

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

677 QUEEN STREET, SUITE 300
HONOLULU, HAWAII 96813
FAX: (808) 587-0600

In reply, refer to:

22:OED-08

October 12, 2022

TO: The Hawaii Housing Finance and Development Corporation
Board of Directors

FROM: Sean Sasaki
Board Secretary

SUBJECT: Delegation of Authority Letter

Dear Chair Mende and Members of the Board:

By means of this letter, I, Sean Sasaki, the Hawaii Housing Finance and Development Corporation (HHFDC) Board Secretary, hereby delegate (pursuant to the Bylaws of the HHFDC, Section 6) all board secretarial duties to Executive Director Denise Iseri-Matsubara, in my absence on October 13, 2022.

Sincerely,

Sean Sasaki

Sean Sasaki
Board Secretary

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

September 8, 2022

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met remotely and in-person for their Regular Meeting on Thursday, September 8, 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 9:00 a.m..

Those present and excused were as follows:

Present: Director Donn Mende, Chair (In-Person)
Director Gary Mackler, Vice Chair (In-Person)
Director Sean Sasaki, Secretary (Remote)
Director Carol Reimann (In-Person)
Director Jason Bradshaw (Remote)
Director Jay Kimura (Remote)
Designee Roderick Becker for Director Craig Hirai (In-Person)
Designee Mary Alice Evans for Director Mike McCartney (In-Person)

Executive Director Denise Iseri-Matsubara

Excused: Director Sabrina Nasir

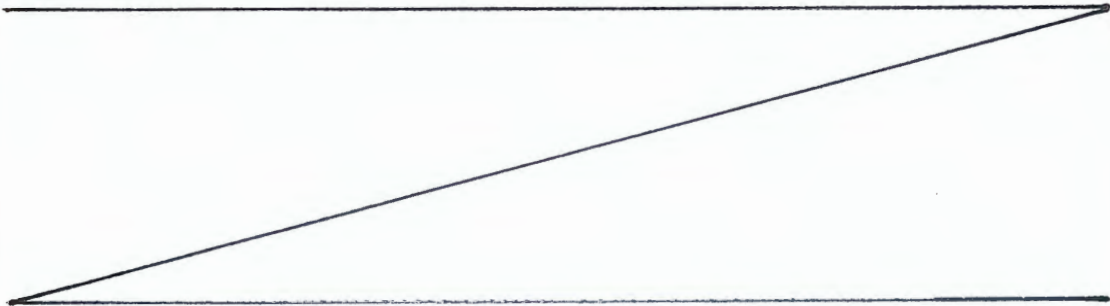
Staff: Sandra Ching, Deputy Attorney General
(Remote & Ciara Kahahane, Deputy Attorney General
In-Person) Francis Keeno, Executive Assistant
Christopher Woodard, Chief Planner
David Oi, Housing Finance Manager
Dean Minakami, Development Branch Chief
Rodney Shiraishi, Development Section Chief
Holly Osumi, Chief Financial Officer
Christopher Oakes, Housing Finance Specialist
Stan Fujimoto, Housing Development Specialist
Evahn Beresiwsky, Housing Development Specialist
Albert Palmer, Housing Development Specialist
Cheryl Kajitani, Housing Development Specialist
Dean Watase, Planner
Magdalene Turangan, Housing Loan Specialist
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Analyst
Esa Pablo, Secretary to the Board

Guests: Brian Suess, Highridge Costa
Moe Mohanna, Highridge Costa
Monte Heaton, Highridge Costa
Claudia Shay, Self-Help Housing Corporation of Hawaii
Scott Settle, AHED Foundation
Chris Deuchar, Form Partners
Makani Maeva, Ahe Group
Joelle Chiu, Ahe Group
Salvatore Ingraio, Retirement Housing Foundation

Bob Ford, Retirement Housing Foundation
Laurel Gillette, Retirement Housing Foundation
Brenden Kinoshita, Department of Budget & Finance
Kevin Auger, Hawaii Public Housing Authority
Karen Arakawa, Pacific Housing Assistance Corporation
Case Realty 1 (Screen Name)

Chair Mende asked Directors Sasaki, Bradshaw, and Kimura, attending remotely, to state who, if anyone, was present at their remote location. There being none, Chair Mende proceeded to the approval of minutes.

The approval of the meeting minutes of both the regular session and executive sessions of August 11, 2022 were deferred to the October 13, 2022 Board of Directors Meeting.



Vice Chair Mackler moved, seconded by Director Reimann, to approve staff's recommendation.

There being no testimony provided by the public, Housing Finance Manager David Oi presented the For Action, stating that staff is recommending an extension to Resolution No. 163, for the issuance of the Hula Mae Multi-Family (HMMF) tax-exempt revenue bonds in the amount of \$71.5 million for the HPHA Schools Street Redevelopment Phase IA (Project) to August 31, 2023, which will coincide with the expiration date of the Rental Housing Revolving Fund (RHRF) Letter of Intent (LOI) as well as the commencement of construction deadline pursuant to Act 88, Session Laws of Hawaii (SLH) 2021.

Designee Becker asked whether the extended RHRF LOI was approved by the Governor. Oi responded in the affirmative.

Designee Becker asked is there a reason for both deadlines of the RHRF LOI and HMMF bonds being the same. Oi stated that typically both are closed at the same time for construction to commence.

That being the case, Designee Becker asked why were the extension requests approved separately. Oi explained that the awardee submitted two separate extension requests during different time periods, and therefore, addressed accordingly.

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

Director Reimann moved, seconded by Vice Chair Mackler, to approve staff's recommendation.

Executive Assistant Francis Keeno went over the instructions on providing public testimony.

There being no testimony provided by the public, Housing Development Specialist Albert Palmer presented the For Action, stating that the Self-Help Housing Corporation of Hawaii (SHHCH) is requesting an approval of a Dwelling Unit Revolving Fund (DURF) Interim Loan in the amount of \$7,679,563 for the land development of the Nanaikeola for-sale project (Project) in Nanakuli, proposing to construct up to 88 single-family units. A \$1 million congressional grant was obtained

II.A.
APPROVAL
OF MINUTES
Regular
Meeting
8/11/22

II.B.
APPROVAL
OF MINUTES
Executive
Sessions
8/11/22

III.A.
DISCUSSION
AND/OR
DECISION
MAKING
Approve an
Extension to
Resolution No. 163,
Which Provides for
Official Intent with
Respect to the
Issuance of Hula
Mae Multi-Family
Tax-Exempt
Revenue Bonds for
the HPHA School
Street
Redevelopment
Phase IA Project
Located in
Honolulu, Oahu,
TMK No.: (1) 1-6-
009: 003 (por.)

III.B.
DISCUSSION
AND/OR
DECISION
MAKING
Approve: (1) the
Certification of
Self Help Housing
Corporation of
Hawaii, or Other
Successor Entity
Approved by the
Executive Director,
as an Eligible

for the Project, which would reduce the amount of debt on the Project, hence, further reducing housing sale prices, subject to a National Environmental Policy Act (NEPA) assessment.

Vice Chair Mackler inquired about the conditions and performance milestones set forth within the DURF loan agreements. Palmer explained that HHFDC has standard DURF terms that must be satisfied prior to loan closing and the initial funding, being on a drawdown basis thereafter.

Ms. Claudia Shay, with SHHCH, added that although the 201H approval and \$1 million congressional grant would enable equity for the homes, lower project costs and provide opportunities for more low income residents, it is not needed in order to have the Project built.

Vice Chair Mackler expressed concern with DURF being a limited resource, stating that hopeful the DURF loan will be repaid upon the closing of the U.S. Department of Agriculture-Rural Development 502 loans. Shay concurred, stated that the DURF loan will be repaid.

Executive Director Iseri-Matsubara thanked Vice Chair Mackler for his comments regarding DURF, stating that staff could make the DURF loans contingent upon achieving certain milestones.

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

Director Reimann moved, seconded by Vice Chair Mackler, to approve staff's recommendation.

There being no testimony provided by the public, Housing Development Specialist Stan Fujimoto, presented the For Action, stating that HHFDC is proposing to issue a Request for Proposals (RFP) for the master planning, subdivision or creation of spatial units under a condominium property regime, and the leasehold development, ownership, operation, and/or sale of for-sale units in the residential component of the Kahului Civic Center Mixed-Use Complex (Residential Project). If approved, the RFP is anticipated to be issued in November 2022, with Board approval for the selection of a developer and negotiation of a development agreement in June 2023.

Fujimoto stated that to encourage developer interest and facilitate development of the Residential Project, this For Action also seeks approval of up to \$5 million in a DURF interim loan to the developer of the proposed Residential Project under the terms set forth therein. Furthermore, the DURF loan will be forgiven if the Residential Project is determined to be unfeasible due to factors beyond the control of the developer, as approved by HHFDC. All discretionary approvals must be received by June 30, 2025, unless otherwise extended by the Executive Director.

In reference to the RFP requirement listed under section III.B., 2.d., of the For Action, Vice Chair Mackler asked whether the evaluation criteria used incentivize the developer's proposal to come in below the 140% area median income (AMI). Fujimoto stated that requirement is the minimum; however, there are criteria that awards more points for more affordable units.

Development Branch Chief Dean Minakami added that past RFPs were found to be too specific, limiting the type of project proposals received. Executive Director Iseri-Matsubara further explained that HHFDC is changing the way it looks at its RFPs in allowing more flexibility for developers to get creative in providing their best proposal, especially in the area of financing, being that HHFDC's financing programs are oversubscribed.

In regard to ground lease terms (i.e., a dollar per year for 65 years), Vice Chair Mackler asked whether that will be prescribed in the RFP as a set amount or will it be

Developer Pursuant to Section 15-307-24, Hawaii Administrative Rules; and (2) a Dwelling Unit Revolving Fund Interim Loan for the Proposed Nanaikeola For-Sale Project Located in Nanakuli, Oahu, Hawaii, TMK No.: (1) 8-7-008: 076

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

Approve: (1) Issuance of a Request For Proposals; and (2) Dwelling Unit Revolving Fund Loan for the Kahului Civic Center Mixed-Use Complex Located At 153 West Kaahumanu Avenue, Kahului, Maui, TMK No.: (2) 3-7-004: 003

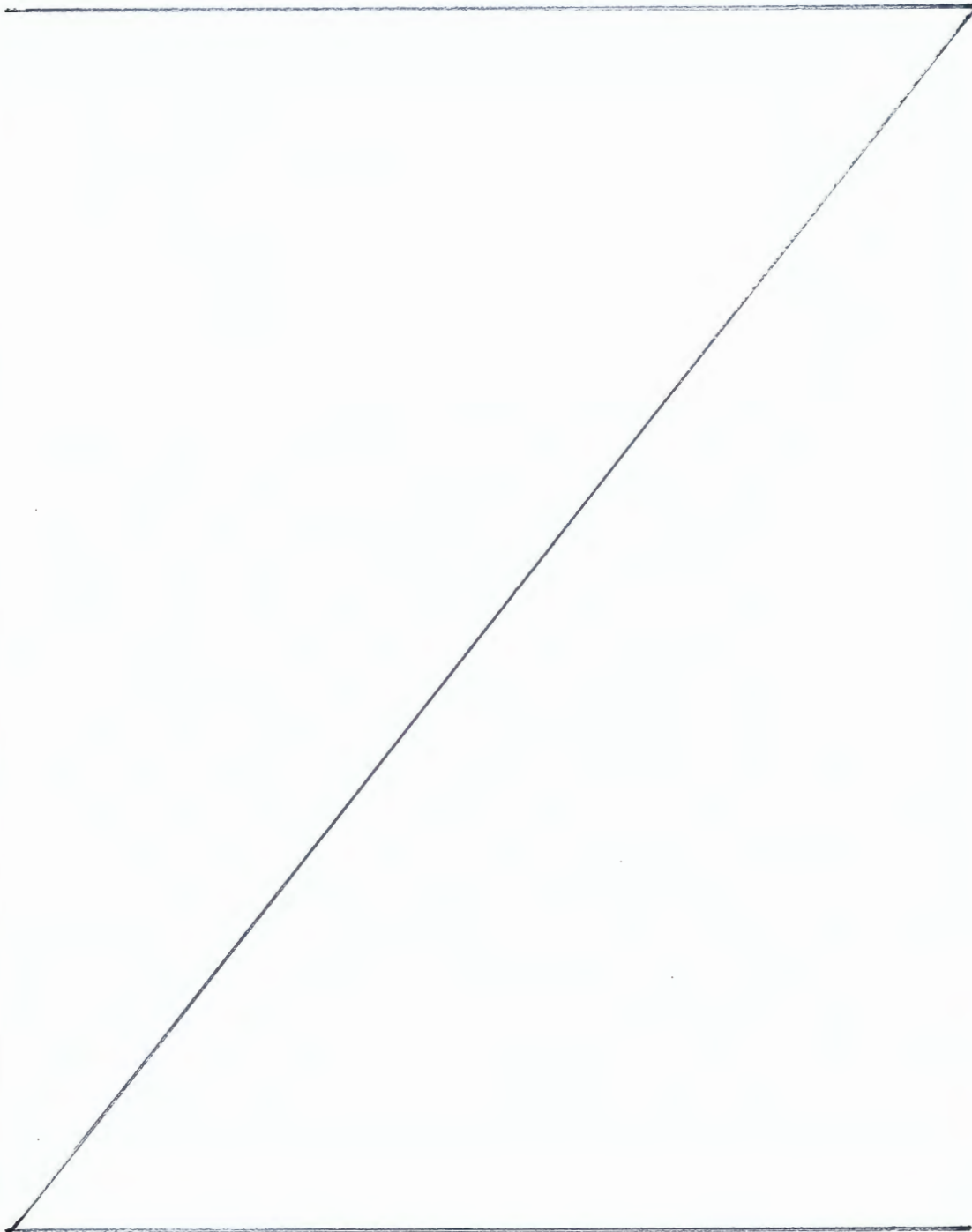
opened for developers to provide their best proposal for a lease rent. Fujimoto stated that the ground lease terms of a dollar a year for 65 years for the bus hub and the civic center components were previously approved by this Board.

In reference to the draft evaluation criteria listed on page 3 of the For Action, under section III.B.3., Vice Chair Mackler asked staff to elaborate on the "Maximum Present Value to HHFDC." Fujimoto explained that more points will be given for proposals that provide a greater financial return to HHFDC for the lease rent or lease premium for the residential/commercial components.

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

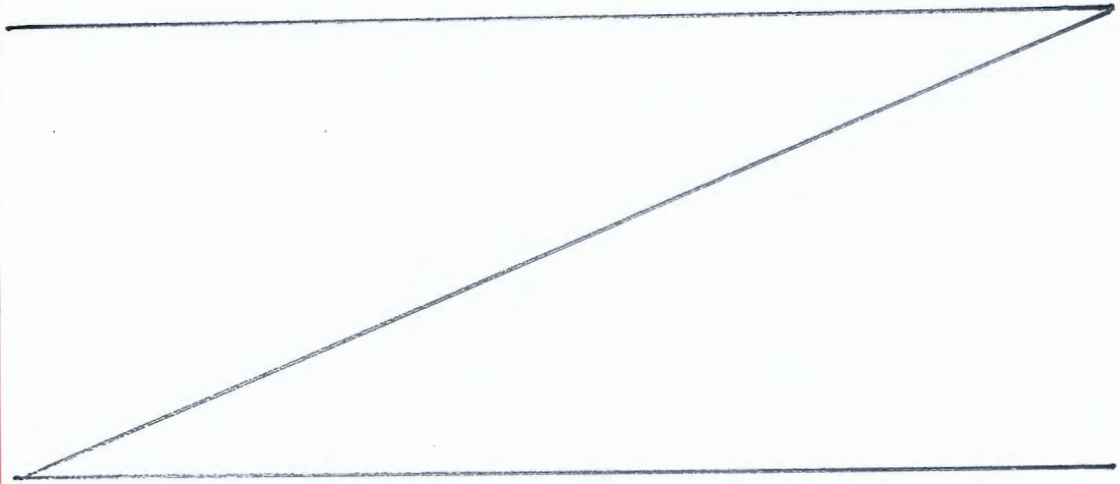
Vice Chair Mackler moved, second by Director Reimann, that staff's recommendation be approved.

There being no testimony provided by the public, Housing Development Specialists Cheryl Kajitani and Albert Palmer shown a PowerPoint presentation, providing an overview of Highridge Costa Development Company, LLC's (Highridge's) qualifications and project proposal in accordance with the evaluation criteria specified in the RFP issued for the development of the 690 Pohukina Mixed-Use project (Project).



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

Approve: (1) Highridge Costa Development Company, LLC (Highridge), or Other Successor Entity Approved by the Executive Director, as the Successful Offeror of the Request For Proposals No. 21-005-DEV for the 690 Pohukina Mixed-Use Project Located at 690 Pohukina Street in Kakaako, Oahu, TMK No.: (1) 2-1-051: 041; (2) Certification of Highridge as an Eligible Developer Pursuant to Section 5-307-24, Hawaii Administrative Rules; (3) Negotiation and Execution of a Development Agreement, Right of Entry, Leases, Regulatory Agreements, Mortgage Consents, and Other Related Transaction Documents, and to Undertake any Actions Related Thereto; (4) Creation of a Condominium Property Regime to Separate the Residential Portion of the Site; (5) Conveyance by



Lease of the Residential Portion of the Site to the Successful Offeror and the Educational Portion of the Site to the Department of Education; and (6) Grant and Approval of Such Easements as May Be Necessary

Designee Evans moved, seconded by Director Bradshaw, to enter into executive session at 9:47 a.m., pursuant to Section 92-5(a)(3), Hawaii Revised Statutes (HRS), to deliberate the authority of persons designated by the board to conduct negotiations to acquire public property, or during the conduct of such negotiations; and Section 92-5(a)(4), HRS, 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.

EXECUTIVE SESSION
9:47 a.m.

The motion was carried unanimously.

The Board reconvened in regular session at 10:28 a.m.

RECONVENED
10:28 a.m.

Palmer read staff’s recommendation.

There being no questions, the motion was carried unanimously.

Minakami introduced HHFDC’s new Development Support Section Chief Rodney Shiraishi. Chair Mende welcomed Shiraishi.

The Board recessed at 10:30 a.m. and reconvened the meeting at 10:38 a.m.

RECESS
10:30 a.m.
RECONVENED
10:38 a.m.

Designee Evans moved, seconded by Director Reimann, to approve staff’s recommendation.

III.E. DISCUSSION AND/OR DECISION MAKING

There being no testimony provided by the public, Chief Planner Chris Woodard presented the For Action, stating that by letter dated August 26, 2022, AHED Foundation and Ahe Group (collectively, the Buyer) requested that the construction reserve escrow, to be funded by DURF at closing, be increased from \$2 million to \$2,800,000 due to delays with the USDA loan transfer application review process and increases in construction costs. Furthermore, Woodard stated that the \$750,000 Federal Home Loan Bank Affordable Housing Program grant will be rescinded if funds to cover the \$800,000 development cost deficit are not identified by September 11, 2022.

Approve: (1) a Modification to Award of Request For Proposals No. 12-003-DEV Partnering to Preserve Affordable Housing: Kekuilani Gardens and Nani O Puna; and (2) an Increase to the Dwelling Unit Revolving Fund Budget for Improvements to the Nani O Puna Affordable Housing Project, Located at Puuna, Waiakahiula, Pahoa, Hawaii, TMK No.: (3) 1-5-002: 023

Given the Buyer’s prolonged efforts, Designee Evans spoke in favor of the motion, stating that this would possibly be the best manageable option for the projects. Chair Mende concurred.

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

Woodard introduced HHFDC's new Housing Planning Manager Dean Watase to the Board. Chair Mende welcomed Watase aboard.

There being no testimony provided by the public, Planner Keri Higa stated that this For Information provides a summary of HHFDC's Consolidated Annual Performance and Evaluation Report (CAPER) for Program Year (PY) 2021, covering July 1, 2021 – June 30, 2022. Completion of the CAPER is required by the U.S. Department of Housing and Urban Development (HUD) annually and reports on the progress made in the administration of the HOME Investment Partnerships program, National Housing Trust Fund (HTF) program, Emergency Solutions Grant program, and the Housing Opportunities for Persons with AIDS (HOPWA) program.

Higa noted that the draft CAPER is available on the HHFDC website and will be replaced with the final version once approved by HUD.

Chair Mende noted that page 2 of the For Action was missing (complete report was uploaded to the HHFDC website after the meeting).

In regard to the City and County of Honolulu's (City's) inability to commit their HTF, Vice Chair Mackler inquired about their future plans with the HTF allocation. Executive Director Iseri-Matsubara stated that HHFDC continues to work with the City in encouraging and monitoring its progress in building its capacity and utilizing their allocation of funds.

Vice Chair Mackler referenced the Pua Loke project on Kauai, commenting on the use of project-based vouchers and HTF funds working well together, especially when dealing with lower income levels, in balancing the revenue stream to operate a project. However, he stated that he would like to see resolution on the City's allocation of the HTF funds to avoid jeopardizing the State's allocation. Executive Director Iseri-Matsubara stated that there are currently no available project-based vouchers.

Woodard stated that a public hearing will be held in two weeks.

Chair Mende announced that the Board was made aware that there was a technical glitch in the recording during agenda items III.A. and part of III.B. Therefore, staff was asked to present their reports again.

There being no further discussion, Chair Mende asked for a motion to go into executive session.

Director Reimann moved, seconded by Vice Chair Mackler, to convene in executive session at 11:15 a.m., pursuant to Section 92-5(a)(2), Hawaii Revised Statutes (HRS), as it relates to the evaluation of the Executive Director, where consideration of matters affecting privacy will be involved; and/or Section 92-5(a)(4), HRS, to consult with the board 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.

Chair Mende summarized the board's discussion in executive session, stating that an Executive Director Evaluation Permitted Interaction Group (PIG) will be established to recommend the framework for the evaluation of the Executive Director.

Members of the PIG were noted as follows:

- Vice Chair Gary Mackler
- Director Carol Reimann
- Director Jason Bradshaw

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

Information on the Consolidated Annual Performance and Evaluation Report for Program Year 2021 (July 1 2021 – June 30 2022)

**IV.A.
EXECUTIVE
SESSION**

(11:15 a.m.)
Discussion on the Performance Evaluation of the Executive Director

RECONVENED
12:22 p.m.

There being no further discussion, Chair Mende proceeded to the Report by the Executive Director.

Executive Director Iseri-Matsubara stated that the Board approved a \$2.5 million increase to the DURF loan for the construction of Fleming Road Extension required by the Maui County for the Keawe Street Apartments. However, the request to release the funds was denied by the Department of Budget and Finance (B&F). She further stated that HHFDC is seeking reconsideration, referencing a similar DURF approval received by B&F for the Kahului Lani project for the construction of Vevau Street.

Executive Director Iseri-Matsubara commended the Development Branch staff on their hard work with the RFPs issued for the 690 Pohukaina project, Kahului Civic Center project, and the Villages of Leiali`i - Village 8 parcel.

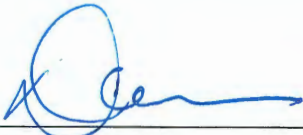
Pursuant to the American Rescue Plan Act of 2021, Executive Director Iseri-Matsubara reported that the State received \$50 million for the Homeowner Assistant Funds Program of which was allocated to the counties of Hawaii, Kauai, and Maui, to provide mortgage and housing related assistance to qualified homeowners. The Oahu allocation is being administered by HHFDC.

Executive Director Iseri-Matsubara also stated that the RHRF Tier 2 funding program, that was launched mid-August, provides up to \$150 million in eligible RHRF loans pursuant to Act 236, SLH 2022 and Section 201H-202, HRS, for mixed-income rental projects for individuals and families with incomes between 60% and 100% of the AMI. Applications are due next week with recommendations to the Board anticipated in November 2022. She further commended the Finance Branch staff on their hard work on this and collaboration efforts with the development community.

Designee Evans inquired about the Natural Energy Laboratory of Hawaii Authority (NELHA) permit before the Commission on Water Resource Management (CWRM) for the construction of a well to serve the Natural Energy Laboratory of Hawaii Authority (NELHA) in Keahole and the HHFDC's Kamakana Village affordable housing project. Executive Director Iseri-Matsubara stated that HHFDC is working with NELHA to address its concerns of possible expenses that may be added to housing production and prices, as well as clarifications on the conditions CWRM planned on the well production permit. While we filed a petition to preserve HHFDC's right to contest a case hearing, reconsideration efforts are currently being pursued with CWRM.

There being no further business on the agenda, Director Reimann moved, seconded by Vice Chair Mackler to adjourn the meeting at 12:31 p.m.

The motion was carried unanimously.



for SEAN SASAKI
Secretary

**V.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

**VI.
ADJOURNMENT
12:31 p.m.**