

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

May 9, 2024

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) held its regular meeting on Thursday, May 9, 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
Director Sean Sasaki, Secretary
Director Donn Mende
Director Jason Bradshaw
Director Jay Kimura
Director Luis Salaveria
Designee Mary Alice Evans for Director James Tokioka
Director Scott Glenn

Executive Director Dean Minakami

Staff: Craig Hirai, Executive Assistant
Sandra Ching, Deputy Attorney General
Ariel McKenzie, Deputy Attorney General
Chris Woodard, Chief Planner
David Oi, Housing Finance Manager
Holly Osumi, Chief Financial Officer
Randy Chu, Development Branch Chief
Albert Palmer, Development Section Chief
Lorna Kometani, Sales and Counseling Section Chief
Stan Fujimoto, Housing Development Specialist
Jay Nakamura, Housing Finance Specialist
Danielle Guthrie, Housing Finance Specialist
Tina Morita, Housing Finance Specialist
Lee Miller, Property Management Specialist
Hunter Miller, Real Estate and Planning Analyst
Cynthia Nyross, Planner
Keri Higa, Planner
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Analyst
Helmer Betiong, Information Technology Specialist
Zachary Kiyonaga, Information Technology Support
Esa Pablo, Secretary to the Board

Guests: Chico Figueiredo, Office of the Governor
Tammy Whitney, Office of the Governor
Linsay Apperson, Office of the Governor
Thomas Cantwell, Jr., Cloudbreak Hawaii, LLC
Michael Lesnever, Cloudbreak Hawaii, LLC
Richelle Taylor, Cloudbreak Hawaii, LLC
Ben Dookchitra, Avalon Development
Dayna Yogi, Avalon Development

Westley Starnes, Avalon Development
Robert Amberg, Retirement Housing Foundation
Kelly Hadeen, Retirement Housing Foundation
~~Robert Amberg, Retirement Housing Foundation~~
~~Kelly Hadeen, Retirement Housing Foundation~~
Ryan Wilson, Cades Schutte
Blossom Feiteira, Kū Pono Ka Leo O Ka 'Āina
Kenna StormoGipson, Kū Pono Ka Leo O Ka 'Āina
Summer Yadao, Kū Pono Ka Leo O Ka 'Āina
Linda, Courtyards at Waipouli resident
Sam Wampler, Courtyards at Waipouli resident
Chasetyn Hasegawa, Courtyards at Waipouli resident
Bryan Mick, Disability and Communication Access Board
Lauren Dookchitra

Chair Mackler stated that testimony will be taken at each agenda item from those in person and online.

Housing Information Officer Gordon Pang stated HHFDC's Instructions for providing testimony in which 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.

Chair Mackler acknowledged and congratulated Vice Chair Carol Reimann and Director Sean Sasaki, who were confirmed for another term by the Senate, effective July 1, 2024.

Director Salaveria moved, seconded by Vice Chair Reimann, to approve the regular meeting minutes of April 11, 2024, as circulated.

The motion was carried unanimously.

Finance Manager David Oi stated that no action will be sought by the Board today, as the Hale Moiliili Project (Project) continues to work through its pending threshold items.

Chair Mackler asked whether this item would be deferred to the next meeting or until the pending items are received. Oi stated that the decision is at the discretion of the Board. He further stated that the developer has not provided a timeline as to when the pending items are anticipated to be received.

Director Salaveria recommended that this item be deferred.

Director Glenn noted that the Project and multiple levels of government are making continuous efforts to resolve the issue and push the project forward.

Depending on the status of the Project, Chair Mackler recommended that staff decide a week or so before the next board meeting whether this item should be placed on the agenda.

Director Mende inquired about the Project's deadline schedule. Oi stated that the Project is still within the administrative deadlines for the bond issuance and Rental Housing Revolving Fund (RHRF).

This item was taken off the agenda and deferred to a future date.

**II.A
APPROVAL
OF
MINUTES**
Regular
Meeting
4/11/24

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve
Resolution No.
200, Authorizing
the Issuance of
Hula Mae Multi-
Family Tax-
Exempt Revenue
Bonds for the Hale
Moiliili Project
Located in
Honolulu, Oahu,
TMK Nos.: (1) 2-
7-008: 018 and 020

Oi stated that the HPHA School Street Redevelopment Phase 1A (Project) was unable to meet the timeline required for this item to be brought before the Board today.

Chair Mackler stated that Secretary to the Board Esa Pablo is polling the members of the Board for a special meeting next week Wednesday, May 15, 2024, and asked whether the date was found to be acceptable by staff. Oi stated that staff anticipates the final item pending to be resolved today and expressed appreciation for the board's consideration to accommodate for a special meeting.

This item was taken off the agenda and deferred to a future date.

Housing Specialist Tina Morita introduced representatives Ms. Richelle Taylor (in person) and Mr. Thomas Cantwell, Jr. (remotely) on behalf of the Hale Uhiwai Nalu Addition Project (Project).

Director Mende moved, seconded by Vice Chair Reimann, that the Board approve staff's recommendation.

Morita presented the For Action, stating that approval by the Board would allow staff to draft and execute the necessary documents to effectuate the amended terms of deferring the RHRF loan repayment start date to May 31, 2028 to prevent an overlap of repayment terms for the senior debt and RHRF debt, and an increased annual debt service payment amount of \$350,000, resulting in minimal impact to the Project and its operations.

Designee Evans inquired about the Target Population being for family and the various proposed monthly rent amounts, given that the unit type consists of only studios. Taylor stated that Cloudbreak communities are prioritized for veterans and condos are set up for single occupancy, with multi-unit projects typically categorized under "family." She further explained that the various rent amounts are due to the range of Area Median Income (AMI) percentages the project provides, targeting those with incomes in the 30%, 50%, 60%, and 80% of the AMI.

With the proposed changes to the terms, Director Mende asked whether the interest calculations would remain the same. Morita stated that the interest calculations will begin as originally designed in year 9 and will continue to accrue through full repayment, resulting in the increased \$350,000 amount in annual debt service payment.

Director Mende asked whether the Project would be able to handle the increased debt service payments. Morita responded in the affirmative, stating that by the time of the first payment is due, in May 2028, the senior debt should be paid off to the senior lender.

With the 4-year deferral of payment, Director Salaveria asked whether an analysis was done on the proposed changes in the present value of income stream going forward. Morita stated that she will get back to the Board on whether a financial analysis was done based on the deferred start date.

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

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

Approve
Resolution No.
201, Authorizing
the Issuance of
Hula Mae Multi-
Family Tax-
Exempt Revenue
Bonds for the
HPHA School
Street
Redevelopment
Phase 1A in
Honolulu, Oahu,
TMK No.: (1) 1-6-
009: 003 (por.)

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

Approve a
Deferred Start Date
and Amend the
Annual Debt
Service Payment
Amount for a
Rental Housing
Revolving Fund
Loan for the Hale
Uhiwai Nalu
Addition Project
Located in
Kapolei, Oahu,
TMK No.: (1) 9-1-
013: 054

Designee Evans moved, seconded by Vice Chair Reimann, to approve staff's recommendation.

Ms. Blossom Feiteria, with Kū Pono Ka Leo O Ka 'Āina (KPKOA), provided testimony on the terms of the lease, asking that the Board to consider a longer lease term of at least 5-years as discussed by the Lahaina community, as opposed to the proposed "2-year period with a 1-year extension," to ensure those impacted by the Maui wildfires and the Lahaina community has sufficient time to recover and rebuild.

There being no additional testimony, Housing Development Specialist Stan Fujimoto presented the For Action, stating that HHFDC is seeking Board approval of an after-the-fact ratification of an executed 2-year, with a 1-year extension option ground lease term to the Federal Emergency Management Agency (FEMA) for 169 temporary housing units on approximately 40 acres of undeveloped lands at the Villages of Leialii for displacees impacted by the Maui wildfires.

Vice Chair Reimann asked whether there was water in the area to service the proposed Kilohana project (Project). Fujimoto stated that while he presumes so, the water infrastructure would need to be worked out between FEMA, County of Maui, and the Board of Water Supply.

In reference to Ms. Feiteria's testimony, Vice Chair Reimann asked whether a longer lease term would be possible. Fujimoto stated that HHFDC would be amendable to extending FEMA's proposed ground lease term. Executive Director Minakami clarified that FEMA's program authorizes a 2-year term and anything beyond that would require special approval. If special approval is obtained, HHFDC could make a recommendation to extend the ground lease term for the Board's consideration.

Should FEMA decline a request for a ground lease extension, Designee Evans asked whether it would be possible for HHFDC to accept the Project to allow residents to stay for a longer period. Executive Minakami concurred on the possibility, reiterating the need for further consultation with FEMA.

Discussion ensued on the Board's desire for a longer ground lease term for the Project, whether obtained through FEMA's special approval or by HHFDC assuming the Project.

Director Salaveria suggested that 2 additional 1-year extensions be added to the recommendation, subject to FEMA's special approval, for a total of up to 5 years.

Executive Director Minakami noted that there is no charge to FEMA for the ground lease, and therefore, FEMA could terminate early for any reason.

Director Glenn concurred with Director Salaveria's suggestion for the additional extensions, and asked whether the motion would need to be amended. Deputy Attorney General Sandra Ching clarified that the motion is to ratify what has already been entered into.

The Board requested that staff have further discussions with FEMA on whether they would be amendable to 2 additional 1-year extensions (for a total of 5 years) to the ground lease term or turn over the Project to HHFDC by amending the existing project use.

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

Director Sasaki moved, seconded by Director Mende, that the Board approve staff's recommendation.

There being no testimony provided by the public, Sales & Counseling Section Chief

**III.D.
DISCUSSION
AND/OR
DECISION
MAKING**
Approve
Ratification of the
Short-Term
Ground Lease to
the Federal
Emergency
Management
Agency for
Temporary
Housing at the
Villages of Leiali'i
in Lahaina, Maui,
TMK No.: (2) 4-5-
021: 021 (por.)

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

Lorna Kometani presented the For Action, stating that the Avalon Group is proposing to offer 25 units at 140% AMI and below to be designated under HHFDC's Dwelling Unit Revolving Fund Equity Pilot (DEP) Program. Based on the availability of DEP funds and unit type, a counter proposal to reduce HHFDC's equity to 15% of the original sales price for the studio units and 10% for the 1-bedroom units were offered to the developer, resulting in a \$1,708,015 total equity amount.

Mr. Ben Dookchitra sent Ms. Christine Camp's regards to the Board, who was unable to attend due to being a featured speaker at a national women's conference and provided a two-part presentation on the development of Downtown Honolulu and the Modea project.

Chair Mackler asked for the square footage of the studios and 1-bedroom units. Dookchitra stated that the average square footage is about 500 square feet for the one-bedrooms and around 400 square feet for the studios.

In reference to the 25 designated units, Designee Evans asked whether HHFDC's equity amount would be activated upon purchase. Dookchitra responded in the affirmative.

Designee Evans inquired about the monthly maintenance fee for the Association of Apartment Owners. Dookchitra stated that the maintenance fee amount is in progress. However, an average unit is estimated at \$600.

Based on the estimated maintenance fee amount, Designee Evans questioned the increase to the buyer in monthly payments being above the Board's preferences. Dookchitra stated that it is his understanding that the monthly payments would still be kept within the 140% AMI and below scale.

Director Salaveria asked what the household income amount at 140% AMI is. Dookchitra stated that a 140% AMI income amount for a 2-person household is approximately \$100,000.

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

Designee Evans moved, seconded by Director Mende to approve staff's recommendation.

There being no testimony provided by the public, Planner Keri Higa presented the For Action, providing an overview of the estimated allocation amounts and activities planned under the 2024 Annual Action Plan (AAP) covering the period from July 1, 2024 to June 30, 2024. For Program Year 2024 (PY2024), the County of Hawaii will receive the annual rotation of HOME Investment Partnerships Program, Housing Opportunities for Persons with AIDS (HOPWA) Program, and Housing Trust Fund (HTF) Program allocations.

Since the submittal of staff's write up, Higa noted the following updated allocated amounts from the U.S. Department of Housing and Urban Development (HUD) for the HTF Program of approximately \$3,144,833 (on pages 2, 3, and 4 within the For Action); approximately \$307,914 in HOPWA funds (page 3 within the For Action); and within the table on page 4, as follows:

HTF Activity	Location/ County	HTF Funds	Est. Total Units	Est. HTF Units
Production / Preservation of Rental Units Affordable to Households with Incomes at or below 30%	Hawaii County	\$2,700,000 \$2,830,349.70	90	9

MAKING
 Approve: (1)
 Approve the Hawaii Housing Finance and Development Corporation's Purchase of Equity in Designated Units in the Modea, an Adaptive Reuse Condominium Project in Downtown Honolulu (the Project) Located at 168 Queen Street, Honolulu, Hawaii, TMK No.: (1) 2-1-014: 001 in Accordance with Chapter 15-309, Hawaii Administrative Rules; and (2) a Set Aside of Dwelling Unit Revolving Fund Equity Pilot Program Funds for the Project

III.F. DISCUSSION AND/OR DECISION MAKING

Approve the State of Hawaii Program Year 2024 (July 1, 2024 through June 30, 2025) Annual Action Plan for the U.S. Department of Housing and Urban Development Office of Community Planning and Development's HOME Investment Partnerships, Housing Trust Fund, and Housing Opportunities for Persons With AIDS Program

of the AMI.				
Admin. - Hawaii County	Hawaii County	\$150,000 \$157,241.65	n/a	n/a
Administration – HHFDC	Statewide	\$150,000 \$157,241.65	n/a	n/a
TOTAL PY2024 HTF:		\$3,000,000 \$3,144,833	90	9

Higa stated that the PY2024 draft AAP was subject to a 30-day public comment period, in which no comments were received. If approved, the draft PY2024 AAP will be submitted to HUD well before the deadline of July 1, 2024.

Chair Mackler clarified that the County of Hawaii will be collectively using HOME and HTF funds for the same project activity. Higa responded in the affirmative.

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

Designee Evans moved, seconded by Director Mende, to approve staff's recommendation.

There being no testimony provided by the public, Chief Planner Chris Woodard presented the For Action, stating that an increased DURF budget amount of up to \$4,800,000 is being requested to fund the construction reserve escrow required for the sale of the Nani O Puna Project (Project). By proceeding with the sale, the U.S. Department of Agriculture (USDA) Section 514 loan will be recast/extended by the buyer, thus allowing for the rental assistance agreement for the Project to be extended. Additionally, HHFDC will avoid having to undertake an inefficient interim repair and maintenance program while waiting for the loan to mature before remarketing the asset for sale through a lengthy Request for Proposals process with an uncertain outcome.

Designee Evans asked for clarification on the metal roof replacements. Woodard stated that the intent will be to replace roofs with corrugated metal. He further stated that it is questionable as to whether the metal roof replacements, possibly being required by USDA, are even needed at this time.

Director Mende commented on the need for farm labor housing in Pahoa, given the numerous farms in the area.

Designee Evans inquired about the occupancy rate. Woodard stated that the Project is typically 100% occupied.

In reference to the letter from Nani O Puna LLC included as an exhibit to the For Action, Director Sasaki stated that it sounds like roof replacement and chain link fencing is required. Woodard clarified that no formal decision has been made by USDA on those possible requirements.

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

Woodard commended Ahe Group for their perseverance on this transaction. Chair Mackler concurred.

A recess was called at 10:16 a.m. and the meeting was reconvened at 10:27 a.m.

With the closing of the Legislative Session on May 3, 2024, Planner Cynthia Nyross highlighted the following bills that are hoped to be signed into law by the Governor, who has until June 25, 2024, to inform the Legislature on any bills he intends to veto.

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

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 Puna, Waiakahiula, Pahoa, Hawaii, TMK No.: (3) 1-5-002: 023

RECESSED
10:16 a.m.
RECONVENED
10:27 a.m.

**IV.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

- HB1760, HD1, SD1, CD1: enables Private Activities Bond recycling for qualified housing projects.
- HB2090, HD1, SD2, CD1: allows for the adaptive reuse of existing commercial buildings for residential housing.
- SB2337, SD2, HD2, CD1: allows the counties to issue bonds for mixed used projects.
- SB2133, HD1, CD1: allows HHFDC to issue bonds to help finance regional state infrastructure projects on state lands.
- HB1800 (Budget Bill for FY2025): contains \$180 million for the RHRF; \$50 million for DURF in General Obligation funds; \$25 million for Tier 2 in General Funds, allowing for 3 staff positions, a LIHTC consultant for the Finance Branch, training workshops, and Maui travel expenses.

Nyross thanked HHFDC staff for their dedication and hard work this session, especially to Dean Minakami, Craig Hirai, David Oi, Holly Osumi, Gayle Nishimoto, Randy Chu, Dean Watase, Hunter Miller, and Chris Woodard.

Executive Director Minakami thanked Nyross for a job well done in coordinating another challenging Legislative Session and reported on the following.

- An RFP was issued for a software vendor last week and hopes to have someone onboard by the summer for next year's funding round to start an electronic process where staff can do reviews and analysis on their computer.
- Multiple agencies are working on the Maui recovery efforts, in which HHFDC has been asked to take a leading role by the Governor's office.
- The Department of Human Services' (DHS') Kala'iola project is anticipated to include approximately 450 temporary units on 70 acres of ceded land at the Villages of Lealii. Discussions with DHHL are ongoing, with possible intent to later transfer the land to DHHL for the construction of permanent housing for their beneficiaries on the project site.

Designee Evans asked whether there have been discussions with the Office of Hawaiian Affairs on waiving its 20% public land trust set aside when ceded lands are transferred to DHHL. Executive Director Minakami clarified that affordable housing is an authorized use of ceded lands in which income received for rents is exempt from that payment.

- Occupancy agreements with Global Empowerment Mission (GEM) are being itemized to provide various housing options for Maui wildfire survivors, of which includes the Hale O Laie Project (former Haggai Institute property). Currently, 40 out of the 175 rooms within the Project will be available for occupancy next week.
- Under the Emergency Proclamation on Housing, HHFDC has granted waivers of school impact fees for Parkway Villages 6 and 7, while requests for suspension of zoning regulations will need to be approved by the County.

Regarding the Hale O Laie Project, Director Salaveria confirmed an estimated operating cost of \$6 million a year. Executive Director Minakami responded in the affirmative.

Director Salaveria asked whether there were any plans in recovering operating costs at the Hale O Laie Project, whether through unit occupants or insurance for rental

assistance payments. Executive Director Minakami stated that while there is currently no fee charge to survivors, a fee is being explored for non-survivor occupants. Regarding insurance, he stated that while discussions with DHS are ongoing, a uniformed policy for all state properties would be needed.

Director Salaveria suggested that an unofficial letter be sent to DHS, requesting them to investigate other sources of funding to assist HHFDC in covering operational costs and expenses associated with the wildfires. Executive Director Minakami concurred, stating that meetings with DHS are ongoing in formalizing a policy by all the state agencies involved.

Director Glenn inquired about the screening criteria. Executive Director Minakami stated that the screening criteria includes criminal background checks (i.e., including but not limited to convicted sex offender, substance abuse, and drug trafficking), in which any person convicted of committing a crime or offense would not be allowed to stay at the Hale O Laie.

Director Salaveria asked for clarification on GEM having the responsibility of screening. Executive Director Minakami stated that while the screening process is best believed to be centralized as opposed to individual agencies, HHFDC will be doing the screening to expedite the process while such discussions are ongoing.

- Recommendations for 9% and 4% LIHTC awards are expected in June and July, respectively.

In reference to the Report by the Executive Director, Director Kimura inquired about the Ota Well in Kona, Hawaii. Executive Director Minakami stated that unless the conditions of the well construction permit are amended, HHFDC cannot proceed with the construction of the Ota Well.

Chair Mackler opened for public testimony.

Testimony was received by 6 testifiers on agenda item IV.E. Finance Branch Status Report, pertaining to the Courtyards at Waipouli Project and the Hanapepe Residential Lots – IIA Project, which had applied for 9% and 4% LIHTC funding for the 2024 Funding Round.

- Residents of the Courtyards at Waipouli Apartments and KP KOA housing advocates asked that HHFDC would defer or deny DHHL LIHTC funding being requested, expressing concerns of being uninformed of DHHL's plans to acquire the project for beneficiaries on its waitlist, of which may result in possible evictions of existing workforce residents who do not meet the required Hawaiian blood quantum of at least 50%, providing them with no comparable place to go. Suggestion was made that alternative options be explored over other lands that can be used for the development of housing for beneficiaries; not taken away from existing residents of a project, given that there is a dire need of affordable housing for all.
- KP KOA housing advocates requested that approval of LIHTC financing be deferred on the Hanapepe Residential Lots – IIA Project and expressed concern on projects that provide rent-to-own options which have not been historically desirable by Hawaiian Homes beneficiaries. Suggestion was made for HHFDC to invest in housing cooperative models.

Designee Evans asked whether a decision was made on the Courtyards at Waipouli. Executive Director Minakami stated that no awards for the 2024 LIHTC Funding Round have yet been made.

There being no further business on the agenda, Director Bradshaw moved, seconded by Director Mende to adjourn the meeting at 11:06 a.m.

V.
ADJOURNMENT
11:06 a.m.

The motion was carried unanimously.

Sean Sasaki

SEAN SASAKI
Secretary