

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

**October 13, 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, October 13, 2022, with its HHFDC Board Room, located at 677 Queen Street, Suite 300, Honolulu, Hawaii, designated as their public location.

A roll call was taken, declaring a quorum. Chair Donn Mende called the meeting to order at 9:03 a.m..

Those present and excused were as follows:

Present: Director Donn Mende, Chair (In-Person)  
Director Gary Mackler, Vice Chair (In-Person)  
Director Jason Bradshaw (Remote; excused at 9:55 a.m.)  
Director Jay Kimura (Remote)  
Director Mike McCartney (In-Person; arrived at 9:07 a.m.)  
Director Sabrina Nasir (In-Person)

Executive Director Denise Iseri-Matsubara

Excused: Director Craig Hirai  
Director Sean Sasaki, Secretary  
Director Carol Reimann

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  
Holly Osumi, Chief Financial Officer  
Randy Chu, Development Section Chief  
Christopher Oakes, Housing Finance Specialist  
Jimmy Nguyen, Housing Finance Specialist  
Kan Cheung, Housing Finance Specialist  
Stan Fujimoto, Housing Development Specialist  
Evahn Beresiwsky, Housing Development Specialist  
Albert Palmer, Housing Development Specialist  
Cheryl Kajitani, Housing Development Specialist  
Claude Allen Jr., Project Manager  
Tammy Murakami, Land Ownership Specialist  
Amy Howard, Housing Sales Coordinator  
Melissa Loy, Corporate Controller  
Cynthia Nyross, Planner  
Lorna Kometani, Sales & Counseling Section Chief  
Loreen Kawewehi, Housing Sales Coordinator  
Gordon Pang, Housing Information Officer  
Marc Orbito, Information Technology Systems Analyst  
Esa Pablo, Secretary to the Board

Guests: William Nguyen, BlackSand Capital  
Bryan Li, BlackSand Capital

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

Alana Pakkala, Kobayashi Group  
Elton Wong, Kobayashi Group  
Shayla Barberi, Kobayashi Group  
Toger Swanson, Kutak Rock LLP  
Marian Gushiken, EAH Housing  
Karen Seddon, EAH Housing  
Questor Lau, EAH Housing  
Tim Cantwell, Cloudbreak Hawaii, LLC  
Grant Fasi Allison, Lung Rose Voss & Wagnild  
Lowell Chun, Pacific Catalyst, LLC  
Brenden Kinoshita, Department of Budget & Finance  
John Reppun, Waiahole  
Kaanapu Jacobsen, Waiahole  
Kai Brown (screen name)  
Jason Lee (screen name)  
Florence Chon (screen name)  
Ed's iPhone (screen name)  
Coh-ohcd (screen name)

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

Vice Chair Mackler moved, seconded by Director Nasir, to approve the regular meeting minutes of August 11, 2022.

The motion was carried unanimously.

Approval of the August 11, 2022 meeting minutes of the executive sessions were deferred to later in the meeting.

Director Bradshaw moved, seconded by Vice Chair Mackler, to approve the meeting minutes of September 8, 2022.

The motion was carried unanimously.

Approval of the September 8, 2022 meeting minutes of the executive sessions were deferred to later in the meeting.

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

(Director McCartney arrived at this time – 9:07 a.m.)

There being no oral testimony provided by the public, Chief Financial Officer Holly Osumi provided an overview of the Nani `O Puna's audited financial statements completed by Accuity LLP, to be issued to the United States Department of Agriculture (USDA) no later than October 31, 2022.

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

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

**II.C.  
APPROVAL  
OF MINUTES**  
Regular  
Meeting  
9/8/22

**II.D.  
APPROVAL  
OF MINUTES**  
Executive  
Sessions  
9/8/22

**III.A.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Accept the Audited  
Financial  
Statements of the  
Hawaii Housing  
Finance and  
Development  
Corporation's Nani  
`O Puna Project for  
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Osumi reported that the project's total net position decreased by approximately \$30,000 as of June 30, 2022, primarily attributed to net operating loss of approximately \$9,000 in net transfers to the Dwelling Unit Revolving Fund of approximately \$20,000, and an interest expense of approximately \$1,000 for the mortgage with the USDA.

There being no questions, the motion was carried unanimously.

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

There being no oral testimony provided by the public, Housing Finance Manager David Oi presented the For Action, stating that Resolution No. 179, authorizing the issuance, sale, and delivery of a revenue note in a principal amount not to exceed \$30,500,000 for the Hale Na Koa `O Hanakahi project. Final closing and bond issuance is subject to the Governor's preliminary approval that is currently outstanding.

Vice Chair Mackler stated that he was glad to see the County of Hawaii's support in providing project-based vouchers for the project.

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

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

There being no oral testimony provided by the public, Oi presented the For Action, stating that Couldbreak Hawaii, LLC is requesting a 12-month extension to its Rental Housing Revolving Fund (RHRF) Letter of Intent (LOI) to October 31, 2023 for the Hale Uhiwai Nalu – Phase II project.

Director Nasir inquired about the reason for the extension. On behalf of the project, Mr. Tim Cantwell stated that recordation from the Land Court is pending and is subject to the completion of the lease modification with the United States Department of Veterans Affairs, which remains ongoing.

Vice Chair Mackler spoke in support of the extension, given the impact the project will have on the population it will serve.

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

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

There being no oral testimony provided by the public, Oi presented the For Action, stating that the proposed Fiscal Year 2023 funding round for the Low Income Housing Tax Credit (LIHTC) program and RHRF applications are anticipated to be made available on December 16, 2022, with applications due on February 17, 2023, and recommendations to the Board anticipated in the third quarter of 2023.

Pursuant to Hawaii Administrative Rules (HAR) 15-311-31(a), staff plans to publish a RHRF Notice of Funding Availability for Project Awards on December 16, 2022, subject to HHFDC Board's approval of this request.

There being no questions, the motion was carried unanimously.

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

Approve Resolution No. 179, Authorizing the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Note for the Hale Na Koa `O Hanakahi (fka West Kawili Street Senior/Veteran Housing) Project Located in in Hilo, Hawaii, TMK No.: (3) 2-4-057: 030

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

Approve the Fiscal Year 2023 Application Cycle for the Low Income Housing Tax Credit Program, Rental Housing Revolving Fund Program, and the Hula Mae Multi-Family Tax Exempt Bonds

Chair Mende called upon Executive Assistant Francis Keeno to go over the public testimony instructions and announced that agenda item III.J. is to be removed from the agenda.

Oi introduced HHFDC's new Housing Finance Specialists Jimmy Nguyen and Kan Cheung to the Board.

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

There being no oral testimony provided by the public, Oi presented the For Action, stating that the National Housing Trust Fund (HTF) program is administered by the U.S. Department of Housing and Urban Development (HUD), to provide grants to State governments to increase and preserve the supply of decent, safe, and sanitary affordable housing for primarily extremely low-income households and homeless families. The HHFDC is designated as the HTF Grant Recipient for the State of Hawaii.

In assessing the overall program, HHFDC recommends the following:

1. Revise the Program Year (PY) 2023 distribution of funds by removing the City and County of Honolulu's (City's) allocation another year to allow the City to improve and increase its capacity to administer its HTF program and avoid possible recapture of the funds from HUD; and
2. That the maximum per-unit development subsidy limits for the HTF be set at HUD's Public Housing Total Development Costs limits, in effect at the time of commitment of the HTF funds.

Director Nasir asked if the City was made aware of the allocation change for PY 2023. Oi responded in the affirmative, stating that staff has met with the City to discuss the matter.

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

Director McCartney moved, seconded by Director Nasir, to approve staff's recommendation.

There being no oral testimony provided by the public, Housing Development Specialist Stan Fujimoto presented the For Action, stating that pursuant to Section 201H-38, Hawaii Revised Statutes (HRS), the BSC Acquisitions II, LLC (Applicant) submitted a request to HHFDC for approvals from certain exemptions from statutes, ordinances, and rules for the Kuilei Place (Project), a 1,005-unit for sale and/or rental housing project located at 2599 Kapiolani Boulevard. He further stated that the for sale units will be subject to HHFDC's 10-year Buyback and Shared Appreciation Equity program requirements, while the rental units will remain affordable for at least 30 years from completion. Board of Water Supply fees are excluded from HHFDC's exemption authority.

On behalf of the developer, Mr. Elton Wong and Mrs. Alana Pakkala presented a PowerPoint presentation on the project and introduced development partners Mr. Bryan Li and Mr. William Nguyen. Pakkala provided an overview on the project's strategic design plans in ensuring affordability and long-term sustainability for the tenants of the project by incorporating, but not limited to, grey water treatment, centralized solar hot water, and Carboncure concrete. She also stated that plans for building permits are anticipated to be submitted to the City in October 2022, with construction to start in 2023, and project completion anticipated in the Summer of 2026.

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

Approve the Program Year 2023 Allocation Plan for the U.S. Department of Housing and Urban Development's National Housing Trust Fund Program

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

Approve: (1) 2599 Kapiolani, LLC, or Other Successor Entity Approved by the Executive Director, as an Eligible Developer Pursuant to Section 15-307-24, Hawaii Administrative Rules; (2) Exemptions from Statutes, Ordinances and Rules Pursuant to Section 201H-38, Hawaii Revised Statutes; and (3) Execution of Development Documents for the Approved Exemptions for the Kuilei Place For-

Chair Mende confirmed receipt of written testimony received from Tim Streitz, Chair of Moiliili Neighborhood Board. Chair Mende confirmed receipt on behalf of the Board.

Vice Chair Mackler inquired about the minimum eligibility requirements that the project did not meet through the City's 201H program. Through its market study, Pakkala stated that the City's 30-year buyback period was of concern, as it was not beneficial to future homeowners of the project, and therefore, the project was denied by the City, and a 201H Application was submitted to HHFDC.

Executive Director Iseri-Matsubara added that for-sale projects do not receive subsidies that rental projects do and is a rare commodity that is also needed to balance the economics of the affordable units. Furthermore, the City is reevaluating its Affordable Housing Requirement policy under Chapter 38 to determine its effectiveness in generating housing.

In response to Vice Chair Mackler, Wong stated that if the Board approves, the project will then go before the City Council, who has 45 days to approve.

Executive Director Iseri-Matsubara commended the development team on its use of innovative methods and long-term planning, being a product that is desirable and appreciated by the gap income group.

Vice Chair Mackler inquired about a relocation plan to assist the families who are currently living on the project site. Pakkala stated that tenants will be given 2 months free rent/rental assistance while they find their replacement property. Wong added that tenants will be made aware of the project on Monday, October 10, 2022 (with the front-page article in The Honolulu Star Advertiser), which he believes is sufficient time for tenants to prepare.

In regard to the written testimony received by Mr. Tim Streitz, Vice Chair Mackler inquired about the traffic concerns. Wong stated that the final traffic report will implement recommendations received.

Vice Chair Mackler suggested that the final traffic report be shared with the Neighborhood Board.

(Director Bradshaw was excused at 9:55 a.m.)

Director McCartney inquired about the available infrastructure capacity. Wong stated that letters received from the various agencies have been received, confirming that sewer, water, electric, cable TV, and internet will be available for this project.

If eligible, Vice Chair Mackler asked if preference would be given to those displaced. Pakkala stated that the developer does not have the ability to give preferences; however, they will do their best to assist those who qualify through the application process.

Pakkala noted that the project site has a significant flooding issue that they will address to improve the surrounding infrastructure.

Director Nasir asked what the average rent is of the existing units. Li stated approximately \$1,600/month for a 1- 2 bedroom unit.

Director Nasir expressed appreciation on the sustainability components of the project.

Chair Mende thanked the development team for their well-thought-out plans for the project and tenants, being a project that is essential in addressing the gap group and for-sale components.

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

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

Chair Mende confirmed receipt of the written testimony received by Self-Help Housing Corporation of Hawaii's Executive Director Claudia Shay.

There being no oral testimony provided by the public, Chief Planner Chris Woodard summarized the substantial provisions within the proposed Chapter 15-321, HAR, which implements the provisions of Section 201H-206, HRS, by establishing the Affordable Homeownership Revolving Fund (AHRF) program to be administered by HHFDC, for the purpose of providing loans to non-profit housing development organizations (HDOs) for the development of affordable homeownership housing projects.

Woodard stated that staff identified that loans provided to community development financial institutions (CDFIs) would be problematic to implement within the proposed rules at this time. In practice, HDOs would be applying for loans for specific projects that can be evaluated and scored, while CDFIs would have no "projects" to bring to the table—rather, they'd be bringing a program that can be used get matching Treasury funds so that they can do their own project lending. Because Section 201H-206(b), HRS contemplates only awards to specific projects, there are no criteria under which HHFDC can assess applications from CDFIs. HHFDC will explore further options for recourse in addressing its CDFI concerns within the upcoming year.

Woodard noted a correction on page 1 of the For Action, under section II.B., which should read: Act 248, SLH 2022 . . . ."

Woodard opened for questions, along with the Finance Branch staff, who will be administering the AHRF program.

Vice Chair Mackler asked for clarification on whether it is loans to CDFIs or loans to projects that are receiving funding through CDFIs. Woodard explained that it is his understanding that CDFIs were incorporated into the legislation to enable them to leverage State funds to secure matching US Treasury funds. Essentially, HHFDC would be investing in a program as opposed to investing in a project. Executive Director Iseri-Matsubara added that the intent was to fund self-help type models in terms of the development and utilizing federal programs through HUD, US Treasury, and USDA-RD as gap financing to close – funding projects; not a CDFI.

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

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

There being no oral testimony provided by the public, Planner Cynthia Nyross presented the For Action, summarized the substantial provisions within the proposed amendments to the compilation of Chapter 15-308 "State Assisted Sales and Lease Program," HAR. Such provisions would allow a preference for first-time homebuyers as opposed to qualified residents; increase the effectiveness of program compliance activities and improves program efficiencies; and allow developers to utilize websites, social media, and informational meetings as part of the publication announcements.

Nyross noted a correction on Exhibit A, under §15-308-43, adding a subsection (a), to read as follows:

"§15-308-43 Application intake list, requirements. (a) During the initial offering period of thirty calendar days, the developer's designated broker shall compile an application intake list consisting of the names, addresses, and phone numbers of all

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

Approve Proposed New Chapter 15-321 "Affordable Homeownership Revolving Fund Program," Hawaii Administrative Rules, Implementing the Provisions of Section 201H-206, Hawaii Revised Statutes by Establishing an Affordable Homeownership Revolving Fund Program

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

Approve Proposed Amendments to and Compilation of Chapter 15-308 "State Assisted Sales and Lease Program," Hawaii Administrative Rules to Provide a Preference to First-Time Homebuyers, Increase the Effectiveness of Program

individuals stating a desire to purchase an affordable unit contained in the announced project.”

There being no questions, the motion was carried unanimously.

Director Kimura moved, seconded by Director McCartney, to approve staff’s recommendation.

Mende confirmed receipt of written testimony provided by Julia Peleiholani.

There being no oral testimony provided by the public, Nyross presented the For Action, stating that this is a housekeeping item to repeal an obsolete rule, Chapter 17-2006, in which the Legislature appropriated \$1.7 million to the Department of Land and Natural Resources to infrastructure development, providing low interest loans to the residents of Kalapana who suffered the loss of their homes and lands to the devastating effects of the volcanic eruptions in 1983. The rules were promulgated by HHFDC’s predecessors Hawaii Finance Development Corporation and Housing and Community Development Corporation of Hawaii, which were administratively attached to the Department of Human Services (DHS) at the time. The rules currently fall under DHS’ Title 17, HAR. There are no loans currently outstanding.

Director Nasir asked when the last loan was given out. Executive Director Iseri-Matsubara stated that the money was transferred a long time ago. Woodard added that even if the Board elected to continue the program, the old rules would need to be repealed and new rules promulgated, as HHFDC is not attached to DHS.

Director McCartney suggested that staff respond to the written testimony received by Julia Peleiholani. Woodard stated that a response was provided to a prior email from Peleiholani and before her letter testimony received; however, staff will follow up.

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

The Board recessed at 10:25 a.m. and reconvened at 10:40 a.m.

This item was removed from the agenda.

Chair Mende asked if there were any oral testimony by the public for this item.

Waiahole resident/famer, Mr. John Reppun, circulated two written testimonies previously distributed to the Kahalu’u Neighborhood Board #29 – (1) Relating to Removal of Hazard Trees/Albizia in Waiahole Valley; and (2) Regarding Future of Agriculture. Reppun stated that a strategic plan is needed to move forward. In regard to the lease rent negotiations, Reppun stated that small rural family farming is unique in nature and does not quite fit into the lease rent amounts offered, cautioning the Board not to set a precedent by establishing agricultural land rents at 6.6 times current rates, citing the need to differentiate between the agriculture land rents and the residential land rents.

Waiahole resident/famer, Mr. Kaanapu Jacobsen, discussed the future generations to come and the various environmental struggles that farmers have to deal with when considering the State’s lease rent negotiations. He further stated that the lease rent

Compliance Activities, Improve Program Efficiencies, and Make Technical Amendments

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

Approve the Repeal of Chapter 17-2006 “Loan Program for Kalapana Disaster Victims,” Hawaii Administrative Rules, as the Rule Relates to a One-Time Public Relief Program to Assist Residents and Citizens Who Lost Homes and Lands as a Result of the Volcanic Eruptions on the Island of Hawaii Which Began on January 3, 1983 Is No Longer Needed

**RECESS**  
10:25 a.m.  
**RECONVENED**  
10:40 a.m.

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

**IV.  
EXECUTIVE  
SESSION**  
(11:05 a.m.)  
Update on the Status of Lease Rent Renegotiations for the Waiahole Valley Agricultural Park and Residential Lots Subdivision Located in Waiahole, Koolaupoko, Oahu, TMK Nos.: (1) 4-8 (Various)

negotiations are not cut and dry, but a team effort in which all need to work together to accomplish.

Vice Chair Mackler inquired about the strategic planning that was placed on hold during the COVID-19 pandemic. Reppun stated that committees of the Waiahole Waikane Community Association and HHFDC Board that were formed to work on the strategic planning were eventually disbanded.

Director Mike McCartney moved, seconded by Vice Chair Mackler, to convene an executive session at 11:05 a.m., pursuant to Section 92-5(a)(3), 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 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.

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The Board reconvened in regular session at 12:19 p.m.

**RECONVENED**  
12:19 a.m.

Director McCartney reiterated that an approved process for the lease rent negotiations has already been set forth by the Board, which has delegated Mr. Chris Woodard to be the point person to negotiate directly with the lessees in the community on behalf of the entire Board and the State of Hawaii, as opposed through testimony before the Board.

Chair Mende noted that all of the executive session meeting minutes of August 11, 2022 and September 8, 2022 were approved in executive session, as amended.

Per the Board's request, Executive Director Iseri-Matsubara stated that training on LIHTC and Private Activity Bonds is being considered to be done via webinar in January 2023 and a possible NCSHA conference training for the Board Chair is also being contemplated.

**V.**  
**REPORT**  
**BY THE**  
**EXECUTIVE**  
**DIRECTOR**

Executive Director Iseri-Matsubara reported on the groundbreaking and blessings of various projects since July 2022, resulting in approximately 974 units.

Director McCartney commented that at the bond rating meetings held in San Francisco, the Governor recognized HHFDC as being very helpful in meeting some of the affordable housing goals.

There being no further business on the agenda, Director Nasir moved, seconded by Director Kimura to adjourn the meeting at 12:24 p.m.

**VI.**  
**ADJOURNMENT**  
12:24 p.m.

The motion was carried unanimously.

*Sean Sasaki*

\_\_\_\_\_  
SEAN SASAKI  
Secretary