

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

October 10, 2024

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) held its regular meeting on Thursday, October 10, 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/UCJP6i8hhsS9EK769RJfT5w>).

The meeting was called to order at 9:00 a.m. by Vice Chair Carol Reimann. By roll call, those present and excused were as follows:

Present: Director Carol Reimann, Vice Chair
Director Sean Sasaki, Secretary (remote)
Director Jay Kimura (remote – arrived at 9:32 a.m.)
Director Jason Bradshaw
Director Scott Glenn (remote)
Designee Mary Alice Evans for Director James Tokioka

Executive Director Dean Minakami

Excused: Director Gary Mackler, Chair
Director Donn Mende
Director Luis Salaveria

Staff: Sandra Ching, Deputy Attorney General
Chris Woodard, Chief Planner
David Oi, Housing Finance Manager
Randy Chu, Development Branch Chief
Albert Palmer, Development Section Chief
Lorna Kometani, Sales & Counseling Section Chief
Melissa Loy, HHFDC Corporate Controller
Claude Allen, Jr., Housing Finance Specialist
Jimmy Nguyen, Housing Finance Specialist
Tina Morita, Housing Finance Specialist
Michele Leong, Housing Development Specialist
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Manager
Helmer Betiong, Information Technology Specialist
Esa Pablo, Administrative Assistant to the Board

Guests: Chico Figueiredo, Office of the Governor
Tami Whitney, Office of the Governor
Brad Bridwell, U.S. Department of Veterans Affairs
Tim Cantwell, Cloudbreak Hawaii
Richelle Taylor, Cloudbreak Hawaii
Mark Woodfield, Landmark Builders, Inc.
Mike Lesnever, Cantwell Anderson
Mark Hashem, Hocking Building
Kevin Unemori, Hocking Building
Devin Belnap, Riverbend Management
Bryan Foulger, Foulger Pratt
Michael Brown, Foulger Pratt
Ava Goldman, AGA, LLC
Liz Char, AGA, LLC

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

Dave Nakamura, Mutual Housing Associates of Hawaii
 Brian Sues, Highridge Costa
 Sam Arico, Highridge Costa
 Monte Heaton, Highridge Costa
 Tom Schnell, PBR Hawaii
 Daniel Simonich, The Michaels Organization
 Jim Weglarz, The Michaels Organization
 Tai Pā, The Michaels Organization Hawaii
 Connie Yu-Pampalone, Catholic Charities Hawaii
 Sharon Gi, Hunt Development Group
 Grant Chang, Lowney Architecture
 Justin Sugiyama, Cades Schutte LLP
 Emily Tanaka, Cades Schutte LLP
 Scott Settle, Settle Meyer Law
 Natalie Mesa, Settle Meyer Law
 Chris Abbott, Bank of Hawaii
 Pane Meatoga III, Operating Engineers Local 3
 Nathaniel Kinney, Hawaii Regional Council of Carpenters
 Mark Anthony Clemente, Hawaii Regional Council of Carpenters
 Blossom Feiteira, KPKOA
 Summer Yadao, KPKOA
 Nani Brown, Hale Aupuni
 Lucy Salas, Waiahole
 Kathy Oshiro, Waiahole
 Tammy
 Marnie's iPhone
 iEmily
 Tim's iPhone
 iPhone

Vice Chair Reimann confirmed that no one was present at the remote locations of Directors Sasaki and Glenn.

Housing Information Officer Gordon Pang was called upon to provide an overview of HHFDC's testimony protocol.

Director Bradshaw moved, seconded by Designee Evans, to approve the regular meeting minutes of September 12, 2024.

There being no comments or corrections, the motion was carried unanimously.

Action on this item was deferred to later in the meeting.

Director Bradshaw moved, seconded by Designee Evans, to approve the special meeting minutes of September 13, 2024.

There being no comments or corrections, the motion was carried unanimously.

Director Bradshaw moved, seconded by Designee Evans, to approve staff's recommendation presented by HHFDC Corporate Controller Melissa Loy, to accept the audited financial statements (AFS) of the HHFDC's Nani O Puna Project (Project) for fiscal years ended June 30, 2024 and 2023, performed by Accuity LLP and Eide Bailly LLP, respectively.

**II.A.
APPROVAL OF
MINUTES**

Regular
Meeting
9/12/24

**II.B.
APPROVAL OF
MINUTES**

Executive
Session
9/12/24

**II.C.
APPROVAL OF
MINUTES**

Special
Meeting
9/13/24

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

Loy stated that the Project's net position decreased approximately \$46,000, primarily attributed to net operating loss, net transfers to Dwelling Unit Revolving Fund (DURF), and interest expense for the mortgage with U.S. Department of Agriculture (USDA). The AFS shall be submitted to USDA by October 31, 2024.

There being no public testimony or questions by the Board, the motion was carried unanimously.

Sales & Counseling Section Chief Lorna Kometani presented the For Discussion, requesting clarification of the leasehold provisions listed below to finalize the proposed draft rules. The Residential Leasehold Policy (Policy) excludes leases in Waiahole Valley.

- Establishing the new lease rents for administrative purposes and increase in land value during the fixed lease rent period; and
- Establishing a premium to prevent an owner from making a windfall due to value created with a 99-year lease.

Exhibit C of the For Discussion report was referenced, noting the provisions for discussion, comparing the approved Policy versus the proposed modifications.

Designee Evans confirmed that the extension of the lease would restart from 2030 to 2055. Kometani responded in the affirmative.

Designee Evans asked whether staff considered a more gradual and predictable increase on an annual basis as opposed to a larger increase every 10 – 20 years, being easier to budget. Kometani stated that while the net effective rent would be the same, increases on an annual basis was found to not only cause administrative issues for staff, but also to the lessees, resulting in late payments and confusion.

While an annual increase or shorter increase term (i.e., 3 years) can be explored, Executive Director Dean Minakami stated that Waimanalo leases are challenging in that the tax assessed land values are high and would need to be considered too in calculating a fair amount.

Ms. Nani Brown, resident of Hale Aupuni in Waimanalo, provided testimony on her current hardship with her lease rent payments, property taxes, as well as the lease policy process, requesting for a fair opportunity in or out.

Ms. Blossom Feiteira, with KPKOA, addressed comments made by Brown, Designee Evans, and HHFDC staff. She stated that the Board should consider exploring its property holdings to determine if there is an opportunity to work with the County Council to render state lands dedicated for affordable housing and being exempt from property taxes (i.e., Hawaiian Home Lands only pays property taxes on improvements to the land). Secondly, incremental annual increases work best as opposed to 10-year increments. Third, there are various types of housing programs that can be considered for homeownership through such subsidies received by the U.S. Department of Housing and Urban Development (HUD), such as project-based vouchers; Community Development Financial Institutions; State Legislature; and counties.

Ms. Kathy Oshiro, Waiahole resident, asked that the Board provide a detailed explanation on why Waiahole leases are excluded from the Policy and to have the exhibit referenced in staff's presentation made available for public review. Executive Director Minakami stated that the exhibit is part of the meeting material packet and is posted on the HHFDC website. With respect to Waiahole leases, he stated that the lease rents for Waiahole is unique, being much lower than those under the Policy.

Accept the Audited Financial Statements of the Hawaii Housing Finance and Development Corporation's Nani O Puna Project for Fiscal Year Ended June 30, 2024 and 2023

III.B. DISCUSSION AND/OR DECISION MAKING

Discussion on Modifications to the Hawaii Housing Finance and Development Corporation's New Leasehold Policy under the Residential Leasehold Program

There being no further discussion, Vice Chair Reimann proceeded to agenda item III.C.

Director Bradshaw moved, seconded by Designee Evans, to approve staff's recommendation presented by Housing Finance Specialist Claude Allen, to approve the recommended changes for the Program Year (PY) 2025 Housing Trust Fund (HTF) Allocation Plan, subject to a public hearing.

Allen summarized the recommended changes in the distribution of HTF funds from Hawaii County to Kauai County, and updates made to the HTF maximum per-unit development subsidy limits reflected in the HUD's annual Total Development Cost (TDC) Limits.

There being no public testimony or questions by the Board, the motion was carried unanimously.

Deputy Attorney General Sandra Ching stated for the record the time in which Director Glenn stepped out (9:38 a.m.) and the arrival time of Director Kimura (9:32 a.m.).

Director Kimura moved, seconded by Director Sasaki, to approve staff's recommendation presented by Housing Finance Specialist Jimmy Nguyen, to approve a last extension to the Hale Uhiwai Nalu Phase II's (Project's) Rental Housing Revolving Fund (RHRF) Letter of Intent (LOI) to October 31, 2025. Ms. Richelle Taylor, on behalf of the Project, was noted to be available for questions.

Mr. Pane Meatoga, with Operating Engineers Local 3, testified and referenced the Governor's Project Labor Agreement (PLA), requesting for clarification on "covered projects."

Mr. Nathaniel Kinney, Hawaii Regional Council of Carpenters (written testimony also provided), echoed concerns raised by Meatoga, requesting that the PLA's applicability be further clarified and that an addendum to Request for Proposals (RFPs) and notification to potential bidders be added.

While in strong support of approving an extension for the Project, Ms. Blossom Feiteira, with KPKOA, also echoed the concerns raised by the unions in respect to the inclusion of the PLA going forward, due to the lack of workforce, particularly in the trades, and the high cost of living in Hawaii.

On behalf of the Project, Mr. Brad Bridwell, with the U.S. Department of Veterans Affairs, noted the owner, Mr. Tim Cantwell's attendance online, and stated that placing such labor contractual conditions on its extension now would result in further delays and increased cost to the Project, of which was originally bid in 2018. He further stated that the PLA clearly states that this requirement would apply to solicitations that took effect from July 1, 2024 and once guidelines by the Department of Accounting and General Services are published.

Director Bradshaw concurred with the concerns from the unions in respect to the PLA signed with the State since December 2023. To ensure that the Board is following the PLA that was signed, Director Bradshaw suggested that an opinion by the Attorney General's (AG's) Office be obtained to clarify the applicability of the PLA to state funded projects going forward to avoid litigation in the future that would delay and increase costs of projects.

In concurrence to Director Bradshaw's request, Designee Evans asked whether there would be any negative impacts to the Project should action be deferred until an AG's opinion can be rendered. Housing Finance Manager David Oi stated that once the RHRF LOI expires, HHFDC would no longer have a legal commitment in place for the project funds.

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

Approve the Program Year 2025 Allocation Plan for the U.S. Department of Housing and Urban Development's National Housing Trust Fund Program

**III.D.
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.)

Designee Evans suggested that a shorter extension be placed to allow time for an opinion to be determined by the AG's on the applicability of the PLA to the Project.

Discussion ensued on a revised extension date that would not jeopardize HHFDC's commitment of funds for the Project and allow sufficient time for the AG's office to render an opinion.

Staff's recommendation under section IV.A. was revised to read:

“Extend the RHRF LOI, dated April 15, 2019, for the Hale Uhiwai Nalu Phase II Project RHRF Loan to ~~October 31, 2025~~ January 31, 2025, subject to the requirements as set forth in the For Action dated April 11, 2019”

The motion was carried unanimously, as revised.

Director Bradshaw moved, seconded by Designee Evans, to approve staff's recommendation presented by Housing Finance Specialist Tina Morita, to increase the RHRF Project Award to \$16,030,000 for the Hocking Building (Project) to cover increased development costs.

Ms. Blossom Feiteira, with KPKOA, testified that she was in support of the Project.

Designee Evans confirmed commencement of construction. Morita responded in the affirmative, stating that they are nearing completion.

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

Director Bradshaw moved, seconded by Designee Evans, to approve staff's recommendation presented by Nguyen, approving an extension for the issuance of HMMF Bonds for the Rice Street Apartments (Project) to April 14, 2025. On behalf of the Project, Ms. Ava Goldman was noted to be available for questions.

Ms. Goldman, affordable housing consultant for the Project, noting that Project representatives from Riverbend and Foulger Pratt were in attendance. She expressed their appreciation to the Board and HHFDC staff for their patience and work on the upcoming closing for the Project.

There being no public testimony or questions by the Board, the motion was carried unanimously.

Director Bradshaw moved, seconded by Designee Evans, to approve staff's recommendation presented by Nguyen, approving an extension to the RHRF LOI to April 14, 2025 for the Rice Street Apartment (Project). Financial closing was noted to be in the fourth quarter of 2024, with project completion anticipated in the third quarter of 2026.

Designee Evans asked whether aligning the HMMF and RHRF LOI extensions to April 14, 2025, would negatively impact the Project. Nguyen responded no.

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

Approve a Request to Amend the Rental Housing Revolving Fund Award and Letter of Intent for the Hocking Building Project Located in Honolulu, Oahu, TMK No.: (1) 1-7-003: 001

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

Approve an Extension to Resolution No. 198, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Mult-Family Tax-Exempt Revenue Bonds for the Rice Street Apartments Project Located in Lihue, Kauai, TMK No.: (4) 3-6-003: 010

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

Approve an Extension to the Rental Housing Revolving Fund Letter of Intent for the Rice Street

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

Director Bradshaw moved, seconded by Designee Evans, to approve staff's recommendation presented by Nguyen, authorizing a tax-exempt issuance of up to \$22 million in HMMF Bonds for the Rice Street Apartments (Project). On behalf of the Project, Ms. Ava Goldman was made available for questions.

There being no questions by the Board, the motion was carried unanimously.

Vice Chair Reimann called for a recess at 10:35 a.m.

The meeting was reconvened at 10:47 a.m. to obtain a quorum.

Public testimony was provided by Mr. Pane Maetoga and Mr. Nathaniel Kinney, who reiterated their concerns in respect to the applicability of the PLA.

Mr. David Nakamura, Executive Director with Mutual Housing Association of Hawaii (Developer) stated that the Palolo Homes Acquisition and Rehabilitation (Project) is close to closing and awarded their contract on December 13, 2023, before the PLA's application to bids done after the July 1, 2024 effective date.

Director Bradshaw reiterated his previous concerns in respect to the PLA, requesting that an amendment be made to include obtaining an opinion by the AG's office before proceeding.

Being that the Project is a few weeks from closing and is different from the Hale Uhiwai Nalu Phase II project previously presented, Oi requested that the Board reconsider its request and asked the Board for other acceptable options to avoid delay.

Vice Chair Reimann asked for a motion to go into executive session.

Director Bradshaw moved, seconded by Designee Evans, to convene in executive session pursuant to Section 92-5(a)(4), Hawaii Revised Statutes (HRS), to consult with the Board's attorney on questions and issues pertaining to the Board's powers, duties, immunities, privileges, and liabilities, as it related to this matter.

The Board entered executive session at 10:50 a.m.

The meeting was reconvened at 11:21 a.m.

Deputy Attorney General Sandra Ching asked for a motion to defer action on this item to a future meeting as determined by the Executive Director.

Director Bradshaw moved, seconded by Designee Evans.

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

Apartments Project
Located in Lihue,
Kauai, TMK No.:
(4) 3-6-003: 010

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

Approve
Resolution No.
209, Authorizing
the Issuance of
Hula Mae Multi-
Family Tax-
Exempt Revenue
Bonds for the Rice
Street Apartments
Project Located in
Lihue, Kauai,
TMK No.: (4) 3-6-
003: 010

RECESSED

10:35 a.m.

RECONVENED

10:47 a.m.

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

Approve
Resolution No.
208, Authorizing
the Issuance of
Hula Mae Multi-
Family Tax-
Exempt Revenue
Bonds for the
Palolo Homes
Acquisition and
Rehabilitation
Project Located in
Honolulu, Oahu,
TMK Nos.: (1) 3-
4-007: 016 & 018
and (1) 3-4-008:
002

**EXECUTIVE
SESSION**

10:50 a.m.

RECONVENED

11:21 a.m.

Director Bradshaw moved, seconded by Designee Evans, to approve staff's recommendation presented by Housing Development Specialist Michele Leong, to approve the requested exemptions from statutes, ordinances, and rules pursuant to Section 201H-38, Hawaii Revised Statutes, for the Hale Moena Phases 3 and 4 (Project).

Leong stated that due to the developer's inability to lease the retail space component, proposal to divide the Phase 3 into a Phase 3 and 4 family affordable rental apartment buildings is being considered. If exemptions are approved by the City Council, a single resolution with all 201H exemptions for Phases 1 to 4 will be done.

Designee Evans asked for clarification on the relationship between the City's and HHFDC's approval of the 201H exemptions. Executive Director Minakami explained that the Board is approving submittal of the application to the City Council.

Mr. Monte Heaton, Highridge Costa Development Company, delivered a PowerPoint presentation on the Project, highlighting background information on the development team; the Project's plan; amenities; community context; and the next steps.

Designee Evans asked whether the Project anticipates being a signatory to the PLA for the construction of this Project. Heaton responded that Highridge Costa is already a signatory.

In terms of the acquisition, Designee Evans asked whether the Project purchased state or private land. Heaton stated that the landownership is private.

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

Vice Chair Reimann stated that agenda item III.K. will be deferred to a future meeting.

Designee Evans moved, seconded by Director Bradshaw, to convene in executive session pursuant to Section 92-5(a)(2), HRS, to consider the evaluation of an employee, where consideration of matters affecting privacy will be involved.

The motion was carried unanimously.

The Board entered executive session at 11:37 a.m.

The meeting was reconvened by Vice Chair Reimann at 11:43 a.m.

Director Bradshaw moved, seconded by Designee Evans, to increase the salary of the Executive Assistant to \$160,000 a year, effective July 1, 2024.

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

Authorize an Application for Exemptions from Statutes, Ordinances, and Rules Pursuant to Section 201H-38, Hawaii Revised Statutes, and Approve: (1) the Certification of Highridge Costa Development Company, LLC, or Other Successor Entity Approved by the Executive Director, as an Eligible Developer Pursuant to Section 15-307-24, Hawaii Administrative Rules; (2) The Project Proposal; and (3) Execution of Development Documents for Approved Exemptions for the Hale Moena Phases 3 and 4 Located in Kapolei, Oahu, TMK No.: (1) 9-088: 021 (por.)

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

Information and Summary of the 2024 Funding Round

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

Approve an Increase to the Salary of the Hawaii Housing Finance and Development Corporation Executive Assistant, Pursuant to Chapter 201H,

There being no public testimony or questions, the motion was carried unanimously.

Vice Chair Reimann stated for the record that the executive session meeting minutes of September 12, 2024 was approved.

Executive Director Minakami reported on the following:

- The DURF loan for the 803 Waimanu project matured on September 30, 2024 and the project has had 4 sales in the past month. A signed letter from HHFDC and the Senior lender was sent to the developer requesting that conditions (i.e., meeting sale thresholds or the project must be changed) be met before an extension is granted.
- An overall total of 12 financial closings are anticipated for the calendar year. Gratitude was expressed to Deputy Attorney General Ching and the Department of Budget & Finance for all their work.
- Executive Director Minakami highlighted the following events while attending the National Council of State Housing Agencies (NCSHA) annual conference last week:
 - HHFDC received the Special Achievement Award by the NCSHA, recognizing Housing Finance Agencies' programs and practices that respond in an outstanding manner to an important state need, have a significant impact on the community, and cut across traditional program lines.
 - The housing shortage is a nationwide issue of an estimate of over 3 million units. In the past year, focus has been on increasing workforce housing developments through housing program grants.
 - An Artificial Intelligence product for government is anticipated by the end of the year (i.e., Microsoft Copilot).
 - Participated in the Western States Housing Exchange, in which directors from California, Washington, Arizona, Nevada, Idaho, and Alaska discussed the housing challenges and successes.
 - Oi stated that he attended sessions on permanent supportive housing, being another housing gap that is not being met but is being further explored.

There being no further business on the agenda, Director Bradshaw moved, seconded by Designee Evans to adjourn the meeting at 11:52 a.m.

The motion was carried unanimously.

Sean Sasaki

SEAN SASAKI

Secretary

**V.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

**VI.
ADJOURNMENT
11:52 p.m.**