

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

September 10, 2020

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met virtually for their regular meeting at their office, located at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, September 10, 2020, at 9:00 a.m.

With a quorum present, Chair Donn Mende called the meeting to order at 9:02 a.m.

Those present and excused were as follows:

Present: Director Donn Mende, Chair
 Director Gary Mackler, Vice Chair
 Director Rona Fukumoto, Secretary
 Director Carol Reimann
 Director Melvin Kahele
 Director George Atta
 Designee Chung Chang for Director Mike McCartney (9:13 a.m.)
 Director Kymberly Sparlin

Executive Director Denise Iseri-Matsubara

Excused: Director Craig Hirai

Staff Present: Sandra Ching, Deputy Attorney General
 Matthew Dvonch, Deputy Attorney General
 Janice Takahashi, Chief Planner
 Darren Ueki, Housing Finance Manager
 Deepak Neupane, Development Branch Chief
 Holly Osumi, Chief Financial Officer
 Dean Minakami, Development Section Chief
 Carianne Abara, Development Support Section Chief
 Dean Sakata, Housing Finance Specialist
 Patrick Inouye, Housing Finance Specialist
 Jocelyn Iwamasa, Housing Finance Specialist
 Glori Ann Inafuku, Housing Finance Specialist
 Melissa Loy, HHFDC Corporate Controller
 Gayle Nishimoto, Interim Budget Analyst
 Albert Palmer, Housing Development Specialist
 Jason Takata, Property Management Coordinator
 Kent Miyasaki, Housing Information Officer
 Esa Pablo, Secretary to the Board

Guests: Monika Rossen, Affordable Housing Development Hawaii
 John McGee, The DeSola Group
 Alana Pakela, Kobayashi Group LLC
 Kathy Inouye, Kobayashi Group LLC
 Elton Wong, Kobayashi Group LLC
 Stanford Carr, Stanford Carr Development, LLC

Director Kahele moved, seconded by Director Atta

That the regular meeting minutes of August 13, 2020 be approved.

Chair Mende questioned Housing Finance Manager Darren Ueki's attendance on the August 13, 2020 meeting minutes. Secretary to the Board Esa Pablo confirmed

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

**II.A.
APPROVAL
OF MINUTES**
Regular
Meeting
8/13/2020

Ueki's virtual registration and log in for the August 13, 2020 Board Meeting.

Director Sparlin abstained from the vote since she did not attend the August 13, 2020 Board Meeting.

There being no further discussion, the motion was carried, with Director Sparlin abstaining from the vote.

Housing Finance Specialist Jocelyn Iwamasa presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors approve the following:

- A. Approve the proposed amendments to the 2021 Qualified Allocation Plan (QAP), subject to a public hearing;
- B. Authorize the Executive Director, or a designated representative, to conduct a public hearing on the proposed 2021 QAP;
- C. Following the public hearing, authorize the Executive Director to approve the Final 2021 QAP, provided that no substantive amendments are made; and
- D. Authorize the Executive Director to take all actions necessary to effectuate the purposes of this For Action.

Director Kahele moved, seconded by Director Sparlin

That staff's recommendation be approved.

Iwamasa stated that the proposed QAP is intended to be the allocation plan for the reservation and award of Low Income Housing Tax Credits (LIHTC) for the 2021 calendar year. The Housing Finance Programs Subcommittee is currently meeting on proposed changes to the 2022-2023 QAP.

Revisions to the 2021 QAP is to amend the Compliance Section, as stated below, required by the Final Federal Regulations published on February 26, 2019, which were later modified in July 2020. State housing agencies are required to amend the QAP by December 31, 2020.

- Notification days for an audit of a project shall be given to the owner no more than 15 days prior to the audit; as opposed to 30 days as previous allowed.
- The lessor of 20 percent of the low income units in a low income project is to be inspected, rounded up to the nearest whole number of units or the Minimum Unit Sample Size set forth in the Low Income Housing Credit Minimum Unit Sample Size Reference Chart, within the Code of Regulations (CFR §1.42-5, (c)(2)(iii)); as opposed to 20 percent of the low income units.

The tentative timeline of events was noted as follows:

- September 23, 2020 – Public Notice of Public Hearing
- October 23, 2020 – Conduct Public Hearing
- November 10, 2020 – Recommend Final Approval of the QAP to the Executive Director
- December 18, 2020 – Applications Available
- February 17, 2021 – Applications Due: 9% LIHTC and Rental Housing Revolving Fund FY 2021 (Funding Round 1)
- June/July 2021 – Present Recommendations to the Board

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

Approve the Proposed 2021 Qualified Allocation Plan for the Low-Income Housing Tax Credit Program And Authorize the Executive Director to Approve the Final 2021 Qualified Allocation Plan for the Low-Income Housing Tax Credit Program with No Substantive Amendments Following a Public Hearing

If approved, Chair Mende asked if this would be the last review of the 2021 QAP for the Board. Iwamasa responded in the affirmative.

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

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

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 146, attached as Exhibit D (within the For Action), which authorizes a tax-exempt issuance of up to \$49,574,388 from the 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 the For Action.

Director Kahele moved, seconded by Director Atta

That staff's recommendation be approved.

Iwamasa stated that the subject For Action requires authorization for the issuance, sale and delivery of the HMMF through the adoption of Resolution No. 146 for the benefit of the Hale Kalele (Project), consisting of 201 family rental units (includes one manager's unit). The HMMF bond is a private placement with Bank of Hawaii and provides construction and permanent financing support.

A Tax Equity and Fiscal Responsibility Act hearing was conducted on March 25, 2020, which no testimony was received.

Iwamasa opened for questions, along with Ms. Alana Pakela, Ms. Kathy Inouye, Mr. Elton Wong, and Ms. Monika Rossen, on behalf of the Project.

Director Atta inquired about the orientation of the building. Wong stated that the orientation of the building was elected to face mauka/makai to separate the two accesses between the judiciary and residential components, as well as accommodate an added judiciary space.

Director Atta asked whether zoning changes were needed. Rossen clarified that the Project's 201H application had already been approved, and therefore, no zoning changes were needed.

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

(Director Chang arrived at this time – 9:13 a.m.)

Housing Finance Specialist Patrick Inouye presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 147, attached as Exhibit D (within the For Action), which authorizes a tax-exempt issuance of up to \$41,000,000 from the 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 the For Action.

Director Kahele moved, seconded by Director Mackler

**III.B.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve Resolution No. 146, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Hale Kalele Project Located in Honolulu, Oahu, TMK No.: (1) 2-3-012: 019 (por.)

**III.C.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve Resolution No. 147, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kapuna One Apartments Project Located in Honolulu, Oahu,

That staff's recommendation be approved.

Inouye stated that the subject For Action requires authorization for the issuance, sale and delivery of the HMMF through the adoption of Resolution No. 147 for the benefit of the Kapuna One Apartments (Project), consisting of 162 elderly rental units (includes one manager's unit) supported by Project Based Section 8 rental subsidies with a current expiration date of August 31, 2037. The HMMF bond is a private placement with JLL Capital Markets through Freddie Mac's Immediate Moderate Rehabilitation Tax Exempt Loan Program.

A Tax Equity and Fiscal Responsibility Act hearing was conducted on July 30, 2020, which no testimony was received.

Inouye opened for questions, along with representatives of the Project.

Director Kahele asked whether DeSola General Services was a local contractor. Inouye stated that although their primary sub is a local contractor, DeSola is based out of Utah.

With all units being supported by Project Based Section 8 subsidy, Vice Chair Mackler confirmed whether the rent price was based on the U.S. Department of Housing and Urban Development (HUD) contract rent and that tenants would pay no more than 30 percent of their qualified income. Inouye responded in the affirmative.

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

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

That the HHFDC Board of Directors approve the following:

- A. Increase the award of annual Federal 4% Low Income Housing Tax Credits (LIHTC) over a 10-year period to \$1,980,591 from \$1,880,416 and the award of annual State 4% LIHTC over a 10-year period to \$990,295 from \$940,208.
 - 1. Subject to the provisions and conditions in Exhibit D (within the For Action); and
 - 2. All other terms and conditions of the Federal and State LIHTC reservation approved by the HHFDC Board of Directors on March 10, 2016, remain the same.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Director Reimann moved, seconded by Director Kahele

That staff's recommendation be approved.

Inouye stated that the subject For Action requests an increase to the Hale Kewalo's (Project's) pre-existing 4 percent LIHTC award, which both the eligible basis and layering analysis supports, with additional proceeds going to qualified project uses.

There being no questions, the motion was carried unanimously.

Development Support Section Chief Carianne Abara presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors approve the following:

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

Approve a Request from the Developer to Increase the Low Income Housing Tax Credit Reservation for the Hale Kewalo Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-3-007: 026 and 109

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

Approve the Re-

- A. Re-alignment of Easement No. 22 (File Plan No. 2052);
- B. Recording of a new Grant of Non-Exclusive Easement; and
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Alignment and Grant of Non-Exclusive Easement for Easement No. 22 (Bureau of Conveyances File Plan No. 2052) Affecting the Waiahole Valley Agricultural Park and Residential Lots Subdivision Lot No. 126 (File Plan No. 2052, Lot No. 122) and a Fee Simple Lot, Located in Waiahole Valley, Ko'olaupoku, Oahu, TMK Nos.: (1) 4-8-008: 002 and 007

Director Kahele moved, seconded by Vice Chair Mackler

That staff's recommendation be approved.

Abara stated that on October 25, 2019, HHFDC did a site visit and found the recorded easement entry blocked by infrastructure items (i.e., a street sign, hydrant, and concrete post.), which have resulted in the use of an entry to the right of the recorded easement (current easement) and disputes over the use and maintenance, as well as farming areas near the easement between neighboring tenants. Exhibits A, B, and C of the For Action were shown and referenced.

Therefore, staff is recommending realignment of the existing easement and corrected legal recording, which is found to be the most feasible option and is anticipated to address any easement disputes.

Chair Mende asked whether the current easement entry would impact anything the current lessee is doing on the property. Abara stated that the current easement entry is already being used; however, having legal and proper recording of the current easement entry would allow the current lessee to utilize a corner space for planting.

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

(No report was submitted for agenda item III.F.)

Director Kahele moved, seconded by Director Atta

That the HHFDC Board of Directors convene in executive session pursuant to Section 92-5(a)(2), Hawaii Revised Statutes (HRS), to consider the hire of an officer or employee, where consideration of matters affecting privacy will be involved; and Section 92-5(a)(4), HRS, to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities.

III.F. DISCUSSION AND/OR DECISION MAKING
Selection and Hiring of an Executive Assistant Pursuant to Section 201H-2(b), Hawaii Revised Statutes

The motion was unanimously approved.

The Board convened in executive session at 9:30 a.m. and reconvened in regular session at 9:45 a.m.

EXECUTIVE SESSION
9:30 a.m.
RECONVENED
9:45 a.m.

Chair Mende asked for a motion:

That the HHFDC Board of Directors approve the selection and hiring of Mr. Francis Keeno as its Executive Assistant, with an annual salary of \$139,320.00, with a start date to be determined by the Executive Director.

Director Atta moved, seconded by Director Kahele.

Chair Mende commented that the executive assistant position is needed to help support the administration, which he felt Mr. Keeno was well qualified in doing and would bring a wealth of experience to the Agency.

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

Executive Director Iseri-Matsubara thanked the Board for their support and proceeded to the Overview of the Executive Director, reporting the following:

- Program materials for the new Rent Relief Program was launched and distributed to the Board this week. The Rent Relief Program currently allows for \$50 million for rent relief and another \$50 million for back rent and mortgage payments. Catholic Charities is up and running, receiving approximately 1,600 applications on the second day of the launch and checks are being processed. While eligibility information is available on their website, Aloha United Way continues to work on their online application.
- Clarification from the Department of Budget and Finance was received that HHFDC should be able to meet its obligations for the RHRF up to September 2021.

Vice Chair Mackler asked whether there would be RHRF monies available for the next competitive application round. Executive Director Iseri-Matsubara responded in the affirmative.

Regarding the QAP's Qualified Contract Provision Criteria, Vice Chair Mackler asked if there were other projects that have been funded 9 percent credits that are able to exercise a Qualified Contract. Executive Director Iseri-Matsubara stated that staff will look into the matter and report back to the Board at the next Board of Directors Meeting in October.

There being no further business on the agenda, Director Kahele moved, seconded by Director Atta, to adjourn the meeting at 9:53 a.m.

Rona Fukumoto

RONA FUKUMOTO
Secretary

**IV.
OVERVIEW
OF THE
EXECUTIVE
DIRECTOR**

**V.
ADJOURNMENT**
9:53 a.m.