

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

**September 12, 2019**

**MINUTES**

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for a regular meeting at their office, located at 677 Queen Street, Honolulu, Hawaii, on Thursday, September 12, 2019, at 9:01 a.m.

With a quorum present, Vice Chair Donn Mende called the meeting to order.

Those present and excused were as follows:

Present: Director Donn Mende, Vice Chair  
Director Rona Fukumoto, Secretary  
Director Gary Mackler  
Director Melvin Kahele  
Director Sara Lin  
Director Mike McCartney (arrived at 9:16 a.m.)

Executive Director Craig Hirai

Excused: Director Leilani Pulmano, Chair  
Director Neal Miyahira  
Director George Atta

Staff Present: Sandra Ching, Deputy Attorney General  
Matthew Dvorch, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Deepak Neupane, Development Branch Chief  
Holly Osumi, Chief Financial Officer  
Dean Minakami, Development Section Chief  
Dean Sakata, Housing Finance Specialist  
Albert Palmer, Housing Development Specialist  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Guests: Randy Hiu, Ikaika Ohana  
Gary Furuta, GSF LLC  
Andrew Furuta, GSF LLC  
Chris Delaunay, PRP

Director Kahele moved, seconded by Director Mackler

That the regular meeting minutes of August 8, 2019 be approved.

The motion was carried unanimously.

County of Kauai's Managing Director Mike Dahilig and Project Manager Keith Perry were introduced to the Board. Chief Planner Janice Takahashi presented the For Action, stating staff's recommendation for the Board's consideration:

- A. A Memorandum of Understanding (MOU) between the HHFDC and the County of Kauai (County); and

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

**II. A.  
APPROVAL  
OF MINUTES**  
Regular  
Meeting  
8/8/19

**III. A.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Approve a  
Memorandum of  
Understanding  
with the County of

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

Kauai for the Pua  
Loke Housing  
Project Located in  
Lihue, Kauai,  
Hawaii, TMK No.:  
(4) 3-8-005: 02 (por.)

Director Kahele moved, seconded by Director Fukumoto

That staff's recommendation be approved.

Takahashi informed the Board that pursuant to the following Acts and Emergency Proclamation for homelessness (Proclamation) described below, staff is requesting approval of an MOU between HHFDC and the County, which sets forth the roles and responsibilities of the respective parties for the construction of the County's proposed Ohana Zone development (Project), consisting of 24 single-family units, 350 square feet in size, including a community laundry room, mail room, and office space for staff. The development will be of modular construction, with utility tie-ins to water and waste water. Total construction cost is estimated at \$4.5 million.

- Act 209, Session Laws of Hawaii (SLH) 2018, established the Ohana Zone Pilot program to provide temporary housing and services to homeless individuals and families to address the basic needs of individuals experiencing homelessness as well as, but not limited to, wrap-around services.
- The Emergency Proclamation was established on December 14, 2018, by the Governor, citing the needs of Act 209, SLH 2018. The Proclamation was for a 60-day period, with its fifth supplementary Proclamation set to expire on October 22, 2019.
- Act 128, SLH 2019, appropriates \$2 million from the State's general revenues to the Office of the Governor for Fiscal Year (FY) 2019-2020, to be used "solely for the construction of modular temporary units or facilities, the renovation of existing structures on public lands, or the creation of infrastructure to make land suitable for temporary housing under the ohana zone's pilot program." The Governor's approval for the release and transfer of the \$2 million to HHFDC remains pending.

Approximately 1.5 acres of the Pua Loke Arboretum was re-set aside from the Department of Land and Natural Resources (DLNR) to the County, which will be the development site for the Project.

Dahilig thanked the HHFDC staff for their help in expediting this request, stating that the County is working diligently with DLNR and HHFDC to effectuate the intent of the Proclamation before the October 22, 2019 expiration deadline. Other State project templates are being researched and proposed units will be done in phases to put up as much units allowable with County Housing Trust Fund monies and appropriated funds. Various modular-type models are being weighed in terms of cost effectiveness to keep unit prices down.

Director Lin asked whether Ohana Zoned units would be included in the State's housing count. Takahashi stated that units that are permanent in nature (e.g., Kahauiki Village) will be counted as opposed to just emergency housing.

Director Mackler asked whether the County is looking to connect with surrounding projects. Dahilig stated that possible shared infrastructure costs are being discussed.

Director Kahele inquired about unit amenities. Dahilig stated that the units should at least have a refrigerator, stove, kitchen sink, one-bedroom, and a bathroom, with the laundry facility being community.



Director McCartney arrived at this time – 9:16 a.m.

Director Mackler inquired about the projected construction timeline and the number of units anticipated to be completed in the first phase. Perry stated that he believes approximately 16 units will be completed within the first phase build out within 6 to 8 months.

In support of the Project, Director Mackler stated that he believes there is a gap in facilities like this on the island of Kauai and inquired on an operating plan. Dahilig stated that the County is currently in discussions with a potential organization that provides permanent supportive housing services, but no agreement has yet been executed.

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

Finance Manager Darren Ueki presented the For Action, stating staff's recommendation for the Board's consideration:

- A. A change in the land tenure that Kulia Homes Limited Partnership holds on Kulia @ Ho'opili to leasehold from fee simple, with Mutual Housing Association of Hawaii, Inc. as the fee simple owner/lessor.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Director Fukumoto moved, seconded by Director Kahele

That staff's recommendation be approved.

Ueki informed the Board that Kulia Homes Limited Partnership (Awardee) is requesting a change in its tenure on the Kulia @ Ho'opili project (Project) from fee simple to leasehold as a precautionary measure to avoid future assignment of the Low Income Housing Tax Credit (LIHTC) investor interest that may place any undue influence over the Project that may conflict with Mutual Housing Association of Hawaii's (General Partner's) mission statement (housing for low-income families).

Ueki stated that by having the General Partner holding the fee simple interest on the land underling the Project and leasing it to the Awardee would have a minimal impact to the affordability and collateral positions of the HHFDC's Hula Mae Multi-Family (HMMF), LIHTC, and Rental Housing Revolving Fund (RHRF) awards. The HMMF bonds and the RHRF loan obligation shall hold lien positions on both the fee simple and leasehold interest of the Project, while HHFDC records HMMF, LIHTC, and RHRF affordability declarations and restrictions. There will be a subordination of the ground lease payments to the RHRF loan.

Ueki opened for questions, along with Mr. Dave Nakamura, on behalf of the Project.

Director Lin expressed concern on the possibility of an investor acquiring the tax credit equity at year 15. Although the change in tenure will help the Project on the backend, Ueki stated that HHFDC's lien positions remains the same on both the fee simple and leasehold interest of the Project.

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

Ueki presented the For Action, stating staff's recommendation for the Board's consideration:

- A. Resolution No. 132, attached as Exhibit D (within the For Action), which authorizes a tax-exempt issuance of up to \$22,900,000 from the

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

Approve a Change  
in Land Tenure  
Held by the  
Limited Partner  
Owner of the  
Kulia @ Ho'opili  
Project Located in  
Ewa Beach, Oahu,  
TMK No.:  
(1) 9-1-017: 004  
(por.) (pending new  
TMK)

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



Hula Mae Multi-Family (HMMF) Bond Program, subject to the provisions and conditions recommended in Exhibit C (within the For Action).

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

Director Fukumoto moved, seconded by Director Mackler

That staff’s recommendation be approved.

Ueki stated that Resolution No. 132 satisfies the requirement to accomplish the HMMF Bond sale and allows staff to authorize the issuance, sale, and delivery of mortgage revenue bonds in a principal amount not to exceed \$22,990,000 for the purpose of making a mortgage loan to provide financing to the Kulia Homes Limited Partnership (Awardee) for the Kulia @ Ho’opili project (Project).

The HMMF bond is a private placement with Bank of Hawaii (BOH), which shall hold the bond during the interim/construction phase with payoff coming from a Carpenter’s Union Bridge Loan (Bridge Loan) and LIHTC equity. A BOH conventional permanent loan shall pay off the Bridge Loan, facilitating BOH’s participation in the HMMF and the LIHTC investments.

A Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was noted to have been conducted on Wednesday, April 17, 2019, in which eight members of the general public attended, two of which represented a developer and six oral and written testimonies. All testimony was in support of the issuance of tax-exempt bonds for affordable housing.

In response to Director Kahele, Nakamura clarified that Vertical Construction is not the same contractor of the Keahumoa Place Apartments project in Kapolei.

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

Ueki presented the For Action, stating staff’s recommendation for the Board’s consideration:

- A. Extend the deadline to issue HMMF Bonds for the Kulia @ Ho’opili Project to March 31, 2020 (the extension lines up with the Project’s Rental Housing Revolving Fund (RHRF) Letter of Intent (LOI) expiration date); and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For action.

Director Kahele moved, seconded by Director Fukumoto

That staff’s recommendation be approved.

With no hurdles foreseen, Ueki stated that this request is a precautionary measure to extend the bond commitment until March 2020 (6 months).

Director Lin asked for Nakamura’s opinion on a possible one 6-month extension policy. Nakamura stated that if the parameters are known, they will find a way to make it work.

In response to Director Mackler, Ueki clarified that since the write up of the For Action, the project has received its subdivision and building permit approvals.

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

Approve a Change in Land Tenure Held by the Limited Partner Owner of the Kulia @ Ho’opili Project Located in Ewa Beach, Oahu, TMK No.: (1) 9-1-017: 004 (por.) (pending new TMK)

III. D. DISCUSSION AND/OR DECISION MAKING  
Approve an Extension to Resolution No. 119, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kulia @ Ho’opili Project Located in Ewa Beach, Oahu, TMK No.: (1) 9-1-017: 004 (por.) (pending new TMK)

Planner Lisa Wond presented the For Information on the Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year (PY) 2018 (July 1, 2018 – June 30, 2019) and summarized activities and accomplishments for the HOME Investment Partnerships (HOME), National Housing Trust Fund (HTF), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs for the City and County of Honolulu (City), and the Counties of Hawaii, Kauai, and Maui. Activities and accomplishments for those programs are progressing or on target.

Wond reported that the City has struggled to implement the HTF program and has not identified activities for 2018 or 2019. As a result, HHFDC is considering changes to next year's HTF allocation, including the possible award of the entire allocation to the County of Maui, which is the next in the rotation to receive funds.

Wond stated that the final CAPER is available for review and opened for questions.

Regarding the struggle of the City, Director Lin asked that discussions held at its State Housing Directors' meeting be shared. Ueki stated that there are struggles in each county, which is natural for a new program – lacking definitive guidance and regulations from the U.S. Department of Housing and Urban Development (HUD). Ongoing discussions with the counties on potentially bypassing a year or more worth of funding is being considered to provide further training on the HTF program.

There being no further discussion, Vice Chair Mende proceed to the Report of the Executive Director.

Executive Director Craig Hirai stated that HHFDC continues to work with the Department of Budget and Finance on funding availability.


Director Kahele referenced a project in Kapolei, asking whether there was any recourse available to tenants within a State funded project. Ueki stated that as the lender, HHFDC's involvement is limited to contacting the developer of the project to inform them of the problem and requesting that the resolution/outcome is reported back. Executive Director Hirai noted that the Hawaii Residential Landlord-Tenant Code could be useful in dealing with general issues.

In reference to Exhibit B, Director Mackler thanked HHFDC for the contracting of legal services for the Waiahole Valley Water Rights and Usage, inquiring about the timeframe for when the water analysis would be completed. Development Branch Chief Deepak Neupane stated that a meeting is scheduled next week to discuss the next steps.

There being no further business on the agenda, Director Kahele moved, seconded by Director McCartney

That the meeting be adjourned at 9:57 a.m.

The motion was carried unanimously.

  
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RONA FUKUMOTO  
Secretary

### **III. E. DISCUSSION AND/OR DECISION MAKING**

Information on the Consolidated Annual Performance And Evaluation Report for Program Year 2018 (July 1, 2018 – June 30, 2019)

### **IV. REPORT OF THE EXECUTIVE DIRECTOR**

### **IV. ADJOURNMENT 9:57 a.m.**