

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

March 14, 2024

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) held its regular meeting on Thursday, March 14, 2024, 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 (<https://www.youtube.com/channel/UCJP6i8hhsS9EK769RJJfT5w>).

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

The meeting was called to order by Chair Mackler and on roll call, those present and excused were as follows:

Present: Director Gary Mackler, Chair
Director Carol Reimann, Vice Chair (remote)
Director Sean Sasaki, Secretary
Director Donn Mende
Director Jay Kimura (remote)
Designee Mary Alice Evans for Director James Tokioka
Director Scott Glenn

Executive Director Dean Minakami

Excused: Director Luis Salaveria
Director Jason Bradshaw

Staff: Craig Hirai, Executive Assistant
Sandra Ching, Deputy Attorney General
Chris Woodard, Chief Planner
David Oi, Housing Finance Manager
Holly Osumi, Chief Financial Officer
Randy Chu, Development Branch Chief
Albert Palmer, Housing Development Specialist
Jimmy Nguyen, Housing Finance Specialist
Cynthia Nyross, Planner
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Analyst
Helmer Betiong, Information Technology Specialist
Esa Pablo, Secretary to the Board

Guests: Chico Figueiredo, Office of the Governor
Lindsay Apperson, Office of the Governor
Tami Whitney, Office of the Governor
Audrey Awaya, Pacific Housing Assistance Corporation
Karen Arakawa, Pacific Housing Assistance Corporation
Lacey Shimabukuro, Pacific Housing Assistance Corporation
Dean Sakata, Mark Development, Inc.
Chris Flaherty, Ikenakea Development LLC
Patti Barbee, Ikenakea Development LLC
Daniel Simonich, The Michaels Organization
Tai Pā, The Michaels Organization
Chris Deucher, Form Partners
Grant Chang, Lowney Architecture
Moises Lio Can, Lowney Architecture
Crystal Schip, Settle Meyer Law
Connie Yu-Pampalone, Catholic Charities Hawaii

Harrison Herzberg, Highridge Costa

Chair Mackler confirmed that there was no one present at the remote locations of Vice Chair Carol Reimann and Director Jay Kimura.

Housing Information Officer Gordon Pang announced HHFDC's protocol for providing testimony. He stated that a testifier will be limited to three minutes, at the discretion of the presiding officer, to address matters directly related to the agenda. Instructions on how to submit written testimony were noted to be on the first page of the meeting agenda.

Director Mende moved, seconded by Director Sasaki, to approve the regular meeting minutes of January 11, 2024, as circulated.

The motion was carried unanimously.

Director Mende moved, seconded by Director Glenn, to approve the regular meeting minutes of February 8, 2024, as circulated.

The motion was carried unanimously.

The agenda was taken out of order, with the approval of agenda items II.C., II.D, and II.E. deferred to take place after the Report by the Executive Director.

Designee Evans moved, seconded by Director Glenn, to approve staff's recommendation as summarized below.

That the HHFDC Board of Directors approve the following:

- A. Grant the Executive Director administrative authority to act upon requests for extension to the Rental Housing Revolving Fund (RHRF) Award Letters of Intent (LOI) as outlined in Section III.D. (within the For Action).
- B. Grant the Executive Director authority to act upon requests for extension to the Hula Mae Multi-Family (HMMF) Bonds deadline to issue HMMF bonds as outlined in Section III.D. (within the For Action).
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Finance Manager David Oi stated that to better expedite and streamline the ongoing need for project extensions on a case-by-case basis, staff is seeking authorization for the Executive Director to administratively act upon extension requests for both the RHRF loan closings and HMMF bond issuances for an initial nine-month period, with a second extension of no more than six months. Thereafter, any further extensions shall be determined by the Board. All outstanding resolutions of projects or projects that will be awarded shall be amended to include language granting the Executive Director this authority, as necessary.

Oi further stated that HHFDC's bond counsel has confirmed that there is no federal law or regulation that prevents the Board from granting authority for the Executive Director to extend HMMF deadlines.

**II.A
APPROVAL
OF
MINUTES**
Regular
Meeting
1/11/24

**II.B.
APPROVAL
OF
MINUTES**
Regular
Meeting
2/8/24

**II.C., D., & E.
APPROVAL
OF
MINUTES**
Executive
Sessions

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**
Authorize the
Executive Director
of the Hawaii
Housing Finance
and Development
Corporation to
Administratively
Act Upon Requests
for Extension to
Rental Housing
Revolving Fund
Project Award
Letters of Intent
and Hula Mae
Multi-Family Bond
Resolutions

There being no testimony provided by the public, Chair Mackler asked whether there were guidelines for the ED to utilized when determining an extension request. Oi stated that while there is no specific procedure guide for extensions, a project is required to show progress made in the three basic milestones of site control, entitlements and permits, and financing commitments.

Chair Mackler asked how this would generate efficiency for staff in having this additional discretion. Oi stated that having such requests approved/disapproved by the executive director would cut out the extensive process of writing up board reports and waiting for board approval on the second Thursday of each month, allowing staff to gain efficiencies in their work time and for developers to move forward accordingly.

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

Director Mende moved, seconded by Director Sasaki, to approve staff's recommendation as summarized below.

That the HHFDC Board of Directors approve the following:

- A. Resolution No. 196, attached as Exhibit E (within the For Action), which amends Resolution No. 187, by increasing the intended tax-exempt issuance of HMMF bonds for the Na Hale Makoa Project up to \$42,165,000 from \$40,200,000. Subject to the provisions and conditions attached as Exhibits F and H (within the For Action).
- B. Increase the award of annual Federal LIHTC over a 10-year period to \$3,135,666 from \$2,993,321 and the award of annual State LIHTC over a 5-year period to \$3,135,666 from \$2,993,321 from the non-volume pool (4% LIHTC). Subject to the LIHTC provisions and conditions in Exhibits G, H, and I (within the For Action).
- C. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of the For Action.

There being no testimony provided by the public, Housing Finance Specialist Jimmy Nguyen presented the For Action, stating that the Kamakoa Nui Limited Partnership (Developer) requested additional LIHTC and HMMF funding mainly attributed to changes within the LIHTC investor pricing, increased construction costs, and other financial costs. Nguyen noted that \$2 million in Affordable Housing Production Fund from the County of Hawaii was also received and emphasized the project's range of covered AMI populations from 30%-140% AMI.

Chair Mackler asked how the 80% -140% AMI units are being financed. Ms. Audrey Awaya, representing the Developer, stated that those units are being financed with RHRF funds. She added that due to the scoring, the project was unable to include more units at that gap group.

Chair Mackler commented that he likes the project's site plan with the living areas and buildings set on the inside from the perimeters.

Director Mende also commented on the need for workforce housing.

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

Director Mende moved, seconded by Director Mende, to approve staff's recommendation as summarized below.

That the HHFDC Board of Directors approve the following:

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

Approve: (1) resolution No. 196, Which Amends Resolution No. 187 by Increasing the Intended Issuance Amount of the Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (2) Request from the Awardee to Increase the Reservation of Low-Income Housing Tax Credits Reservation for the Na Hale Makoa Project Located in Waikoloa, Hawaii, TMK No.: (3) 6-8-042: 022

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

Approve: (1) Proposal and

- A. The Proposal and Master Plan, subdivision or creation of condominium spatial units, the leasehold development, ownership and operation of the rental units and the fee simple acquisition of the land, and sale of the for-sale units submitted by 'Ikenakea Development LLC/The Michaels Organization (Developer) in response to HHFDC's RFP No. DEV-RFP-23-002;
- B. Approval of all management actions necessary for the planning, development, construction, sales of for-sale units, and operation of the Project, as approved by the Executive Director, including but not limited to other factors as stated within the For Action write up.

There being no testimony provided by the public, Housing Development Specialist Stan Fujimoto presented the For Action, seeking approval of the proposal submitted by Ikenakea Development LLC and The Michaels Organization (Developer), and all management actions necessary for the master plan, subdivision or creation of condominium spatial units, the leasehold development, ownership and operation of the rental units, and the fee simple acquisition of the land, and sale of the for-sale units for the proposed "Haku Kapolei" project.

Designee Evans asked for clarification on the number of phases within the project's proposed master plan. Fujimoto stated that the master plan includes a total of 3 phases.

A PowerPoint presentation, summarizing the project's highlights; project site; phasing and site plans; and proposed design, was delivered by Ikenakea Development LLC's Chris Flaherty and Pattie Barbee, along with Dan Simonich and Tai Pa, with The Michaels Organization.

Director Glenn asked whether the proposed design shown within the presentation showcased the increased density. Simonich clarified that the proposed design shown is within the existing height limits.

Designee Evans asked whether Phase 3 would be subject to HHFDC's Shared Appreciation Equity (SAE) and Buyback restrictions, and if so, would it be waived should the absorption rate be slower than anticipated. Flaherty responded in the affirmative in terms of the SAE and Buyback restrictions. He stated that while absorption standards have not been contemplated, they plan to be cautious in their approach for the for-sale pricing.

Director Glenn stated that he liked the idea of how they are structuring their parking and encouraged that the higher density option be pursued, provided that additional financing can be obtained.

Flaherty concurred, should the higher density be something supported by the community.

Chair Mackler inquired about options to accelerate development of the phases concurrently with Phase 3. Flaherty stated that plans to parallel tracks with Phases 1, 2, and 3 are being considered.

Chair Mackler asked about the proximity to the nearest rail station. Simonich stated that the site is about 1.5 miles to the Ho`opili rail station.

Chair Mackler inquired about transportation options for residents. Simonich stated that in response to the requirements within the request for proposals, the plan is to create an urbanized development, providing opportunities for people to live and work nearby.

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

Master Plan Submitted by 'Ikenakea Development LLC/The Michaels Organization in Response to the Request For Proposals DEV-RFP-23-002; (2) 'Ikenakea Development LLC/The Michaels Organization or Other Successor Entities Approved by the Executive Director as Eligible Developers Pursuant to Section 15-307-24, Hawaii Administrative Rules; (3) Negotiation and Execution of a Development Agreement; (4) Conveyance of the Property and Development of the Project in Accordance with the Development Agreement; and (5) All Management Actions Necessary for Development and Operation of the Villages of Kapolei Northwest Corner Located at the Southeastern Corner of the Intersection of Fort Barrette Road and Farrington Highway, Kapolei, Oahu, TMK No.: (1) 9-1-016: 230

Chair Mackler expressed gratitude to Fujimoto and his team for their great work to push out the project.

There being no testimony provided by the public, Executive Director Dean Minakami announced that Housing Development Specialist Albert Palmer was recently promoted to Development Section Chief, effective next week (March 19, 2024).

The Board congratulated Palmer.

Palmer presented the For Information, summarizing the modified exemptions between the December 14, 2023 For Action approved by the HHFDC Board of Directors and the approved City and County of Honolulu's City Council Resolution 24-9, CD1, modifying the project, including but not limited to, reduction in the project's height, unit mix, and the number of parking stalls, fee exemptions, prioritizing scenario 1, deleting scenario 3, and adding requirements from various State and Federal entities. Updated sources and uses of funds are expected to be incorporated into Highridge Costa Development Company, LLC's consolidated application(s), reflecting the changes to the project's modified size.

Designee Evans commented on the community's opposition to the height of the project being heard and acted upon by the City Council.

With the City Council's modifications, Designee Evans asked whether the project remains viable in terms of the development. Plamer responded in the affirmative. In terms of seeking LIHTC financing, he further stated that the lower unit count is not an issue in that regard.

There being no further discussion, Chair Mackler proceeded to agenda item III.E.

Palmer presented the For Information, discussing the differences between the January 11, 2024 For Action approved by the HHFDC Board of Directors and the approved the City and County of Honolulu's Department of Planning and Permitting (DPP) Memo dated February 8, 2024, modifying exemptions regarding, among others, minimum bicycle parking requirements, building height setbacks, joint development permit process, payment of conditional use permit fees, and unit type mix due to the refinement of the Project's design.

Chair Mackler commented on the 50% of the project's total units serving the gap group, which he welcomed.

There being no questions, Chair Mackler proceeded to the Report by the Executive Director.

Executive Director Minakami updated the Board on the following:

- Closing on the acquisition of the Haggai Institute property is anticipated on March 28, 2024, being a joint venture with the County of Maui. The County Council approved the first reading, with the second reading scheduled for next week.
- HHFDC continues to work with the State's Department of Human Services and FEMA on two projects within the Villages of Leialii which are anticipated to provide 450 temporary housing units by September 2024 and 70 affordable housing unit in July 2025, respectively.

**III.D.
DISCUSSION
AND/OR
DECISION
MAKING**
Update on
Modifications
Approved by the
Honolulu City
Council to the
Previously
Approved Pahoia
Ridge Rental or
For-Sale Project
Located in
Honolulu, Oahu,
TMK No.: (1) 2-7-
028: 055

**III.E.
DISCUSSION
AND/OR
DECISION
MAKING**
Update on
Modifications
Approved by the
Honolulu
Department of
Planning and
Permitting to the
Previously
Approved Mayor
Wright Homes
Redevelopment
Project Located in
Honolulu, Oahu,
TMK No.: (1) 1-7-
029: 003

**IV.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

- HHFDC is working to rebuild the Front Street Apartments and abutting properties, possibly being the first multi-family units available in Lahaina, Maui.
- Information on the resurrection of HHFDC's Hula Mae Single Family and Down Payment Programs are anticipated to be presented next month for the Board's consideration as well as approval for the reissuance of HHFDC's and Nani O Puna's Audited Financial Statements due to a licensing issue with the auditing firm.

There being no questions, Chair Mackler reverted to agenda items under II. Approval of the Minutes.

Director Mende moved, seconded by Director Sasaki, to approve the executive session meeting minutes of December 14, 2023, as circulated.

The motion was carried unanimously.

Director Mende moved, seconded by Director Sasaki, to approve the executive session meeting minutes of January 11, 2024, as circulated.

The motion was carried unanimously.

Director Mende moved, seconded by Director Sasaki, to approve the executive session meeting minutes of February 8, 2024, as circulated.

The motion was carried unanimously.

There being no further business on the agenda, Director Mende moved, seconded by Director Glenn to adjourn the meeting at 10:13 a.m.

The motion was carried unanimously.



SEAN SASAKI
Secretary

**II.C.
APPROVAL
OF
MINUTES**
Executive
Session
12/14/23

**II.D.
APPROVAL
OF
MINUTES**
Executive
Session
1/11/24

**II.E.
APPROVAL
OF
MINUTES**
Executive
Session
2/8/24

**V.
ADJOURNMENT**
10:13 a.m.