



HAWAI'I HOUSING FINANCE AND DEVELOPMENT CORPORATION

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TRANSACTION KEEPS 72-UNIT WAI'ANAE HOUSING COMPLEX AFFORDABLE FOR 75 MORE YEARS

HONOLULU, HI -- The Hawai'i Housing Finance and Development Corporation (HHFDC) announced today that rental units at the Kūlia I Ka Nu'u housing complex in Wai'anae will remain affordable through 2098 under an agreement reached with a private management company.

The agreement, which began on June 30, calls for Solar Farm View Estates LLC (SFVE) to undertake substantial repairs to the complex and operate it for the next 75 years. The Board of Directors of HHFDC, which retains the property's fee-simple interest, approved a \$4.95 million, low-interest, 10-year loan that allows SFVE to facilitate the repairs.

The Kūlia property consists of 72 studio and two-bedroom rental housing units spread across six residential structures on a 3.74-acre campus located in Wai'anae's Uluwehi subdivision. The complex also includes a laundry/maintenance building, a building that at one time provided shelter housing, a two-story resource center with approximately 12,000 square feet of floor space, and a vacant and developable 1.27-acre parcel.

Under the terms of the leasehold sale, 71 of the 72 units will be available to households earning up to 60% of the area median income, which is how HHFDC has been operating the property since it took possession in 2013.

In addition to keeping rents affordable for 75 years, SFVE agreed to undertake a substantial repair program that includes the installation of a photovoltaic energy system; the replacement of all exterior stairwells; and repairs to the roof, electrical, and water heating systems. SFVE will also convert eight studio and two-bedroom units into three-bedroom units in order to better meet demand from Leeward Coast families.

SFVE is a private affordable housing owner-operator formed by local firms Mark Development Inc. and Skyler Pacific LLC, and California-based Pacific Development Group Inc.

“We are pleased that we are able to keep the units at Kūlia I Ka Nu‘u affordable as a result of this lease agreement,” said Dean Minakami, HHFDC interim executive director. “The team that we are partnering with on this property is led by veteran companies and individuals with proven track records as housing developers and property managers in the Hawai‘i market.”

“Mark Development and our investment partners are grateful to Governor Green and HHFDC for this opportunity to own, rehabilitate and manage this important, westside affordable housing inventory,” said Craig Watase, Mark Development Inc. president.

The SFVE loan is being provided through the Dwelling Unit Revolving Fund, which was established by the Hawai‘i State Legislature to fund housing development programs and regional state infrastructure programs. Among these programs is a permanent loan program for housing projects.

The sale of Kūlia is part of a program initiated by HHFDC in 2013 to dispose of its owned-and-operated affordable rental housing portfolio, in part, to free up existing personnel and financial resources in order to focus on its core business of financing and providing development assistance to new affordable housing projects.

Approximately 1,400 units in eight projects across the state have been sold in leasehold to private interests as part of the program, with conditions to renovate the properties and keep them affordable for the long term. The Kūlia sale leaves one project remaining in the portfolio -- the 32-unit Nani ‘O Puna project in Pāhoa, Hawai‘i which is under agreement to be sold later this year.

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