

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

December 12, 2024

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) held its regular meeting on Thursday, December 12, 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>).

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

The meeting was called to order at 9:02 a.m. by Chair Gary Mackler. 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 Jay Kimura
Director Jason Bradshaw (remote)
Designee Mary Alice Evans for Director James Tokioka

Executive Director Dean Minakami

Excused: Director Luis Salaveria
Director Scott Glenn

Staff: Sandra Ching, Deputy Attorney General
Craig Hirai, Executive Assistant
Dean Watase, Interim Chief Planner
David Oi, Housing Finance Manager
Randy Chu, Development Branch Chief
Holly Osumi, Chief Financial Officer
Albert Palmer, Development Section Chief
Lorna Kometani, Sales & Counseling Section Chief
Lanz Dong, Real Estate Portfolio Manager
Donna Ho, Housing Compliance Manager
Stan Fujimoto, Housing Development Specialist
Michele Leong, Housing Development Specialist
Lee Miller, Property Management Specialist
Hunter Miller, Real Estate & Planning Analyst
Keri Higa, Planner
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Manager
Helmer Betiong, Information Technology Specialist
Noa Burke, Information Technology Intern
Esa Pablo, Administrative Assistant to the Board
Cosmedine Esmena, Administrative Assistant
Connie Cuello, Office Assistant

Guests: Lindsay Apperson, Office of the Governor
Tami Whitney, Office of the Governor
Daniel Simonich, The Michaels Organization
Tai Pā, The Michaels Organization
Chris Flaherty, Ikenakea Development LLC
Keegan Flaherty, Ikenakea Development LLC
Moe Mohanna, Highridge Costa

Sam Arico, Highridge Costa
Chris Deuchar, Form Partners
Alana Pakkala, Kobayashi Group
Mark Shelburne, Novogradac
Mark Anthony Clemente, Hawaii Regional Council of Carpenters

Chair Mackler confirmed that there was no one present at the remote location of Director Bradshaw.

Executive Director Dean Minakami announced the unexpected passing of HHFDC's Chief Planner Christopher Woodard and noted his many accomplishments during his time served with the State. A moment of silence was held in honor of Woodard.

On behalf of the Board, Chair Mackler extended their condolences to the Woodard family and HHFDC staff.

Chair Mackler opened the floor for anyone who wished to say a few words. There being none, Chair Mackler proceeded to agenda item II.A. Approval of Minutes.

Director Mende moved, seconded by Director Sasaki, to approve the special meeting minutes of November 19, 2024.

The motion was unanimously carried.

Chair Mackler called upon Housing Information Officer Gordon Pang to provide HHFDC's protocol for providing testimony before the Board.

There being no testimony provided by the public, Designee Evans moved, seconded by Director Mende, to approve staff's recommendation presented by Housing Development Specialist Stan Fujimoto, to approve certain exemptions from statutes, ordinances, and rules pursuant to Section 201H,-38, Hawaii Revised Statutes (HRS), for the 900-unit Leiwili Kapolei Mixed-Use For-Sale and Rental Project (Project) with two scenario options of an affordability mix set at 140% or below the U.S. Department of Housing and Urban Development's (HUD's) Area Median Income (AMI). Pursuant to the Governor's Tenth Emergency Proclamation Related to Affordable Housing, HHFDC proposes to submit the 201H exemptions to the City and County of Honolulu's (C&C's) Department of Planning and Permitting (DPP) Director in lieu of the Honolulu City Council (Council) for approval.

On behalf of the Project, Fujimoto introduced Mr. Daniel Simonich, with Michael's Organization and Mr. Chris and Mr. Keegan Flaherty, of Ikenakea Development LLC.

In reference to the proposed Rental Housing Revolving Fund (RHRF) Tier 2 financing for Phase II, Chair Mackler asked whether an alternate plan had been contemplated if such funds are not obtainable. Mr. Daniel Simonich stated that the later phases will need to be worked out with staff and the Legislature to secure and set up a position for the workforce housing funding to lock in the future phases.

Designee Evans expressed appreciation for the mixed income plans to minimize concentration of poverty and having a scenario that includes for-sale of up to 140% AMI.

In response to Designee Evan's comment, Mr. Chris Flaherty (Flaherty) stated that the for-sale component will attempt to be run on a parallel track with the Low Income Housing Tax Credit (LIHTC) project if successful in an award.

In response to Chair Mackler's question about an alternate plan if RHRF Tier 2 funds are not available, Flaherty stated that while discussions with the Legislature is ongoing, State credit authorization to back up debt is being explored as an alternate possibility.

II.A.
APPROVAL OF
MINUTES
Special
Meeting
11/19/24

III.A.
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
Villages of
Kapolei JV 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;
(3) Execution of
Development
Documents for
Approved
Exemptions; and
(4) Proceeding as a
State Affordable
Housing Project
under the

Designee Evans stated that in recent years there has been resistance to for-sale units with affordability restrictions (i.e., 10-year Buyback and Share Appreciation Equity) and asked how they planned to successfully market those restricted units. Flaherty stated that while the development agreement is prescriptive in the way such units are to be marketed, the hope is to attract buyers with attractive pricing for a quality product and avoid having vacant for-sale units.

Chair Mackler inquired about the reasoning for the increased density from 720 units to 900 units. Flaherty stated that at the request of HHFDC and the Governor's office in addressing the State's housing need, the increased density was sought; however, it will depend upon financing received and interest rates.

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

On behalf of the Hawaii Regional Council of Carpenters, Mr. Mark Anthony Clemente provided written testimony in support of the project and developer.

There being no additional testimony provided by the public, Director Mende moved, seconded by Designee Evans, to approve staff's recommendation presented by Housing Development Specialist Michele Leong, to approve certain exemptions from statutes, ordinances, and rules pursuant to Section 201H,-38, Hawaii Revised Statutes (HRS), for the 1,550-unit, 6 phased (2 scenarios proposed for phase 6) Kaahumanu Homes Redevelopment Project (Project) with affordable (between 30-100% of the HUD AMI) rental and affordable (between 110-140% of the HUD AMI) and market leasehold for-sale residential units. Pursuant to the Governor's Tenth Emergency Proclamation Related to Affordable Housing, HHFDC proposes to submit the 201H exemptions to the C&C DPP Director in lieu of the Honolulu City Council for approval.

Leong further stated that the Project is one of nine public housing properties that the Hawaii Public Housing Authority (HPHA) intends to redevelop as part of their Ka Lei Momi Redevelopment Portfolio.

Based on comments received from the State's Department of Transportation and the C&C DPP regarding the Project's compliance with the Federal Aviation Administration (FAA) regulations, Leong noted that while the developer is requesting an A-1 zoning district exemption to allow for an increase in the maximum building heights, HHFDC will not approve any exemptions from Federal or State laws relating to the construction of projects near airports. Thus, the Project will have to comply with FAA's building height limits.

Per Executive Director Minakami's request, the following was added to staff's recommendation, to read:

Subject to the following:

- E. Compliance with all applicable laws, rules, regulations, and such other terms and conditions as may be required by the Executive Director, including but not limited to the U.S. Department of Transportation, Federal Aviation Administration laws and regulations pertaining to the restriction of maximum building heights for projects near U.S. airports.

In reference to the proposed Budget tables for Phases 1 and 2, Chair Mackler questioned the "\$2.5 million Acquisition" line item given that it is land owned by the HPHA and asked for clarification on what the acquisition cost includes and who is it paid to. Mr. Moe Mohanna, Highridge Costa, stated that typically land leased by an

Governor's
Emergency
Proclamation
Relating to
Affordable
Housing as
Approved by the
Executive
Director, for the
Leiwili Kapolei
(also known as the
Northwest Corner
Kapolei) Mixed-
Use For-Sale and
Rental Project
Located in
Kapolei, Oahu,
TMK No.: (1) 9-1-
016: 230 (por.)

**III.B.
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
HCDC Hawaii
Development,
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;
(3) Execution of
Development
Documents for
Approved
Exemptions; and
(4) Proceeding as a
State Affordable
Housing
Proclamation under
the Governor's
Emergency
Proclamation
Relating to
Affordable
Housing as
Approved by the
Executive Director,

agency or government is paid a percentage of the cashflow up front to offset the net present value deficit.

Chair Mackler clarified that the acquisition cost was payable to HPHA. Mohanna responded in the affirmative.

Mohanna and co-developer, Mr. Chris Deuchar, with Form Partners, delivered a PowerPoint presentation, providing an overview of the development team; redevelopment update; residents; and the development process and schedule. Highridge Costa's Project Manager Sam Arico was also introduced.

Mohanna made a correction for the record on his response to Chair Mackler, regarding the "\$2.5 million Acquisition" cost, stating that the dollar amount indicated was for demolition and remediation costs.

Regarding relocation, Mohanna noted that under the HUD's rules, the project-based subsidy converts to a tenant protection voucher (TPV), of which, if income qualified (on an annual basis), allows the tenant to be relocated based on their needs (i.e., family size, schools, etc.), a process aided by a third-party company.

Chair Mackler asked how long can tenants anticipate being out of their existing units. Deuchar stated approximately 2.5 to 3 years.

Chair Mackler asked whether such subsidies would be available for that long of a period. Mohanna stated that the TPV stays with the resident as long as they are income qualified.

Due to Hawaii's large families, Designee Evans asked whether 4-bedroom units were considered, as opposed to the proposed studios. While considered, Deuchar and Mohanna stated that in this case, the unit size and product type was determined by various factors, but not limited to, the existing community, findings of the market study, and efficiency per square foot.

Though not required to go to the Council under the Emergency Proclamation, Deuchar stated that they have kept the Council's Zoning Committee updated on the Project, which has been well received and appreciated.

Deuchar and Mohanna expressed their gratitude and commended the HHFDC staff – especially Development Branch Chief Randy Chu, Development Section Chief Albert Palmer, Housing Development Specialist Michele Leong, and Finance Manager David Oi – on their hard work, collaboration, and dedication, which have, on numerous occasions, extended to the weekends and holidays.

Chair Mackler expressed his appreciation and concurred with the kind words expressed for the HHFDC staff.

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

On behalf of the Hawaii Regional Council of Carpenters, Mr. Mark Anthony Clemente provided written testimony in support of the project.

Designee Evans moved, seconded by Director Sasaki to approve staff's recommendation presented by Sales & Counseling Section Chief Lorna Kometani, to increase the quantity of Dwelling Unit Revolving Fund (DURF) Equity Pilot (DEP) program units by seven and an allocation increase of funds by \$723,100 for the Kuilei Place (Project) for an overall total allocation of \$3,615,500 for 35 units. Kometani stated that the HHFDC intends to request additional funds to continue implementation and permanency of the DEP program to the 2025 Hawaii State Legislature.

The developer, Ms. Alana Pakkala, with Kobayashi Group, provided the Board with an update on the Project regarding the breakdown of the targeted professions and contracted sales, stating that out of the 121 HHFDC applications received, 67 (55%) applications fell within the DEP program's targeted professions of health care being the highest, education second, followed by law enforcement. While 34% of the 67 applications were qualified and contracted under HHFDC's larger units, bringing the percentage to approximately 85% owner occupancy. Pakkala expressed their appreciation for the DEP program, which she stated creates an opportunity for buyers that would not otherwise be able to be homeowners and stated their support in any efforts to turn the DEP program into a permanent one.

With the upcoming Legislative Session, Chair Mackler asked whether HHFDC also considered expanding the definition of professions that could benefit through the DEP program. Executive Director Minakami responded in the affirmative, stating that it is being proposed that HHFDC be given the flexibility long term to determine if there should be a preference within a particular timeframe and opening it up to the general public.

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

Executive Director Minakami presented the For Information, delivering a PowerPoint presentation on HHFDC's draft Strategic Plan (Plan), which will serve as a guideline on addressing initiatives and the following goals that the HHFDC will undertake over the next three years (2025 – 2027). To: (1) increase the supply of affordable rental housing; (2) increase the homeownership rate; (3) proactively develop housing projects; (4) maximize corporation effectiveness; (5) eliminate barriers to housing development; (6) preserve the existing inventory of affordable housing units; and (7) facilitate Maui Disaster Recovery.

Designee Evans stated that the Plan's goals synchronizes with concerns of the Office of Planning and Sustainable Development (OPSD) and would be happy to collaborate with HHFDC, especially in the area of eliminating barriers to housing development, of which they have found with every barrier, there is a stakeholder group that has worked hard to get that barrier established. She also alluded to comments made by Deuchar and Mohanna on staffs' dedication, expressing concern and hoped it was episodic as opposed to ongoing.

In response to Designee Evans' comment on staff's ongoing dedication, Executive Director Minakami stated that it is challenging and while he is grateful for staffs' willingness, the demand is constant.

Director Mende concurred with the updated mission statement and commented in support of the Plan and Artificial Intelligence for overall efficiency to hopefully assist staff in cutting down the extra hours.

Designee Evans suggested that a statement of endorsement of the Plan would be her preference. Director Sasaki concurred.

Chair Mackler suggested that staff return to the Board in January 2025 to take possible action on the Plan.

Executive Director Minakami reported on the following:

- 803 Waimanu has had 7 subsequent sales since September 2024. Due to the inactivity from prior months, a threshold of 10 units to be sold by December 30, 2024 was placed. Progress on the project sales at that time will be explored before any further action is taken.
- HHFDC has taken an active approach in its outreach to the general public on new homeowner financing programs – the downpayment program, the

Designated DEP Units for the Kuilei Place Housing Project Located at 2599 Kapiolani Boulevard, Honolulu, Hawaii, TMK Nos.: (1) 2-7-022: 011, 015, & 031 to 049

**III.D.
DISCUSSION
AND/OR
DECISION
MAKING**
Information on a Strategic Plan for the Hawaii Housing Finance and Development Corporation

**IV.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

mortgage program, and the DEP program – targeted towards first-time homebuyers. Events attended were the Price into Paradise Expo and the Honolulu Board of Realtors Winter meeting. Executive Director Minakami thanked staff and recognized Housing Information Officer Gordon Pang, Finance Manager David Oi, and Sales & Counseling Section Chief Lorna Kometani for their help in setting up for those events to get the word out, which has received positive reception by various industry partners, banks, lenders, brokers, and homeowners.

- A programmatic agreement with SHPD to set new procedures for housing projects is being explored to expedite SHPDs review processes.
- Speaker of the House Nadine Nakamura has convened a taskforce on permanent supportive housing with various stakeholders and agencies, of which HHFDC is a part of. Potential changes to the Qualified Allocation Plan could be made to support the initiative.

Proposed 2025 legislation bills were noted as follows:

- Relating to State Land Use reform – the bill would authorize the county review and approval of district boundary amendments based on land use designations in adopted county plans.

Designee Evans expressed OPSD's strong support of the bill.

- Should a programmatic agreement with SHPD be unattainable, a bill is being proposed to make such an agreement law, creating a separate historic review process for proposed state affordable housing projects to expedite project development timelines.
- Relating to the DEP program – the bill would make permanent, with modifications, the new DEP program so that the program can be self-sustaining and continue to help eligible buyers.

Designee Evans commented that the DEP addresses the goal of not concentrating poverty in certain areas.

Chair Mackler expressed his appreciation for HHFDC's proposal of the DEP bill, being a program that can hopefully incentivize people to stay and qualify for financing to raise their families in Hawaii.

- Relating to RHRF – the bill would establish a separate RHRF subaccount dedicated for Tier II funding and other workforce rental housing projects.
- Relating to conveyance taxes – the bill would allocate 10% of conveyance tax collections to DURF, being roughly about \$5 - \$6 million a year.
- Relating to State finances – the bill would allow HHFDC to secure a line of credit for a private activity bond recycling program.


Director Mende inquired about information on the homeownership programs. Oi stated that landing pages on the various homeowner programs are being finalized and made available on HHFDC's website once completed.

Director Mende requested that the information be sent to him once completed. Oi responded in the affirmative.

There being no questions or further business on the agenda, Director Mende moved, seconded by Director Sasaki to adjourn the meeting at 10:47 a.m.

V.
ADJOURNMENT
10:47 a.m.

The motion was carried unanimously.


for SEAN SASAKI
Secretary