Hawaii. The housing facilities built by the University have been vacant for 15 years. Therefore, the County would like to refurbish the existing facilities or demolish and rebuild replacement facilities for emergency housing and support services for homeless families and individuals.

The County initially proposed to refurbish the housing facilities in three parts:

- (1) procurement of a developer/operator and the renovation of the housing facilities for up to 12 homeless families, including wraparound supportive services;
- (2) concurrent permitting and approval of the new use and proposed new construction on the property; and
- (3) procurement of the developer/operator for the development and operation of an additional 50 affordable new units on the property.

With an initial estimate of \$9.5 million, the County procured a consultant to relook at the feasibility on renovating the project at a lower cost. HHFDC estimates the demolishing and rebuilding of the project with replacement modular units or new units to be approximately \$5 million and \$6 million, respectively.

Due to an Emergency Proclamation issued by the Governor to address the unsheltered homeless population, effective until June 11, 2019, many State statutes

and County ordinances for eligible contracts entered into are suspended within a three-year completion period from their contracted date.

Obligations of HHFDC and the County under the proposed MOU was noted and discussed. Demolishing and rebuilding of replacement units are anticipated to be completed in March 2021.

Designee Evans asked whether the University has indicated its position to canceling its lease. Executive Director Hirai responded in the affirmative.

With the housing units targeted to homeless families, Director Fukumoto asked for the reasoning of the AMI levels being set to 140% and below. Fujimoto stated that the 140% AMI and below is meant to satisfy the minimum DURF requirement yet give the County maximum discretion in operating the project. Anything lower would be subject to negotiations with the County. Executive Director Hirai added that the AMI will be dependent upon the property's use determined by the County after its 15-year lease agreement.

Designee Yu asked whether HHFDC has to be the lessee on the property to provide its expertise and funding to the County. Executive Director Hirai concurred, stating that providing DURF would require HHFDC to be the lessee.

In response to Directors Lin and Yu regarding who would be responsible for operating and maintain the property, staff stated that the County would be responsible, as the HHFDC will be subleasing the property back to the County.

Chair Spindt asked for the definition of "modular" units. Chief Planner Janice Takahashi stated that the HHFDC looked at the City projects (one in Waianae and one in Maili), which are prefab buildings that are shipped here, driven to the site, and locked down. Fujimoto reiterated that the County's plans are undecided at this point.

Director Lin asked whether the urgency of this meeting was to address the Emergency Proclamation. Executive Director Hirai concurred, stating that the MOU needed to be executed by/before the June 11, 2019 deadline and working backwards from the County Council's meeting for approval.

There being no other business on the agenda, Designee Yu moved, seconded by Director Lin

ADJOURNMENT

That the meeting be adjourned at 1:24 p.m.

The motion was carried unanimously.



RONA FUKUMOTO
Secretary