

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

October 14, 2021

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, October 14, 2021 at 9:00 a.m.

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

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 (attended in-person)
Director Rona Fukumoto, Secretary (attended in-person)
Director Sean Sasaki
Designee Gloria Chang for Director Craig Hirai
Designee Chung Chang for Director Mike McCartney

Executive Director Denise Iseri-Matsubara

Excused: Director Gary Mackler, Vice Chair
Director Carol Reimann
Director Melvin Kahele
Director Kymberly Sparlin

Staff: Sandra Ching, Deputy Attorney General
Ciara Kahahane, Deputy Attorney General
Francis Keeno, Executive Assistant
Janice Takahashi, Chief Planner
Darren Ueki, Housing Finance Manager
Dean Minakami, Development Branch Chief
Randy Chu, Development Section Chief
Claude Allen Jr., Project Manager
Holly Osumi, Chief Financial Officer
Christopher Woodard, Real Estate Portfolio Manager
Christopher Oakes, Housing Finance Specialist
Sam Aiona, Housing Finance Specialist
Jocelyn Iwamasa, Housing Finance Specialist
Glori Ann Inafuku, Housing Finance Specialist
Mark Ogata, Housing Finance Specialist
Melissa Loy, HHFDC Corporate Controller
Gayle Nishimoto, Project Resource Specialist
Cheryl Kajitani, Housing Development Specialist
Evahn Beresiwsky, Housing Development Specialist
Lisa Wond, Planner
Mavis Masaki, Planner
Keri Higa, Planner
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Analyst
Esa Pablo, Secretary to the Board

Guest: Hakim Ouansafi, Hawaii Public Housing Authority
Andrew Tang, Hawaii Public Housing Authority
Robert Van Tassell, Catholic Charities Hawaii
Susie Chun Oakland, Lanakila Multi-Purpose Senior Center

Christopher Abbott, Bank of Hawaii
Salvatore Ingraio, Retirement Housing Foundation
Anders Plett, Retirement Housing Foundation
Eung Suk Lee, Hawaiian Dredging Construction Company
Dennis Enomoto, Palekana Permits LLC
Laurel Gillette, Retirement Housing Foundation
Tim Cantwell, Cloudbreak Hawaii LLC
Richelle Taylor, Cloudbreak Hawaii LLC
Vincent Shigekuni, PBR Hawaii

Chair Mende noted a correction to be made to the Regular Meeting Minutes of September 9, 2021, page 1, under those Present, which should read: ~~Interim~~ Executive Director Denise Iseri-Matsubara.

Director Fukumoto moved, seconded by Designee Gloria Chang, to approve the Regular Meeting Minutes of September 9, 2021.

The motion was carried unanimously, as amended.

Designee Gloria Chang moved, seconded by Designee Chung Chang, to approve staff's recommendation.

Chair Mende announced that this is Director Fukumoto's last meeting and read the Governor's commendation. Chair Mende and Executive Iseri-Matsubara thanked Director Fukumoto for her service and dedication to the Board and HHFDC over the years.

Director Fukumoto thanked HHFDC, stating it was an honor and pleasure to serve on the HHFDC Board and to work with the hard working staff in addressing the housing needs of Hawaii.

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

Chair Mende opened the floor for any who wished to provide testimony on items relevant to the subject agenda.

Hawaii Public Housing Authority's Executive Director Hakim Ouansafi provided testimony on the HPHA School Street Redevelopment Phase 1A project and thanked the HHFDC Board and staff for their work efforts and consideration. Ouansafi stated that approval of staff's recommendations would allow the project to go forward towards the financial closing while work continues on construction drawings and necessary applications for the project that will deliver 800 affordable units for seniors with household incomes earning between 30% and 60% of the Area Median Income (AMI). Additional appreciation was given to the Hawaii State Legislature, Honolulu City Councilmembers, Land Use Commission, and the Kalihii community.

Director Fukumoto moved, seconded by Designee Gloria Chang, to approve staff's recommendation.

Chief Financial Officer Holly Osumi provided an overview of the Nani 'O Puna project audited financial statements completed by Accuity LLP, to be issued to the United States Department of Agriculture (USDA) no later than October 31, 2021.

Osumi reported that the project's total net position increased by approximately \$21,000 as of June 30, 2021, primarily attributed to net operating income and net transfers from the Dwelling Unit Revolving Fund (DURF), offset by interest expense from the mortgage with the USDA.

There being no questions, the motion was carried unanimously.

II.A.
APPROVAL
OF MINUTES
Regular
Meeting
9/9/21

III.A.
DISCUSSION
AND/OR
DECISION
MAKING
Approve Resolution
No. 162, Expressing
Appreciation to
Rona Fukumoto

III.B.
DISCUSSION
AND/OR
DECISION
MAKING
Accept the Audited
Financial Statements
of the Hawaii
Housing Finance
and Development
Corporation Nani 'O
Puna Project for
Fiscal Years Ended
June 30, 2021 and
2020

Director Fukumoto moved, seconded by Director Sasaki, to approve staff's recommendation.

Housing Finance Specialist Glori Ann Inafuku stated that based on discussions with county housing agencies and identified program challenges, the following amendments to the U.S. Department of Housing and Urban Development's (HUD's) National Housing Trust Fund (HTF) Allocation Plan for Program Year (PY) 2022 are being proposed as follows:

- (1) To allocate the HTF funds entirely to the County of Kauai, less 5 percent for HHFDC's portion of admin.; and
- (2) To clarify that the maximum per unit subsidy limits for HTF will be set at HUD's Public Development Cost (TDC) limits in effect at the time of commitment of HTF funds.

The County of Kauai is preparing for their funding round and will be issuing a Request for Proposals for development of an affordable rental project in Ele'ele, Kauai.

There being no questions, the motion was carried unanimously.

Executive Director Iseri-Matsubara thanked Inafuku and introduced Mr. Samson "Sam" Aiona, HHFDC's new Finance Branch Section Chief, and shared his work experience with various State offices, a business owner, as well as a former State Legislator.

Aiona thanked Executive Director Iseri-Matsubara for the opportunity to serve the people of Hawaii and looked forward to working with everyone.

Director Fukumoto moved, seconded by Director Sasaki, to approve staff's recommendation.

Housing Finance Specialist Christopher Oakes thanked Director Fukumoto for her service and stated that this For Action as well as the next, requests the approval of Hula Mae Multi-Family (HMMF) tax-exempt revenue bonds, Low Income Housing Tax Credits (LIHTC), and a Rental Housing Revolving Fund (RHRF) Project Award for the Hawaii Public Housing Authority (HPHA) School Street Redevelopment Phase 1A Project.

Through a Request For Proposals process, Oakes stated that the project will be developed by the Retirement Housing Foundation and Phase 1A will provide 250 units servicing the elderly with households earning between 30% and 60% AMI, anticipated to be completed in 2014.

Oakes stated that Resolution No. 163 is non-binding and states HHFDC's intent to possibly issue the tax-exempt bonds for the project.

Oakes opened for questions, along with Mr. Anders Plett and Mr. Salvatore Inrago of the development team.

Designee Gloria Chang asked whether the \$2.5 million for predevelopment costs was included within the estimated \$136 million project budget amount. Plett concurred and stated that the \$2.5 million was appropriated from last year's legislation for predevelopment costs that will be split evenly with HPHA.

Designee Gloria Chang asked whether any amount remaining from the \$2.5 million would be return to the State. Hakim responded in the affirmative.

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

**III.C.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve the
Program Year 2022
Allocation Plan of
the U.S. Department
of Housing and
Urban
Development's
National Housing
Trust Fund Program

**III.D.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve: (1)
Resolution No. 163,
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 HPHA
School Street
Redevelopment
Phase 1A Project
Located in
Honolulu,
Oahu, TMK No.:
(1) 1-6-009:003
(por.)

Director Fukumoto moved, seconded by Director Sasaki, to approve staff's recommendation.

Oakes provided an overview of staff's recommended loan terms for a \$40 million RHRF Project Award Loan for the HPHA School Street Redevelopment Phase 1A Project subject to the availability of funds. There will be no disbursement of Developer's Fee until satisfactory completion of the project.

There being no questions, the motion was carried unanimously.

Director Fukumoto moved, seconded by Director Sasaki, to approve staff's recommendation.

Housing Finance Specialist Mark Ogata stated that the Hale Uhiwai Nalu Phase II Project is requesting a 12-month extension for the RHRF Letter of Intent (LOI) to October 31, 2022 due to ongoing negotiations with the Veteran's Affairs (VA) on the terms of the ground lease.

Ogata opened for questions, along with Mr. Tim Cantwell and Ms. Richelle Taylor of the development team.

This being the third extension, Chair Mende asked whether the projected timeline schedule was sufficient. Ogata responded in the affirmative.

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

Director Fukumoto moved, seconded by Director Sasaki, to approve staff's recommendation.

Planner Mavis Masaki stated that the proposed draft replaces references to "Rental Housing Trust Fund" with "Rental Housing Revolving Fund" and incorporates the fee increases contained in the Finance Branch Program Rules Subcommittee's September 9, 2021 Findings and Recommendations Report. Subsequent to a public hearing, comments received would be submitted along with the draft rules for the Governor's final approval.

The proposed fee increase and new fees are as follows:

1. Increase in the initial Loan Application Fee charged by the corporation from \$500 to \$2000;
2. Implement new Extension and Modification Fees in the amount of \$1000 for each extension and modification request; and
3. Implement a new Loan Origination Fee equal to 0.5% of the initial Rental Housing Revolving Fund Loan Amount.

There being no questions, the motion was carried unanimously.

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

Approve a Rental Housing Revolving Fund Project Award for the HPHA School Street Redevelopment Phase 1A Project Located in Honolulu, Oahu, TMK No.: (1) 1-6-009:003 (por.) Pursuant to Legislative Appropriations Under Act 88, Session Laws of Hawaii 2021

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

Approve an Extension to the Rental Housing Revolving Fund Letter of Intent for the Hale Uhiwai Nalu – Phase II Project Located in Kapolei, Oahu, TMK No.: (1) 9-1-013:052 (por.)

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

Approve Proposed Amendments to and Compilation of Chapter 15-311 "Rental Housing Trust Fund Program," Hawaii Administrative Rules, to Increase Program Fees, Amend All References to "Rental Housing Trust Fund" to "Rental Housing Revolving Fund"; And to make other Conforming, Housekeeping, and Technical Amendments

Director Fukumoto moved, seconded by Director Sasaki, to approve staff's recommendation.

Masaki stated that based on the Finance Branch Program Rules Subcommittee's September 9, 2021 Findings and Recommendations Report, the proposed fee increases, and fees are as follows:

1. Increase the initial Application Fee charged by the Corporation from \$500 to \$5,000;
2. Add a new Extension and Modification Fee of \$5,000; and
3. Increase the Administrative Fee charged by the Corporation from \$50,000 payable at bond issuance, to 1/2% (0.5%) or \$100,000, whichever is less, provided that, as discussed at the September 9, 2021 Board meeting, the minimum fee amount is \$50,000.

Subsequent to a public hearing, comments received would be submitted along with the draft rules for the Governor's final approval.

Masaki noted a correction in section IV. Recommendation, C., which should read:

Subsequent to the public hearing, authorize the Executive Director to transmit Chapter 15-312, HAR, as amended and compiled, to the Governor for final approval. ~~if no additional substantive amendments are required.~~

There being no questions, the motion was carried unanimously, as amended.

Director Fukumoto moved, seconded by Designee Chung Chang, to approve staff's recommendation.

Masaki stated that based on the Finance Branch Program Rules Subcommittee's September 9, 2021 Findings and Recommendations Report, the proposed fee increase, and fees are as follows:

1. Increase the initial Application Fee charged by the corporation from \$1,500 to \$5,000; and
2. Add a new Extension and Modification Fee of \$5,000; and
3. include a technical amendment to §15-313-21(a)(1), HAR, to replace the word "processing" with "application" as recommended by HHFDC's Deputy Attorney General.

There being no questions, the motion was carried unanimously.

Chair Mende thanked Masaki, Oakes, HHFDC staff, and Stakeholders for their time and efforts on this matter.

Director Fukumoto moved, seconded by Designee Gloria Chang, to approve staff's recommendation.

Development Section Chief Randy Chu introduced Housing Development Specialist Cheryl Kajitani, and newly hired Housing Development Specialist Evahn Beresivsky and Project Manager Claude Allen Jr.

Evahn thanked the Executive Director Iseri-Matsubara and Development Branch Chief Dean Minakami for the opportunity and stated he was excited to be a part of the team.

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

Approve Proposed Amendments to and Compilation of Chapter 15-312 "Hula Mae Multi-Family Rental Housing Program," Hawaii Administrative Rules, to Increase Program Fees; and to make other Conforming, Housekeeping, and Technical Amendments

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

Approve Proposed Amendments to and Compilation of Chapter 15-313 "Low Income Housing Tax Credit Program," Hawaii Administrative Rules, to Increase Program Fees; and to make other Conforming, Housekeeping, and Technical Amendments

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

Approve: (1) Issuance of a Request for Proposals for Master Planning and Residential Development; and (2) a Dwelling Unit Revolving Fund

Claude stated that it is an honor to be at HHFDC and that he looked forward to working to improve and develop affordable housing.

Kajitani provided background information on the 690 Pohukaina project and events leading up to the cancelation of the Memorandum of Agreement (MOA) between HHFDC and Department of Education (DOE) due to DOE's lack of funding for the project's master plan.

Therefore, Chu stated that HHFDC is proposing to issue a Request For Proposals (RFP) to master plan the property to develop the parking and housing component, and some of the educational component. The request for the \$2 million in DURF would be utilized to provide incentive to potential offerors and other project expenses. If the project is found to be unfeasible, any monies from the DURF budget that were lent to the selected developer would be forgiven. Exemptions pursuant to Hawaii Revised Statutes, 201H are anticipated to be sought by successful offerors and a new Environmental Assessment or Environmental Impact Statement will need to be obtained.

Executive Director Iseri-Matsubara thanked Chu, Minakami, Kajitani, and the Development Section team for their efforts in moving this project forward and stated that an RFP is anticipated in the upcoming months.

There being no questions, the motion was carried unanimously.

Housing Finance Specialist Jocelyn Iwamasa stated that as required by Section 42 of the Internal Revenue Code, a public hearing was held on the proposed 2022/2023 Qualified Allocation Plan (QAP) on August 27, 2021.

Subsequent to the public hearing, Iwamasa provided an overview of the non-substantial revisions being proposed that would add language to further define the following sections of the QAP: (1) Minimum Threshold 5 – Plan and Cost Review; (2) Section III.A.4 – Policy; and (3) Criterion 3A – Overall Project Feasibility.

A For Action will be presented at the next Board Meeting for consideration of the final 2022/2023 QAP, while areas of concern raised within testimony submitted continue to be further explored.

Chair Mende asked what the next steps are. Iwamasa stated that staff will return for final approval of the QAP and application rounds in November 2021, with application availability anticipated in December 2021 and a round in February 2022.

Executive Director Iseri-Matsubara thanked and commended Iwamasa on a job well done. Chair Mende concurred.

Subsequent to the April 8, 2021 Board Meeting discussion, Real Estate Portfolio Manager Chris Woodard stated that efforts to address the noise complaints in the Waimanalo Village Subdivision were unsuccessful. Although an unlimited number of chickens on a parcel is allowed under the City and County of Honolulu (C&C) ordinance, it is possible for the community association to implement restrictions that are more restrictive than the zoning allows. With the Project Lease and the Ancillary Lots Lease set to expire on March 14, 2043, HHFDC anticipates receiving extension requests, which should be conditioned upon provisions limiting households on the number of chickens or peafowl and require the Waimanalo Village Residence Corporation to develop the Ancillary Lots with affordable housing by a date determined by HHFDC.

Executive Director Iseri-Matsubara reminded the Board that such complaints are appropriately addressed at the Waimanalo Neighborhood Board and City Council level.

(DURF) Budget of up to Two Million Dollars (\$2,000,000) for Development Costs and an Interim Loan for a Proposed Mixed-Use Project at 690 Pohukaina Street Located in Kakaako, Oahu, TMK No.: (1) 2-1-051: 041

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

Information and Discussion on the Testimony Received at the Public Hearing for the Proposed 2022/2023 Qualified Allocation Plan for the Low Income Housing Credit Program

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

Update on Noise Complaints Concerning the Waimanalo Village Affordable Rental Housing Project Located in Waimanalo, Koolaupoko, Oahu, TMK Nos.: (1) 4-1-012: various and (1) 4-1-034: various

Director Fukumoto suggested that the area could be explored for animal welfare issues.

In response to Director Sasaki, Woodard stated that he was uncertain of the aggregate number of chickens within the subject area.

Executive Director Iseri-Matsubara stated that although our mission is to increase and preserve the supply of workforce and affordable housing, HHFDC remains heavily involved with the federal funded Coronavirus Relief Fund Programs, particularly for rent and now with the Homeowner Assistance Fund (HAF) Program for mortgage assistance.

Chief Planner Janice Takahashi stated that the Governor issued sub-awards to the counties of Hawaii (approximately \$3.6 million) and Kauai (approximately \$1.2 million) to operate pilot programs using the initial \$5 million allotment from U.S. Department of Treasury (Treasury). Both Counties have procured Hawaii Community Lending (sister company to Hawaiian Community Assets) as their program administrator and Legal Aid Society of Hawaii to provide legal services. A plan review meeting with the Treasury has been scheduled.

There being no further discussion, Executive Director Iseri-Matsubara and Chair Mende reiterated the agency's gratitude to Director Fukumoto.

Fukumoto moved, seconded by Sasaki to adjourn the meeting at 10:30 a.m.

The motion was carried unanimously.

Robert Van Tassell

ROBERT VAN TASSELL
Secretary

**IV.
OVERVIEW
OF THE
EXECUTIVE
DIRECTOR**

**VI.
ADJOURNMENT
10:30 a.m.**