

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

March 9, 2023

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) held its Regular Meeting on Thursday, March 9, 2023, at 9:00 a.m., in the HHFDC Board Room, located at 677 Queen Street, Suite 300, Honolulu, Hawaii. The meeting was also livestreamed via Zoom and YouTube.

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

A roll call was taken with a quorum present. 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 (in-person)
Director Carol Reimann (in-person)
Director Jason Bradshaw (remote)
Director Luis Salaveria (in-person; arrived 10:02 a.m.;
excused 12:13 p.m.)
Designee Mary Alice Evans for Director Chris Sadayasu (remote;
arrived 9:07 a.m.)
Director Nani Medeiros (in-person; arrived 10:04 a.m.; excused
10:26 a.m.)

Executive Director Denise Iseri-Matsubara

Excused: Director Jay Kimura

Staff: Sandra Ching, Deputy Attorney General
Ciara Kahahane, Deputy Attorney General (arrived 10:09 a.m.)
Ryan Kanakaole, Deputy Attorney General
Delmond Won, Executive Assistant
Chris Woodard, Chief Planner
David Oi, Housing Finance Manager
Dean Minakami, Development Branch Chief
Randy Chu, Development Section Chief
Dean Watase, Housing Planning Manager
Lee Miller, Property Management Specialist
Stan Fujimoto, Housing Development Specialist
Albert Palmer, Housing Development Specialist
Evahn Beresowsky, Housing Development Specialist
Kan Cheung, Housing Finance Specialist
Marc Orbito, Information Technology Systems Analyst
Gordon Pang, Housing Information Officer
Esa Pablo, Secretary to the Board

Guests: Grant Allison, Lung Rose Voss & Wagnild
Theresa Ng, Senator Chang's Office
Keith Kato, HICDC
Makani Maeva, Ahe Group
Joelle Chiu, Ahe Group
Sara DeVries, Ahe Group
Stanford Carr, SCD
Kevin Kasai, SCD
Alana Kobayashi Pakkala, Kobayashi Group
Elton Wong, Kobayashi Group

Joe Michael, Pacific Development Group
Christopher Abbott, Bank of Hawaii
Sharon Gi, Hunt Development Group, LLC
Robert Koerner, Standard Communities
Chuck Wathen, Pier Investments LLC
Marnie Klein, Miller Housing Advisors LLC
Lucy Salas, Waiahole-Waikane Community Association
John L. Reppun, Mahiai O Waiahole
Nick Reppun, Waiahole Resident/Farmer
Kaanapu Jacobsen, Waiahole Resident/Farmer
Kala`i Miller, Waiahole
Vivien Lee, Waiahole
Paul Zweng, Waiahole

Director Bradshaw moved, seconded by Director Reimann, to approve the regular meeting minutes of February 9, 2023.

The motion was carried unanimously.

The approval of the January 12, 2023 meeting minutes of the executive sessions were approved later in the meeting in executive session.

The motion was carried unanimously.

Executive Assistant Delmond Won announced HHFDC's protocol for providing public testimony.

Chair Mende introduced and welcomed HHFDC's new Deputy Attorney General Ryan Kanakaole.

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

There being no testimony provided by the public, Housing Finance Manager David Oi stated that the Jack Hall Waipahu Apartments project (Project) is requesting \$1,792,131 in both annual Federal and State Low Income Housing Tax Credits (LIHTC), with bonds to be issued by the City and County of Honolulu (City) in the amount of \$29,912,180. The Project is a 144 family unit project in Waipahu, Oahu, with one- to two-bedroom units serving those in the the 60% Area Median Income (AMI) range. This is an acquisition/rehabilitation project with a secured United States Department of Housing and Urban Development (HUD) Section 8 contract, targeting completion in 2024. The City's final issuance resolution is anticipated around closing in April 2023.

Ahe Group representatives Ms. Joelle Chiu, Ms. Sara DeVries, and Ms. Makani Maeva were present on behalf of the Project. Chiu delivered a PowerPoint presentation providing background information on Ahe Group and the project's location, history, and status.

With the Project being built in 1979, Vice Chair Mackler asked whether the Project has gone through any substantial rehabilitation previously. Chiu stated that there was no substantial rehab done on the Project except for one building that had a fire.

Vice Chair Mackler inquired about the inclusion of energy efficiency. Chiu stated that there is a set aside of \$250,000 for solar improvements at the property.

Vice Chair Mackler inquired about a relocation plan for residents during rehabilitation period. Chiu stated that onsite hotel units will be made available and 120-, 90-, and

**II.A.
APPROVAL
OF MINUTES**
Regular
Meeting
2/9/23

**II.B.
APPROVAL
OF MINUTES**
Executive
Sessions
1/12/23

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve a
Reservation of Low-
Income Housing Tax
Credits for the Jack
Hall Waipahu
Apartments Project
Located in Waipahu,
Oahu, TMK Nos.:
(1) 9-4-160: 030
and (1) 9-4-160: 031

60-day notices will be sent out to inform residents of the relocation plan, with incentives built into the program to encourage residents to be ready to move.

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

(Designee Evans arrived at 9:07 a.m.)

Chair Mende noted Designee Evans’ attendance and confirmed that no one was present at her remote location.

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

There being no testimony provided by the public, Oi stated that the Maunakea Tower Apartments (Project) is requesting \$7,510,568 in both annual Federal and State LIHTC with bonds to be issued by the City in the amount of \$105 million. The Project is a 379 family unit project in Honolulu, Oahu, with one- to two-bedroom units serving those in the the 60% AMI range. This is an acquisition/rehabilitation project with a secured HUD Section 8 contract for an additional 20 years upon acquisition, targeting completion in 2024. The City’s final issuance resolution is anticipated around closing in May 2023.

Mr. Stanford Carr, president and CEO of Stanford Carr Development, delivered a PowerPoint presentation providing background information on the project’s location, facts, and scope of renovations totaling approximately \$29 million (approx. \$76,000/unit).

Vice Chair Mackler inquired about a relocation plan for residents during the rehabilitation period. Carr stated that one floor will be used as hotel units as they work their way down floor-by-floor, taking about 10 days to renovate each floor.

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

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

There being no testimony provided by the public, Oi stated that Kaloko Heights project (Project) is a 100 family unit project in Kailua-Kona, Hawaii, with two- and three-bedroom units serving those in the the 30% - 60% AMI range. The Project has also secured HOME, Housing Trust Fund, and 75 Section 8 Vouchers from the County of Hawaii, targeting project completion in 2024.

The Project closing date is anticipated around March 2023; however, as a precautionary measure, staff is requesting and extension to April 28, 2023.

Mr. Keith Kato, on behalf of the Project, thanked the Board for their patience.

There being no questions, the motion was carried unanimously.

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

There being no testimony provided by the public, Oi stated that this For Action is related to the previous, extending the deadline for the Rental Housing Revolving Fund (RHRF) Letter of Intent (LOI) to coincide with the previously approved April 28, 2023 extension deadline.

**III.B.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve a
Reservation of Low-
Income Housing Tax
Credits for the
Maunakea Tower
Apartments Project
Located in
Honolulu, Oahu,
TMK No.: (1) 1-7-
005: 041 0002

**III.C.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve an
Extension to
Resolution No. 106,
Which Provides for
Official Intent with
Respect to the
Issuance of Hula
Mae Multi-Family
Tax-Exempt
Revenue Bonds for
the Kaloko Heights
Affordable Housing
Project Located in
Kailua-Kona,
Hawaii, TMK No.:
(3) 7-3-009: 032

**III.D.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve an
Extension to the
Rental Housing

Oi noted a correction on page 2, to reflect the requested extension date of April 28, 2023, as well as the RHRF LOI extension date reflected within staff's recommendation.

There being no questions, the motion was carried unanimously.

Director Bradshaw moved, seconded by Director Reimann, to approve staff's recommendation.

There being no testimony provided by the public, Oi stated that Resolution No. 182, authorizes the sale, issuance, and delivery of up to \$27 million in Hula Mae Multi-Family (HMMF) bonds for the Kaloko Heights Affordable Housing project (Project), subject to availability of the State's Bond Cap, and approvals by the Director of Budget and Finance, and the Governor.

The motion was carried unanimously.

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

There being no testimony provided by the public, Oi stated that the Halwa View II project has been combined into one project (Project), formerly known as Halwa View II and Halawa View III. The Project is a 302 family unit project in Aiea, Oahu, with one, two- and four-bedroom units serving those in the the 30% - 60% AMI range, targeting completion in 2025.

Due to budget increases since its approval in 2019, an increase of up to \$7,999,563 in both annual Federal and State LIHTC is being requested as well as a subordination of a \$12,300,000 RHRF loan during the interim construction period, due to the unique circumstances of the Project. The Project is still awaiting approval of a superstructure permit in order to close.

Mr. Joe Michael was introduced and made available for questions on behalf of the Project.

Vice Chair Mackler asked what for the status on the issuance of the superstructure permit. Michael stated that agency approval remains pending with zoning, which is anticipated to be received soon.

Chair Mende asked whether the Project's timeline remains on schedule. Michael responded in the affirmative.

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

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

There being no testimony provided by the public, Oi pointed out a correction to be made within the table on page 2 of the For Action, which should reflect the developer as Halawa View II, LP, with the contact being Mr. Joe Michael.

Revolving Fund
Letter of Intent for
the Kaloko Heights
Affordable Housing
Project Located in
Kailua-Kona,
Hawaii, TMK No.:
7-3-009: 032

III.E.
DISCUSSION
AND/OR
DECISION
MAKING
Approve Resolution
No. 182,
Authorizing the
Issuance of Hula
Mae Multi-Family
Tax-Exempt
Revenue Note for
the Kaloko Heights
Affordable Housing
Project Located in
Kailua-Kona,
Hawaii, TMK No.:
(3) 7-3-009: 032

III.F.
DISCUSSION
AND/OR
DECISION
MAKING
Approve: (1) a
Request from the
Developer to
Increase the Low-
Income Housing
Tax Credit
Reservation; and
(2) the
Subordination of
the Rental Housing
Revolving Fund
Loan to an
Additional Interim
Taxable Loan in the
Amount of
\$12,300,000 for the
Halawa View II
Project Located in
Aiea, Oahu, TMK
No.: (1) 9-9-003:
026 0002

III.G.
DISCUSSION
AND/OR
DECISION
MAKING
Approve Resolution
No. 183,
Authorizing the

Oi stated that Resolution No. 183, authorizes the sale, issuance, and delivery of up to \$80.2 million in HMMF bonds for the Halawa View II project (Project), subject to approval of the superstructure permit, availability of the State’s Bond Cap, and approvals by the Director of Budget and Finance, and the Governor.

There being no questions, the motion was carried unanimously.

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

There being no testimony provided by the public, Development Branch Chief Dean Minakami stated that this for action seeks the Board’s approval on an increase in the water usage rate for the villages of Kapolei non-potable water system and a water service agreement to be entered into with the current four customers (Kapolei Middle and High School, Kapolei Association, and a temporary contractor) of the system.

In an attempt to defraying annual operating and maintenance costs of approximately \$152,000, Minakami proposed that the water usage rate increase from \$2.00 per thousand gallons to \$3.10 per thousand gallons. Based on the proposed rate, revenue from water charges will be about \$155,000 annually. He further noted that the \$3.10 per thousand gallons is slightly higher than the Honolulu Board of Water Supply’s rate for non-potable water at \$2.90 per thousand gallons, which is anticipated to increase later this year. Current customers were notified of the proposed increased rates in December 2022, in which HHFDC did not receive any objections to date.

The motion was carried unanimously.

There being no testimony provided by the public, Housing Development Specialist Stan Fujimoto presented the For Information which discussed the major modifications approved by the City Council for the proposed Kuilei Place project (Project) consisting of a 1,005-unit affordable and market for-sale condominium project in Moiliili, Oahu.

Mr. Elton Won and Ms. Alana Kobayashi Pakkala were introduced and made available for questions on behalf of the Project.

Vice Chair Mackler asked if the 603 affordable units would remain marketed as affordable units indefinitely. Kobayashi Pakkala responded in the affirmative, stating that the affordable units will only be sold to qualifying households under the HHFDC affordable housing program and the target market will not change. She further stated that pre-sales would need to be reached for the for-sale product in order to obtain its construction financing, which is the reason for the early marketing.

Vice Chair Mackler inquired on the demand. Based on its affordable housing seminars held, Kobayashi Pakkala stated that over 3500 community members have expressed interest with public reception on the Project remaining positive.

Director Reimann inquired about qualifying prospects. Considering the interest received, Kobayashi Pakkala stated that they are optimistic about the outcome on April 16, 2023, when applications are due.

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

Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Halawa View II Project Located in Aiea, Oahu, TMK No.: (1) 9-9-003: 026 0002

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

Approve: (1) An Increase in the Water Usage Rate for the Villages of Kapolei Non-Potable Water System; and (2) A Water Service Agreement to be Entered Into with Non-Potable Water System Customers

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

Update on the Modifications Approved by Honolulu City Council to Exemptions From Statutes, Ordinances, and Rules Under Chapter 201H, Hawaii Revised Statutes, Previously Approved by the Hawaii Housing Finance and Development Corporation for the Kuilei Place Affordable and Market For-Sale Condominium Project Located in Honolulu, Oahu, TMK Nos.: (1) 2-7-002: 011, 015, and 031 through 049

Housing Planning Manager Dean Watase provided an overview of the HHFDC Affordable Housing Production Projection, Supply and Resource Challenges, and Strategies plan, which incorporates: (1) HHFDC’s 5-year housing production projection of new and rehabilitated units to be delivered to the market using HHFDC resources; (2) supply and resource challenges that HHFDC faces to increasing housing supply in Hawaii; (3) strategies HHFDC can use to help maintain and increase the production of affordable housing; and (4) performance metrics that can be used to measure HHFDC’s progress in achieving its goals.

Chair Mende noted Directors Salaveria (10:02 a.m.) and Medeiros (10:04 a.m.) were in attendance.

Executive Director Iseri-Matsubara commended Dean Watase and Chief Planner Chris Woodard for their work on this plan. She also stated that the updated Housing Study is anticipated around year end.

Woodard stated that the Housing Study is being contracted with SMS and thanked Dean Minakami and David Oi for also contributing greatly to the HHFDC plan presented.

Vice Chair Mackler thanked all of the staff for doing a good work in putting this plan together, which he found to be helpful in crystalizing what HHFDC’s focus is and needs going forward. The Board concurred.

Chair Mende called for a recess at 10:09 a.m., reconvening the meeting at 10:19 a.m.

There being no testimony provided by public, Woodard requested that the board entertain a motion to go into executive session 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.

Director Reimann moved, seconded by Director Sasaki seconded, to go into executive session at 10:25 a.m.

The motion was carried unanimously.

Chair Mende reconvened in regular session at 11:56 a.m.

(Director Luis Salaveria was excused in executive session at 11:55 a.m.)

Chair Mende announced that the three executive session meeting minutes of January 12, 2023 were approved in executive session.

Woodard provided a brief overview of where HHFDC is with the lease renegotiations, concluding with 22 lessees, 10 of which agreed to HHFDC’s initial lease rent offer, 2 negotiating off the initial offer to a mutual agreement, and 12 fully documented.

In separate meetings, staff met with the proprietor of the Waiahole Poi Factory, Mahiai O Waiahole (10 agricultural lessees), and representatives of WWCA.

While an agreement was reached with the Mahiai O Waiahole at approximately 3.0 times rent increase with monthly farming activity summaries for lease compliance monitoring required, discussions with the WWCA acknowledged that various lessees, both agricultural and residential, would not be able to pay HHFDC’s initial 6.6 times rent offered, of which a subsidy program is to be explored.

**III.J.
DISCUSSION
AND/OR
DECISION
MAKING**
Discussion on the
Hawaii Housing
Finance and
Development
Corporation
Affordable Housing
Production
Projection, Supply
and Resource
Challenges, and
Strategies

RECESS
10:09 a.m.
RECONVENED
10:19 a.m.

**III.K.
DISCUSSION
AND/OR
DECISION
MAKING**
Discussion and
Possible Action on:
(1) the Status of
Lease Rent
Renegotiations; (2)
Delegated Authority
to Renegotiate Lease
Rents; and (3)
Possible Disposition
Scenarios for the
Waiahole Valley
Agricultural Park
and Residential Lots
Subdivision Located
at Waiahole,
Koolaupoko, Oahu,
TMK Nos.: (1) 4-8
(various) in
Furtherance of the
State’s Public
Purpose to Preserve
the Rural,
Agricultural
Character of the
Valley

Under Paragraph 23 within the Lease, titled “Extension of Time,” Woodard stated that HHFDC is allowed to unilaterally extend certain dates in the leases, which includes the April 1, 2023 (residential leases) and May 1, 2023 (agricultural leases) trigger dates for arbitration and mediation, respectively. He further stated that HHFDC finds this Extension of Time prudent in continuing its renegotiation process with the aforementioned matters, granting a 3-month extension to continue work within the community to avoid arbitrations.

In collaboration with the community, Woodard further stated that alternative structures of ownership and management of Waiahole Valley will continue to be explored.

If approved, a public document stating staff’s recommendation and discussion noted today will be made public and posted on the HHFDC website.

Chair Mende opened the floor for public testimony.

On behalf of his brothers and farm members of Waiahole Valley, Mr. John Reppun thanked HHFDC for considering Mahiai O Waiahole’s agreement, which he felt kept true to achieving food security and farming longevity for small rural families. He further stated that he looked forward to continuing on strategic efforts in the management mechanism of Waiahole Valley, suggesting that collaboration be extended out to the Agribusiness Development Corporation, Department of Education, and Department of Hawaiian Home Lands in finding the best solution for the future of the Valley.

Waiahole Resident/Farmer Kaanapu Jacobsen thanked Woodard and Property Management Specialist Lee Miller for coming out to the Valley to see what lessees face every day.

(There were technical difficulties with Zoom and the discussion was not heard by all attending remotely.)

President of WWCA Lucy Salas testified in opposition of the 6.6 times rents which were felt to be unreasonable and unattainable for residential lessees, suggesting that HHFDC’s annual operating costs for Waiahole from 2019 to current be audited for the benefit of the Waiahole tenants as well as the State of Hawaii taxpayers.

Chair Mende encouraged those who were not able to hear staff’s presentation due to technical issues, to contact Woodard after the meeting.

Woodard stated staff’s recommendation which was moved by Vice Chair Mackler and seconded by Director Bradshaw.

The motion was carried unanimously.

Executive Director Iseri-Matsubara stated that questions on the Novogradac Private Activity Bonds and LIHTC Training should be directed to the Secretary to the Board Esa Pablo or Finance Branch Secretary Chelsea Newcom.

Executive Director Iseri-Matsubara reported that the demand for HHFDC resources have not ceased, receiving a record number of 31 Consolidated Applications. Requests totaled an aggregate amount of \$870 million in HMMF Bonds and \$453 million in RHRF.

The following House and Senate Legislative Bills relating to housing were discussed:

- HB465 attempted to offer 5-year extensions to Waiahole Valley lessees.

**IV.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

- HB675 requires HHFDC to hold two financing rounds.
- HB677 is a Dwelling Unit Revolving Fund equity bill targeting homeowners, reducing the cost to develop for-sale units.
- HB679 changes the lapse date to protect the \$200 million in American Rescue Plan Act that was awarded last session.
- HB676 gives the counties flexibility to do district boundary amendments for greater than 50 acres on lands that the county owns.
- HB678 relates to the County Housing Credits. Requires and appropriates moneys for the HHFDC to conduct a study assessing the efficacy of housing credit programs.
- HB923 relates to private activity bonds. Requires the counties with private activity bond issuance programs to exhaust their allotment before applying to the State/HHFDC
- SB858 and SB859 attempts to prioritize tax credits and RHRF for public housing projects, which may not promote the highest and best use of these limited resources.
- SB763 temporarily exempts affordable housing projects from specific city fees and exemptions related to discretionary approval or mistrial permitting, provided that the units are exclusively made available to certain qualified residents who are owners- or renter occupants and own no other real property, helping to reduce the cost of development to developers and encourage more affordable housing.
- SB1139 and SB1145 requires housing projects be maintained in perpetuity for certain low-income tenants.
- SB871 originally attempted to repeal the board and change the executive director position to senate confirmation instead of being hired by the board. It was amended to simply change the board's powers to advisory.

Executive Director Iseri-Matsubara thanked Chair Mende and Vice Chair Mackler for their testimony in opposition to this bill, which was not heard.

There being no further business on the agenda, Director Reimann moved, seconded by Director Bradshaw, to adjourn the meeting at 12:38 p.m.

Sean Sasaki
 SEAN SASAKI
 Secretary

**V.
 ADJOURNMENT**
 12:38 p.m.