

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

November 12, 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, November 12, 2020, at 9:00 a.m.

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

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

Those present and excused were as follows:

Present: Director Donn Mende, Chair
 Director Gary Mackler, Vice Chair
 Director Rona Fukumoto, Secretary
 Director Carol Reimann (arrived at 9:01 a.m.)
 Director Melvin Kahele
 Director George Atta
 Designee Roderick Becker for Director Craig Hirai
 Director Kymberly Sparlin (arrived at 9:01 a.m.)

Executive Director Denise Iseri-Matsubara

Excused: Director Mike McCartney

Staff Present: Sandra Ching, Deputy Attorney General
 Matthew Dvonch, Deputy Attorney General
 Francis Keeno, Executive Assistant
 Janice Takahashi, Chief Planner
 Darren Ueki, Housing Finance Manager
 Holly Osumi, Chief Financial Officer
 Dean Minakami, Development Section Chief
 Christopher Woodard, Real Estate Portfolio Manager
 Patrick Inouye, Housing Finance Specialist
 Jocelyn Iwamasa, Housing Finance Specialist
 Melissa Loy, HHFDC Corporate Controller
 Albert Palmer, Housing Development Specialist
 Cheryl Kajitani, Housing Development Specialist
 Theresa Dean, Housing Development Specialist
 Kent Miyasaki, Housing Information Officer
 Esa Pablo, Secretary to the Board

Guests: Douglas Bigley, Ikaika Ohana
 Thomas Fischer, Ikaika Ohana
 Grant Bigley, UHC

Director Kahele moved, seconded by Director Atta

That the regular meeting minutes of October 8, 2020 be approved.

The motion was carried unanimously.

(Directors Sparlin and Reimann arrived at this time – 9:01 a.m.)

Director Kahele moved, seconded by Vice Chair Mackler

That the executive session meeting minutes of October 8, 2020 be approved.

**II.A.
APPROVAL
OF MINUTES
Regular
Meeting
10/8/2020**

**II.B.
APPROVAL
OF MINUTES
Executive
Session
10/8/2020**

The motion was carried unanimously.

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. 149, attached as Exhibit D (within the For Action), which authorizes a tax-exempt issuance of up to \$35,876,000 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.

Vice Chair Mackler moved, seconded by Director Kahele

That staff's recommendation be approved.

Inouye stated that the subject For Action requests authorization to issue HMMF Bonds through the adoption of Resolution No. 149, for the benefit of the Kaiaulu O Kupuohi (Project), consisting of 89 affordable family rental units, targeting 60%, 40%, and 30% of the area median gross income. The HMMF bond is a private placement with Bank of Hawaii and the bond issuance is expected to fund over 50 percent of its anticipated basis, allowing for maximization of the 4% tax credit eligibility.

Tax Equity and Fiscal Responsibility Act hearings were conducted on March 25, 2020 for its original intended issuance approval and on July 30, 2020 for its higher intended issuance amount. HHFDC did not receive any testimony for the aforementioned hearings.

Inouye opened for questions, along with Mr. Doug Bigley and Mr. Thomas Fischer, on behalf of the Project.

Vice Chair Mackler asked whether the Project remains on target to start construction in December 2020. Inouye responded in the affirmative, stating that pre-closing of the bonds is anticipated on November 30, 2020, with closing anticipated to occur around December 2, 2020, at which time construction will commence shortly thereafter.

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

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 2021 Qualified Allocation Plan (QAP);
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Director Kahele moved, seconded by Vice Chair Mackler

That staff's recommendation be approved.

Iwamasa stated that the subject For Action requests the approval of the 2021 Qualified Allocation Plan (QAP), which sets forth the criteria to evaluate and allocate Low Income Housing Tax Credit (LIHTC) to projects that best meet the housing needs of the State and preferences required by Section 42 of the Internal Revenue Code (Section 42) and the procedure to monitor projects for compliance with the provisions of the LIHTC Program.

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

Approve Resolution No. 149, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kaiaulu O Kupuohi Project Located in Lahaina, Maui, TMK No.: (2) 4-5-010: 047

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

Approve the 2021 Qualified Allocation Plan for the Low Income Housing Tax Credit Program

In accordance with Section 42, the QAP must go through a public hearing process. The Notice of Public Hearing was published on September 18, 2020, within the Legal/Public Notices section of various newspapers, posted on the HHFDC website, and conducted remotely on October 23, 2020. Oral and written testimony received did not relate to the amendments made to the 2021 QAP and is therefore being recommended for the review of the Housing Finance Programs Subcommittee established to consider for the evaluation of the 2022/2023 QAP.

There being no questions, 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. The application cycle for the Fiscal Year (FY) 2021 Low Income Housing Tax Credit (LIHTC) program as noted in Section III (A) (within the For Action);
- B. The application cycle for the FY2021 Rental Housing Revolving Fund (RHRF) Project Award program as noted in Section III (B) (within the For Action). All requests will be subject to the availability of funds in the RHRF program;
- C. Authorize staff to begin marketing of the FY2021 RHRF Project Award application cycle; and
- D. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Director Kahele moved, seconded by Director Reimann

That staff's recommendation be approved.

Iwamasa noted a correction on page 1 of the For Action, under section III. A., which should read: FY2021.

The FY2021 funding rounds for the proposed LIHTC program and the RHRF program are as follows: Applications estimated to be available on December 18, 2020, with an Application deadline of February 17, 2021. Recommendations for the FY2021 LIHTC and RHRF Funding Rounds are expected around June/July 2021.

A RHRF Notice of Funding Availability is anticipated to be published on December 18, 2020.

There being no questions, the motion was carried unanimously.

Real Estate Portfolio Manager Chris Woodard presented the For Action, stating staff's recommendation for the Board's consideration:

That the HHFDC Board of Directors approve the following:

- A. The cancellation of the existing ground lease for a portion of the Kauhale Kakaako affordable housing project located in Kakaako, Oahu, TMK No.: (1) 2-1-050: 068 (the City Parcel);
- B. The execution of a purchase and sale agreement to acquire the leased-fee interest in the City Parcel; and
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

Director Kahele moved, seconded by Vice Chair Mackler

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

Approve the Fiscal Year 2021 Application Cycle for the Low Income Housing Tax Credit Program

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

Approve: (1) the Cancellation of an Existing Ground Lease; and (2) the Execution of a Purchase and Sale Agreement to Acquire the Leased-Fee Interest in a Portion of the Kauhale Kakaako Affordable Housing Project Located in

That staff's recommendation be approved.

Woodard stated that this is a housekeeping item, to acquire the leased-fee interest in an approximately 2,000-square foot strip of land leased by HHFDC and owned by the City and County of Honolulu (City Parcel) through the approval of cancellation of the City Parcel's ground lease and subsequent sale of the leased-fee interest in the City's Parcel to HHFDC for an appraised market value of \$160,000.

Chair Mende asked whether the City was agreeable to the valued price of \$160,000. Woodard responded in the affirmative.

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

Woodard noted that HHFDC closed on the final property in the Rental Housing System portfolio, Kamakee Vista, on November 5, 2020.

Executive Director Iseri-Matsubara reported on the following:

- Attended the groundbreaking and blessing for Hale Kalele, a LIHTC project near the Ala Moana Transit Oriented Development, being a model for interagency collaborations (HHFDC and the Judiciary) for development on underutilized state lands.
- Water emergency assistance requested was denied by the Board of Water Supply for the the Waiahole Valley, citing limited capacity and obligation to serve existing clients. Reconsideration efforts and alternative options are being explored.

Vice Chair Mackler inquired about the status on the Rent Relief & Housing Assistance Program. Executive Director Iseri-Matsubara stated that currently, the Rent Relief Program offers \$84 million in direct assistance for rent and/or mortgage payments, with approximately 4,800 applications processed and disbursed out of a total 15,500 applications received. Approximately \$20 million has been disbursed to date, leaving a remaining balance of \$64 million.

With the remaining applications pending, Vice Chair Mackler asked what the projected amount of expenditure is. Executive Director Iseri-Matsubara stated that based on the forecasts by the Hawaii Data Collaborative, approximately \$70 million is projected to be expended. She further stated that under the Act, any remaining balance would be transferred into the Unemployment Trust Fund.

Chair Mende asked whether applications are still being accepted. Executive Director Iseri-Matsubara stated that based on the current capacity, the two non-profit Program intermediaries, Catholic Charities and Aloha United Way, had to suspend new applications so they can focus on processing the applications received.

There being no further business on the agenda, Director Kahele moved, seconded by Director Reimann, to adjourn the meeting at 9:27 a.m.

The motion was unanimously approved.

IV. OVERVIEW OF THE EXECUTIVE DIRECTOR

V. ADJOURNMENT 9:27 a.m.

RONA FUKUMOTO
Secretary