

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

April 14, 2022

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met remotely for their Regular Meeting via Zoom on Thursday, April 14, 2022, with its HHFDC Board Room, located at 677 Queen Street, Suite 300, Honolulu, Hawaii, designated as their public location.

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

A roll call was taken, declaring a quorum. Chair Donn Mende called the meeting to order at 9:04 a.m.

Those present and excused were as follows:

Present: Director Donn Mende, Chair
(Remote) Director Gary Mackler, Vice Chair
Director Carol Reimann
Director Melvin Kahele
Director Mike McCartney
Director Sabrina Nasir
Designee Roderick Becker for Director Craig Hirai

Executive Director Denise Iseri-Matsubara

Excused: Director Sean Sasaki, Secretary

Staff: Sandra Ching, Deputy Attorney General
(Remote & In-Person) Ciara Kahahane, Deputy Attorney General
Francis Keeno, Executive Assistant
Christopher Woodard, Chief Planner
David Oi, Housing Finance Manager
Dean Minakami, Development Branch Chief
Randy Chu, Development Section Chief
Lanz Dong, Real Estate & Compliance Specialist
Melissa Loy, HHFDC Corporate Controller
Gayle Nishimoto, Project Resource Specialist
Danielle Guthrie, Housing Finance Specialist
Glori Ann Inafuku, Housing Finance Specialist
Claude Allen Jr., Project Manager
Cheryl Kajitani, Housing Development Specialist
Albert Palmer, Housing Development Specialist
Keri Higa, Planner
Cynthia Nyross, Planner
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Analyst
Esa Pablo, Secretary to the Board

Guests: Kenneth Chang, Ililani (remote)
Bill Yuen, Dentons US LLP (remote)
Stanford Carr, Stanford Carr Development (remote)
Kevin Kasai, Stanford Carr Development (in-person)

Chair Mende asked the Board to state who, if anyone, was present at their various locations. There being none, Chair Mende proceeded to the approval of minutes.

Director Kahele moved, seconded by Director McCartney, to approve the meeting minutes of March 10, 2022.

The motion was carried unanimously.

Director Kahele moved, seconded by Director McCartney, to approve the executive session meeting minutes of March 10, 2022.

The motion was carried unanimously.

Executive Assistant Keeno announced the public testimony rules and instructions, stating that testifiers will be limited to 3 minutes at the discretion of the Chair to provide testimony on matters directly related to the agenda.

Chair Mende noted that there was one written testimony submitted and received. Any public testimony will be taken at the time of the agenda item before staff's presentation.

Mr. Stanford Carr, Stanford Carr Development, and co-general partner for Komohale, LLC, stated their request for HHFDC's consent of a license agreement to accommodate Ililani, LLC for the use of the former "Fiddlesticks building" property/future park amenity for the residents of the Pohulani site (606 Coral Street a.k.a. 620 Coral Street) for construction staging for the Ililani Condo project.

Mr. William Yuen, Attorney for Ililani, LLC, stated that the Ililani project was approved by the HHFDC Board in 2019. He further stated that the 2-year delay of the future park amenity will not significantly harm the Pohulani residents, that Ililani, LLC is willing to construct at the conclusion of its use of the property, and that the Ililani project will deliver 197 affordable units.

There being no further testimony, Chief Planner Chris Woodard stated that this matter is being brought to the Board for guidance on how HHFDC should proceed with Ililani, LLC's request to use the Pohulani Open Space Parcel (Parcel) during the construction of the Ililani project, which was originally requested in 2018 and denied by HHFDC due to HCDA's requirement of an open space/park and pending sale of the Pohulani project to Komohale.

Through the License Agreement requested by Komohale, Woodard stated that Ililani, LLC would: (1) have the right to use the parcel until December 31, 2024; (2) construct the park at no cost to Komohale; and (3) pay a \$2,000 per month penalty to HHFDC for delays in the park's completion.

In addition to consulting with HCDA to obtain approval for the temporary use of the parcel, should the Board elect to grant Ililani, LLC consent use of the Parcel during the construction period, staff suggests that:

1. The \$391,000 closing credit provided to Komohale in return for its construction of the Parcel should be returned to HHFDC. However, by letter dated March 4, 2022, Komohale has requested to retain these funds due to cost overruns experienced during its renovation of Pohulani.
2. Komohale staff should meet with the tenants of Pohulani regarding the matter and be prepared to address their concerns.
3. Komohale should be required to use a portion of the Pohulani Open Space Parcel to safely accommodate Pohulani's pickup/drop-off area and loading zone.

**II.A.
APPROVAL
OF MINUTES**

Regular
Meeting
3/10/22

**II.B.
APPROVAL
OF MINUTES**

Executive
Session
3/10/22

**III.
PUBLIC
TESTIMONY**

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

Discussion and
Possible Action on
Request for Consent
to Ililani, LLC
License Agreement
for the Use of Real
Property Located at
606 Coral Street
(a.k.a. 620 Coral
Street),
Kaakaukui,
Kakaako, Oahu,
TMK No.:
(1) 2-1-051: 018

Woodard suggested that the Board convene in executive session to consult with the Board's attorney.

EXECUTIVE SESSION
9:25 a.m.

Director McCartney moved, seconded by Director Kahele, to convene in executive session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, to consult with the board's attorney on questions or issues regarding the board's powers, duties, privileges, immunities, and liabilities as it relates to this matter.

The motion was carried unanimously.

The Board reconvened the meeting at 10:24 a.m.

RECONVENED
10:24 a.m.

Chair Mende stated that the Board determined that the information presented was not adequate to be able to act upon the request and asked that the requesting parties work together for a viable action plan with staff, that includes: (1) consultation with HCDA; (2) consultation/interaction with the Pohulani residents; (3) provide an alternative accommodation for resident ingress and egress; and (4) possible accommodation/value considered to be returned to the Pohulani residents.

Carr acknowledged the Board's request to work with staff on the aforementioned tasks and stated that they will return to the Board next month with a more definitive plan. Carr asked that the Board also consider the following: (1) the \$391,000 amount is an outdated price; (2) Ililani, LLC has a definitive ground breaking schedule and its financing in place; (3) Ililani, LLC is a local developer doing a 201H affordable for-sale for first-time homebuyers; and asked that (4) the completion date with HHFDC be extended and amended to avoid the \$2,000 a month penalty, which would add to the cost of the Ililani Condo project.

Ililani, LLC's principal, Mr. Kenneth Chang thanked Carr for articulating where they stand. Chang stated that many prime locations/logistics had been studied before concluding that the Parcel would work best and will work with staff to address some of the issues that are of concern (i.e., accommodation for the pickup/drop-off loading zone).

Chair Mende called for a 5 minute recess.

RECESS
10:30 a.m.
RECONVENED
10:35 a.m.

There being no public testimony, Planner Keri Higa presented the For Information, providing an overview of the draft Annual Action Plan (AAP) and use of funding for Program Year (PY) 2022, in which the State anticipates to receive approximately \$3 million in U.S. Department of Urban Development's (HUD's) HOME Investment Partnerships fund program; \$3 million in National Housing Trust Fund program; \$450,000 in Emergency Solutions Grant fund program; and \$200,000 in Housing Opportunities for Persons with AIDS program.

IV.B. DISCUSSION AND/OR DECISION MAKING
Information on the Draft Annual Action Plan for Program Year 2022 (July 1, 2022 through June 30, 2023)

Higa provided locations available to review the draft plan, stating that there is a 30-day public comment period, which ends Friday, April 15, 2022. Public comments received are given consideration prior to finalizing the AAP.

The final PY 2022 AAP will be presented to the Board for consideration once the actual allocation amounts are released from HUD.

There being no public testimony, Housing Development Specialist Cheryl Kajitani and Project Manager Claude Allen delivered a PowerPoint presentation providing an overview of HHFDC's expectations, criteria, and anticipated timetable for the proposed Request for Proposal (RFP) for the purchase and development of affordable housing on its vacant 9-acre parcel within Village 8 of the Villages of Kapolei (VOK). HHFDC anticipates issuing the RFP this month, with proposals due in July 2022.

IV.C. DISCUSSION AND/OR DECISION MAKING
Information on the Issuance of a Request for Proposal for a Residential

Director Nasir questioned the criteria evaluation of the development proposals equaling only 5 points out of 100 points for the ability to meet time and budget requirements. Minakami responded in the affirmative, stating that there is limited control over time and budget. However, 25 points are also given for offeror qualifications which typically ensures a project will be done in a timely manner.

Development at the Villages 8, 9 – acre Parcel located in the Villages of Kapolei, Oahu, TMK No.: (1) 9-1-140: 159

Vice Chair Mackler inquired about the density allowed for R-3.5 zoning and whether 70 single family dwellings were possible for the subject site. Minakami stated that it is possible. Allen added that although the City has granted sewer approval for up to 70 dwellings, developers could work with the City to obtain additional capacity for more units.

Vice Chair Mackler questioned whether 10 points for the number of affordable units proposed and community benefits within the criteria for evaluation of the development proposals was weighed adequately in incentivizing developers to do more than what is being asked within an RFP. Minakami stated that criteria evaluations are scaled on a case-by-case basis. In the situation with VOK, the financial aspect was weighed higher due to the millions of dollars expended and continue to be expended for infrastructure development and maintenance.

Vice Chair Mackler asked what the management proposal criteria pertains to for a single family development. Minakami explained that it pertains to the interim period of when a developer owns the land, develop the property, and turning it over to an association.

There being no further discussion, Chair Mende proceeded to the report of the Executive Director.

Executive Director Iseri-Matsubara introduced Housing Finance Specialist David Oi, who will be HHFDC's new Finance Branch Manager in May 2022. She stated that Oi's employment experience is in real estate financial transactions with Title Guarantee. Chair Mende welcomed Oi aboard.

**V.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

Oi thanked everyone for the opportunity and looked forward to contributing to the mission of HHFDC and to help the people of the State of Hawaii.

Executive Director Iseri-Matsubara reported on the following:

- Senate Bill (SB) 3048, (1) transfers the excess tax exempt bonds of up to \$45 million in the RHRF to DURF that may be utilized for government infrastructure improvements (i.e., Waiahole Valley and Villages of Kapolei); (2) establishes two full-time housing finance specialist positions; and (3) appropriates up to \$1.5 million to HHFDC for IT hardware and software equipment.
- SB2372, establishes a new 5-year DURF equity program and also requires HHFDC to review and submit a report to the legislature before 2023 regular session on whether lands are suitable for development of temporary housing for the ohana zones pilot program or other affordable housing.
- House Bill (HB) 2513, deposits funds into the RHRF to be used to provide loans or grants for mixed-income rental projects.
- Senate confirmation is scheduled this afternoon to renew Director Gary Mackler and appoint Directors Jay Kimura and Jason Bradshaw.
- HB1829 and SB2812, mandates that the private activity bond (PAB) cap can only be used for rental housing projects that are eligible for LIHTC.
- The \$38 million conveyance tax cap was achieved the last quarter in 2021.

In reference to the PAB bills, Designee Becker expressed concern on the additional responsibility HHFDC will be taking on by supporting the PAB bills to ensure that the State's PAB cap is not wasted. Executive Director Iseri-Matsubara stated that it was her understanding that the bills added HHFDC as a recipient of the reports from the counties and received more than \$500 million in bond requests during the 2022 financing round, which will exceed the \$167 million annual PAB cap of the State.

Director McCartney asked that attention be placed on sufficient staffing and mechanisms to meet the demand for affordable housing in the future.

Executive Director Iseri-Matsubara concurred and thanked the Board for their continued support.

Director Kahele moved, seconded by Director McCartney, to adjourn the meeting at 11:12 a.m.

The motion was carried.



SEAN SASAKI
Secretary

VI.
ADJOURNMENT
11:12 a.m.