

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

July 8, 2021

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met virtually for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, July 8, 2021.

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

With a quorum present, Chair Mende called the meeting to order at 9:05 a.m.

Those present were as follows:

Directors: Director Donn Mende, Chair
Director Gary Mackler, Vice Chair
Director Rona Fukumoto, Secretary
Director Carol Reimann
Director Mel Kahele
Director Sean Sasaki
Director Kymberly Sparlin
Designee Gloria Chang for Director Craig Hirai (arrived at 9:09 a.m.)
Director Mike McCartney (arrived in-person at 9:21 a.m.)
Executive Director Denise Iseri-Matsubara

Staff: Sandra Ching, Deputy Attorney General
Francis Keeno, Executive Assistant
Janice Takahashi, Chief Planner
Darren Ueki, Housing Finance Manager
Holly Osumi, Chief Financial Officer
Dean Minakami, Development Branch Chief
Jocelyn Iwamasa, Housing Finance Specialist
Nathan Akamu, Housing Finance Specialist
Mark Ogata, Housing Finance Specialist
Theresa Dean, Housing Development Specialist
Albert Palmer, Housing Development Specialist
Melissa Loy, HHFDC Corporate Controller
Keri Higa, Planner
Lanz Dong, Real Estate and Compliance Specialist
Gordon Pang, Housing Information Officer
Marc Orbito, Information Tech Systems Analyst
Esa Pablo, Secretary to the Board

Guests: Christopher Flaherty, `Ikenakea Development LLC
Keegan Flaherty, `Ikenakea Development LLC
Marnie Klein, Millier Housing Advisors
Kali Watson, Hawaiian Community Development Board
Patti Barbee, Hawaiian Community Development Board
Kevin Carney, EAH Housing
Marian Gushiken, EAH Housing
Stanley Chang, Hawaii State Senate
Anthony DeGuzman, CDS International
Glenn Miura, CDS International
Mark Hashem, Hocking Building LLC

A motion was made by Vice Chair Mackler, seconded by Director Sparlin, to approve the Regular Meeting Minutes of June 10, 2021.

The motion was carried unanimously.

Senator Stanley Chang provided a PowerPoint presentation ([Attachment A](#)) on the ALOHA Homes Study based off of Singapore's Housing Model, focusing on the development of low-cost, high-density leasehold homes for sale to Hawaii residents on State- and County-owned lands within a half-mile of a public transit station. Senator Chang also pointed out additional locations, such as Vienna (i.e., public rental housing) and Houston, that were also successful in providing affordable housing.

Director Sparlin asked whether there was information on the demand for Hawaii residents wanting to live in an ALOHA Home-type housing. Senator Chang responded in the affirmative, pointing out high-density urban areas like Kakaako and Waikiki.

In reference to the Singapore Housing Model, Vice Chair Mackler asked how the development of this type of housing was financed. Senator Chang stated that money was obtained through the leasehold sale of the units and saved by building on government-owned land.

Director Sparlin asked whether there was interest among developers to do an ALOHA Home-type development. Senator Chang stated that is to be determined through a Request For Proposal process.

Director Kahele expressed concern on the completion of the rail transit system being delayed and asked how that delay would affect the plan for ALOHA Homes. Senator Chang stated that completion of the rail transit would not affect the ALOHA Homes housing plan.

(Designee Chang and Director McCartney arrived at this time – 9:09 a.m. and 9:21 a.m., respectively)

There being no further discussion, Chair Mende proceeded to agenda item III.B.

A motion was made by Director McCartney, seconded by Director Kahele, to approve staff's recommendation.

Housing Finance Specialist Christopher Oakes presented the For Action, requesting an award of up to \$700,298 in annual Federal 9% Low Income Housing Tax Credits (LIHTC) over a 10-year period and \$700,298 in annual State 9% LIHTC over a 5-year period for the Hocking Hale project (Project), subject to the terms and conditions specified in Section II (E) and Exhibit H within the For Action.

Oakes introduced presenters Mark Hashem, Kevin Unemori, and Glenn Miura, of the development team, who provided a brief PowerPoint presentation ([Attachment B](#)) on the Project's historical background, location, and their desire to convert the existing building for residential purposes. It was noted that the Project would be the first to utilize the State Historic Preservation Tax Credit.

There being no questions, the motion was carried unanimously.

A motion was made by Director Reimann, seconded by Director Kahele, to approve staff's recommendation.

Oakes presented the For Action, requesting a Rental Housing Revolving Fund (RHRF) Project Award Loan of \$12,350,000 to the Hocking Building LP for the

**II.A.
APPROVAL
OF MINUTES**
Regular
Meeting
6/10/2021

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**
Presentation
Requested by
Senator Chang
Regarding the
ALOHA Homes
Study

**III.B.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve an Award
of Federal and State
Low Income Housing
Tax Credits from the
State's 2021 Volume
Cap for the Hocking
Hale Project Located
In Honolulu, Oahu,
TMK No.: (1) 1-7-
003: 001

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

benefit of the Hocking Hale project (Project), subject to the terms and conditions specified within the For Action and in the Letter of Intent (LOI).

Vice Chair Mackler questioned the Project's RHRF cost per unit which he believed to be significantly high, at an estimated \$308,000 per unit, exceeding prior approved projects. While such funds may be necessary to fill the gap, Vice Chair Mackler asked that staff consider the efficiency of utilizing the limited resources that HHFDC has going forward.

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

A motion was made by Director Kahele, seconded by Vice Chair Mackler, to approve staff's recommendation.

Housing Finance Specialist Jocelyn Iwamasa presented the For Action, requesting the adoption of Resolution No. 156, which provides for official intent with respect to the issuance of Hula Mae Multi-Family (HMMF) revenue bonds of up to \$24,000,000 and reserves up to \$1,993,483 in annual Federal LIHTC over a 10-year period and \$1,993,483 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC) for the West Kawili Street Senior/Veteran Housing project (Project), subject to the provisions and conditions specified in Exhibits C, D, and E within the For Action.

Iwamasa added that Resolution No. 156 also permits the applicant to reimburse eligible expenditures made 60 days prior to its adoption with bond proceeds and allows staff to further facilitate discussions and negotiations with appropriate parties to determine the feasibility of the contemplated Project. If approved and the bond issuance is determined feasible, staff will return to the Board with another request to adopt a resolution to authorize the actual issuance, sale, and delivery of the bonds, subject to the approval of the Department of Budget and Finance and the Governor.

Iwamasa introduced presenter Marian Gushiken, of the development team, who provided a PowerPoint presentation ([Attachment C](#)) on the Project's origin, site layout and design, and floorplans of the residential units as well as the community center.

There being no questions, the motion was carried unanimously.

A motion was made by Director Reimann, seconded by Vice Chair Mackler to approve staff's recommendation.

Iwamasa presented the For Action, requesting the approval of a RHRF Project Award Loan of \$16,563,385 to Hilo Na Koa LP for the benefit of the West Kawili Street Senior/Veteran Housing project (Project), subject to the terms and conditions specified within the For Action and in the LOI.

Iwamasa provided an overview of the recommended loan terms, highlighting the loan amount, interest rate of 0.25 after Year 3, with a 55-year maturity term. The projected balance at the end of the 55-year maturity term was noted to be approximately \$6.7 million.

There being no questions, the motion was carried unanimously.

A motion was made by Director McCartney, seconded by Director Kahele, to approve staff's recommendation.

Housing Finance Specialist Mark Ogata presented the For Action, requesting the adoption of Resolution No. 157, which provides for official intent with respect to the issuance of HMMF revenue bonds of up to \$26,750,000 and reserves up to \$1,919,262 in annual Federal LIHTC over a 10-year period and \$1,919,262 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC) for the

Approve a Rental Housing Revolving Fund Award for the Hocking Hale Project Located in Honolulu, Oahu, TMK No.: (1) 1-8-003: 001

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

Approve: (1) Resolution No. 156, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Reservation of Low Income Housing Tax Credits for the West Kawili Street Senior/Veteran Housing Project Located in Hilo, Hawaii, TMK No.: (3) 2-4-057: 030

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

Approve a Rental Housing Revolving Fund Project Award for the West Kawili Street Senior/Veteran Housing Project Located in Hilo, Hawaii, TMK No.: (3) 2-4-057: 030

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

Approve: (1) Resolution No. 157, Which Provides for Official Intent with Respect to the

Halewiliko Highlands project (Project), subject to the provisions and conditions recommended in Exhibits C, D, and E within the For Action.

Ogata added that Resolution No. 156 also permits the applicant to reimburse eligible expenditures made 60 days prior to its adoption with bond proceeds and allows staff to further facilitate discussions and negotiations with appropriate parties to determine the feasibility of the contemplated Project. If approved and the bond issuance is determined feasible, staff will return to the Board with another request to adopt a resolution to authorize the actual issuance, sale, and delivery of the bonds, subject to the approval of the Department of Budget and Finance and the Governor.

Ogata noted a correction to be made within the For Action on Exhibit F, second page, Resolution 157, the adoption date should reflect July 8, 2021.

Director Fukumoto recused herself from the discussion and vote, stating that Lanakila Pacific has been involved with the developers on program opportunities within the development.

Ogata opened for questions and introduced presenters Marian Gushiken and Kevin Carney of the development team, who provided a brief PowerPoint presentation ([Attachment D](#)) on the Project's concept and design, site plan, and floor plans.

There being no questions, the motion was carried, with Director Fukumoto recusing herself from the vote.

A motion was made by Director McCartney, seconded by Director Kahele, to approve staff's recommendation.

As previously stated, Director Fukumoto recused herself from the discussion and vote on the Halewiliko Highlands project (Project).

Ogata presented the For Action, requesting a RHRF Project Award Loan of \$23,792,353 to the Halewiliko Highlands LP for the benefit of the Project, subject to the terms and conditions specified within the For Action and in the LOI.

Ogata opened for questions, along with Marian Gushiken and Kevin Carney, of the development team.

There being no questions, the motion was carried, with Director Fukumoto recusing herself from the vote.

A motion was made by Director McCartney, seconded by Director Kahele, to approve staff's recommendation.

Oakes presented the For Action, requesting the adoption of Resolution No. 158, which provides for official intent with respect to the issuance of HMMF revenue bonds of up to \$28,800,000 and reserves up to \$2,263,499 in annual Federal LIHTC over a 10-year period and \$2,263,499 in annual State LIHTC over a 5-year period from the non-volume cap pool (4% LIHTC) for the Hale O Pi'ikea I project (Project), subject to the provisions and conditions recommended in Exhibits C, D, and E within the For Action.

Oakes introduced presenters Chris Flaherty, Keegan Flaherty, Patti Barbee, and Kali Watson, of the development team, who provided a brief PowerPoint presentation ([Attachment E](#)) on the Project's site location, amenities, breakdown of development phases, and milestones for Phase 1.

In reference to last month's presentation on awards of LIHTC from the State's 2021 Volume Cap, this Project was bypassed based on the specific use of its large community facility. Vice Chair Mackler asked whether that issue had been addressed. Watson responded in the affirmative, stating that in discussions with its

Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Reservation of Low Income Housing Tax Credits for the Halewiliko Highlands Project Located in Aiea, Oahu, TMK No.: (1) 9-9-078: 006

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

Approve a Rental Housing Revolving Fund Project Award for the Halewiliko Highlands Project Located in Aiea, Oahu, TMK No.: (1) 9-9-078: 006

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

Approve: (1) Resolution No. 158, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Reservation of Low Income Housing Tax Credits for the Hale O Pi'ikea I Project Located in Kihei, Maui, TMK No.: (2) 3-9-002: 076

legal and accounting consultants, the Project is following executed agreements on the community areas being exclusively used by the tenants.

Oakes noted a correction to be made within the For Action on Exhibit F, Resolution 158, second page, adoption date should reflect the year 2021.

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

A motion was made by Director McCartney, seconded by Director Mackler, to approve staff's recommendation.

Oakes presented the For Action, requesting a RHRF Project Award Loan of \$12,735,000 to the `Ikenākea Pi`ikea LP for the benefit of the Hale O Pi`ikea I project (Project), subject to the terms and conditions specified within the For Action and in the LOI.

Oakes provided an overview of the recommended loan terms, highlighting the loan amount, interest rate of 0.25 after Year 2, with a 55-year maturity term. Based on analysis conducted, the Project's loan to value ratio shall not exceed 100% and there will be no disbursement of Developer's Fee until satisfactory completion of the Project.

There being no questions, the motion was carried unanimously.

A motion was made by Director Kahele, seconded by Director Mackler, to approve staff's recommendation.

Oakes presented the For Action, requesting the approval of the proposed amendment to increase the administrative fee under the Good Faith Deposit Provision in the LIHTC Program's 2022/2023 Qualified Allocation Plan (QAP) from 60% to 80%. The increase would be necessary to help sustain HHFDC's ability to effectuate the LIHTC Program and ensure its continued success. The deposit amount will remain at 10%.

If approved, the tentative timeline of events was noted as follows:

- July 2021 – Publish Notice of Public Hearing
- August/September 2021 – Conduct Public Hearing
- October/November 2021 – Recommend final approval of the QAP to the Board
- December 2021 – Application available
- January 1, 2022 – Date that amount of Good Faith Deposit to be retained by HHFDC must be established
- February 2022 – Deadline for filing applications

Oakes noted a correction to the For Action's Exhibit, which should reflect Exhibit A within the footer.

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

The meeting was recessed at 10:52 a.m. and reconvened at 11:02 a.m.

Executive Director Denise Iseri-Matsubara congratulated the re-elected Board officers and expressed gratitude and appreciation to the full Board for their continued dedication in serving on the HHFDC board.

The Board was informed on the plans to resume the Mortgage Credit Certificate (MCC) Program. Executive Director Iseri-Matsubara stated that HHFDC had elected to exchange \$100.1 million in Private Activity Bond Authority last year, of which

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

Approve a Rental Housing Revolving Fund Project Award for the Hale O Pi`ikea I Project Located in Kihei, Maui, TMK No.: (2) 3-9-002: 076

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

Approve the Proposed Amendment to Increase the Administrative Fee Under the Good Faith Deposit Provision in the Low-Income Housing Tax Credit Program's 2022/2023 Qualified Allocation Plan Previously Approved for Public Hearing

RECESSED
10:52 a.m.
RECONVENED
11:02 a.m.

**IV.
OVERVIEW
OF THE
EXECUTIVE
DIRECTOR**

approximately \$30 million is set to expire at the end of Calendar Year 2021 and the remaining \$70.1 million set to expire at the end of Calendar Year 2022. Therefore, the \$30 million set to expire this Calendar Year 2021 will be converted and utilized for HHFDC's MCC Program. Executive Assistant Francis Keeno and Housing Finance Specialist Nathan Akamu will meet with participating lenders in the preparation for the launch. Executive Assistant Keeno noted that the \$30 million in Private Activity Bond Authority will equate to approximately \$7.5 million in MCCs.

In regard to the MCC Program, Director Fukumoto inquired about a communication plan. In addition to a public notification, Executive Director Iseri-Matsubara stated that a communication plan will be worked on with staff and participating lenders.

Executive Director Iseri-Matsubara recognized and thanked Chief Planner Janice Takahashi and Planner Mavis Masaki for their administering efforts on the following key bills that were passed this Legislative Session:

- HB77 (Act 64) – Exempts the sale of the leased fee interest in certain affordable leasehold developments by the HHFDC from legislative approval.
- HB79 (Act 227) – Establishes a new affordable homeownership revolving fund within HHFDC to provide loans to nonprofit community development financial institutions and nonprofit housing development organizations for the development of affordable homeownership housing projects.
- HB80 (Act 226) – Extends the shortened equity period of the State LIHTC.

Executive Director Iseri-Matsubara and Chief Planner Takahashi officially introduced the following newly-hired staff of HHFDC:

- Gordan Pang, Housing Information Officer – 30-year veteran journalist from the StarAdvertiser.
- Keri Higa, Housing Planner III – will be focusing on the Consolidated Plan and formerly with the Department of Land and Natural Resources, Department of Transportation, Harbor's Division.
- Lanz Yamamoto-Dong, Real Estate and Compliance Specialist – will be working on asset management and fair housing.

Due to the uncertainty of whether the Governor's 21st Emergency Proclamation (EP), will be extended, Deputy Attorney General Sandra Ching stated that an in-person meeting may be held for its August 12, 2021 Board of Directors Meeting. Furthermore, should the EP not be extended and expire on August 6, 2021, board members who elect to attend remotely shall be required to list their physical location on the agenda and ensure their location is accessible by the public, as all requirements that were suspended under the EP, in regard to Chapter 92, Hawaii Revised Statutes, Part I. Meetings and the Sunshine Law, would be re-enacted. However, the Board will be kept apprised accordingly as guidance is received.

There being no further business on the agenda, Director Sparlin moved, seconded by Director Kahele, to adjourn the meeting at 11:17 a.m.

The motion was carried unanimously.

Rona Fukumoto

RONA FUKUMOTO
Secretary

V.
ADJOURNMENT
11:17 a.m.