HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
SPECIAL MEETING

October 2, 2025

MINUTES

I. CALL TO ORDER/ ROLL CALL

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) held a special meeting on Thursday, October 2, 2025. The meeting was called to order at 9:30 a.m. by Chair Gary Mackler, 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).

On roll call, those present and excused were as follows:

Present: Director Gary Mackler, Chair
Director Carol Reimann, Vice Chair (Remote)
Director Jason Bradshaw, Secretary
Director Sean Sasaki
Director Scott Glenn
Designee Mary Alice Evans for Director James Tokioka

Executive Director Dean Minakami

Excused: Director Grant Chun
Director Luis Salaveria

Staff: Deputy Attorney General Klemen Urbanc
David Oi, Housing Finance Manager
Randy Chu, Development Brach Chief
Holly Osumi, Chief Financial Officer
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Manager
Helmer Betiong, Information Technology Specialist
Jerome Wasserman, Information Technology Intern
Esa Pablo, Administrative Assistant

Guests: Casey Shoji, Office of Senator Chang
Daniel Simonich, The Michaels Organization
Connie Yu-Pampalone, Catholic Charities Hawaii
Brandon Hong, Core Tech International

Chair Mackler confirmed that there was no one present at the remote location of Vice Chair Reimann.

Housing Information Officer Gordon Pang was called upon to provide HHFDC's instructions for providing oral testimony and submission of written testimony to the Board as stated on the first page of the Meeting Agenda.

II.A. DISCUSSION AND/OR DECISION MAKING
Approve the 2026 Qualified Allocation Plan for the Low Income Housing Tax Credit Program

Director Bradshaw moved, seconded by Director Sasaki to approve staff's recommendation.

There being no testimony provided by the public, Chair Mackler acknowledged and thanked those who submitted testimony on this matter, which he found to be very helpful.

Housing Finance Manager David Oi presented the For Action, requesting approval of the 2026 Qualified Allocation Plan (QAP) which sets the criteria and procedures for allocating the Low Income Housing Tax Credits (LIHTC).

At its September 9, 2025 Special Board of Directors Meeting, Oi stated that approval of the proposed 2026 QAP was deferred to this special meeting to allow the Board additional time to work through each amendment being proposed in sections III.B Minimum Thresholds and III.D. Criteria Point System, as well as consider all perspectives provided by various stakeholders through testimony submitted.

Through a public hearing held on July 30, 2025, Oi stated that testimony received emphasized the need for longer affordability periods, highlighted the importance of maintaining financial feasibility in a project, and expressed concerns pertaining to lowering repayment timelines, fund recycling, and readiness to proceed, which are to be addressed in future discussions.

Chair Mackler requested that the Board go through each proposed amendment in the order listed within the For Action, welcoming discussion and any proposed amendments. Discussion ensued as follows.

III.B. Minimum Thresholds

- The Board had no changes or discussion on this matter.

III.B.1. Market Study and Design Expectations

- Designee Evans inquired about the design expectations of staff and the plan for notifying applicants.

  Oi explained that the "design expectation" criteria would be specified within the application for the respective year, which would refer to a balanced design approach informed by a market study, detailing the required unit types, building materials, and construction standards necessary to ensure tenant livability as well as integrate the project in its surrounding neighborhood.

- Based on testimony received, requesting clearer project processes to achieve greater cost and schedule predictability to avoid last-minute changes that can negatively impact project costs and timelines, Chair Mackler suggested an amendment that would allow HHFDC to require changes up to loan closing by deleting bullet points "Form 8609 issuance, or" and "any other step in the development process."

  Oi stated that staff would be amendable to that.

Designee Evans moved, seconded by Director Glenn, to amend section III.B.1. Market Study and Design Expectations, by deleting bullet points stating, "Form 8609 issuance, or" and "any other step in the development process."

The motion was carried unanimously.

- Director Glenn highlighted the importance of proactive, long-term planning for development projects and strongly encouraged that threshold requirements be communicated well before the consolidated application is made available.

  Oi stated that a decision-making timeline notification could be considered.

III.B.4. Engineering or Capital Needs Assessment

- Based on testimony received, Chair Mackler alluded to developer feedback suggesting flexibility for accepting updated older engineering assessment reports post awards as necessary.

  Oi clarified that in cases where site conditions were unchanged, a commitment or amended letter is requested to formally update the Board and public on due diligence findings and progress made to ensure transparency and effective overseeing of a project.

III.B.8.e.i. Contractor Profit Limitation

- Designee Evans asked for clarification on how performance and payment bond costs could add to a contractor's profit.

  Oi explained that the inclusion of targeted bond costs can significantly influence the calculation of a profit threshold, ultimately changing the percentage of costs expended. Having this standard practice in place prevents unfair advantages by concealing or misrepresenting costs and promotes fairness across projects.

III.B.10. Phase I Environmental Assessment

- Designee Evans expressed her support for this threshold item.

III.B.12.b.i. Developer Fee – 9% LIHTC

- The Board had no changes or discussion on this threshold item.

III.B.14.c. LIHTC Developer and Manager Experience

- Based on testimony received, Chair Mackler asked whether a project would be provided the opportunity to "cure" after 1 or 2 quarterly report violations before a penalty is imposed.

  Oi emphasized the importance of a quarterly report which is used to inform stakeholders about a project's progress (how a project is performing against its goals, helping to maintain transparency, align teams, and ensuring the project stays on track financially and operationally), which is sometimes used as leverage for approval requests for the Board's consideration. However, under extenuating circumstances, Oi stated that staff could consider that.

- Chair Mackler asked whether such language should be inserted within this section.

  Oi stated that such language is already in HHFDC's LIHTC and RHRF agreements and award letters.

III.B.13. Minimum Affordability Period (not within the summary of proposed amendments)

- While not a proposed amendment being considered, Director Bradshaw requested that the Board review and discuss this matter based on the number of testimonies received and asked for the Board's thoughts on extending the affordability period of 99 years to keep projects affordable as long as possible.

  Oi stated that increasing or widening the scale for a future round could be explored, however, many of the projects come in with affordability periods of more than 65 years. While the desire is to keep projects affordable as long as possible, balance is needed to ensure feasibility of a project while avoiding deemphasizing other priorities such as funding necessary capital improvements and maintaining affordable tenant rents.

- Executive Director Minakami commented that rental rates of LIHTC projects generally do not support large-scale capital improvements that are needed in later years. The state does not have sufficient funding to rehabilitate all projects. Because of this, it is problematic to require projects to be affordable for 99 years.

- Director Bradshaw confirmed that no amendment was being proposed at this time.

- Designee Evans stated that a financing mechanism is a must for the viability of these properties which do experience high capital rehab requirements well before 99 years. She indicated that the Hawaii Community Development Authority will be doing a 99-year leasehold pilot program of which could be looked at.

- Chair Mackler commented that there is a need for further discussion on tools and models of long-term recapitalization for these projects to generate revenue without impacting tenant rents.

- Based on this discussion, Director Glenn stated that considering non-income-based approaches in combination with income-based policies (e.g., deed restrictions) in parallel with the Legislature, could be utilized to achieve long-term affordability while ensuring the financial viability of housing projects.

III.B.11. Proof of Non-Profit Status (not within the summary of proposed amendments)

- Director Bradshaw suggested that this section be strengthened to ensure experience (e.g., has a good track record, completed a project, and has a mission for affordable housing).

  While concurring to the importance of non-profits, Oi stated that there are challenges of evaluating who is qualified, particularly when applying a "mission-driven" approach to non-profits that lack an established track record.

III.B.15. Prohibited Fees

- Based on testimony received on the need for further clarification, Chair Mackler commented on the possibility of providing a list of which fees are prohibited.

  Oi stated that staff have experienced issues with fees centering on the distinction between legitimate developer fees and potentially unsubstantiated consulting fees being misclassified to circumvent oversight and secure payment. Whether intentional or not, the goal of overall fairness and transparency is being sought.

- Chair Mackler confirmed that no amendment was being proposed at this time.

III.D. Criteria Point System - Criterion 2. County Adjuster

- Chair Mackler asked for the reason behind the increase in points. Oi stated that the primary reason for the change was to incorporate a new subsection for expedited permitting and to address inequities that place neighboring islands at a disadvantage.

- Executive Director Minakami added that this is a new concept that is being explored and will continue to be monitored.

- Designee Evans asked whether a project would qualify under this point system if the county were to offer expedited permitting for a fee. Oi stated that was not something he had considered.

- Chair Mackler commented that the new concept assumes the counties can formally commit their permitting departments to meet fixed timelines. He expressed concerns about a proposed policy that could possibly punish developers and counties for expedited permitting housing projects that fail to meet commitments. Instead of this punitive approach, he proposed a certified letter process, which would certify a project as eligible for priority permitting by a respective county's housing director and mayor, like the one he observed in the County of Kauai, to be submitted with its financing applications.

- Director Glenn cautioned on the timing of HHFDC's consolidated application coinciding with elections, that may create uncertainty for affordable housing projects, highlighting that a change in administration, particularly in politically appointed positions like a housing director or mayor, could alter or delay a county's commitment to a project.

- Designee Evans stated that a county could try to commit, but there are many external variables that are out of their control. She suggested that the policy incentivizes counties as opposed to developers.

  Designee Evans added that Representative Greggor Ilagan is leading the initiative to address Hawaii's delayed permitting process, by way of the "Taskforce for SPEED" (Simplifying Permitting for Enhanced Economic Development), which is looking at state and county permitting issues, including those related to building permits, water and waste systems, and State Historic Preservation Division commitments.

Director Bradshaw moved, seconded by Designee Evans, to delete Criterion 2.B. under section III.D. Criteria Point System, reverting the proposed criterion total from 5 points back to the original 2 points.

- Prior to the vote, Chair Mackler suggested reaching out to each of the counties to reconfirm their policies, stating that due to the lengthy permitting process, any method of accelerating this phase of development would be highly beneficial.

The motion was carried unanimously.

On the passing of the above amendment, Director Glenn confirmed that 3 points were available for reallocation. Oi responded in the affirmative.

III.D. Criterion 8. State or County Government Owned Land

- The Board had no changes or discussion on this criterion.

III.D. Criterion 9. Energy Efficiency and Green Building

- The Board had no changes or discussion on this criterion.

III.D. Criterion 11.A. Developer and Property Management Experience – Evaluating the development team's capacity to fulfill application requirements.

- The Board had no changes or discussion on this criterion.

III.D. Criterion 11.C. Developer and Property Management Experience – Number of LIHTC Projects Placed in Service in Hawaii

- The Board had no changes or discussion on this criterion.

III.D. Criterion 14. Special Housing Needs

Oi stated that special housing needs will accept referrals from a state-coordinated system for 10% of units reserved for certain populations – such as the homeless, domestic violence survivors, or incarcerated – providing different levels of support 24/7.

- Director Bradshaw asked who determines who qualifies for special housing needs.

  Oi stated that qualifications are based on referrals from other agencies, not the housing project.

- Chair Mackler asked what happens if a developer refuses or declines referrals into the project.

  Oi stated that a developer is not able to refuse or decline referrals and will be provided training on how to manage those populations.

Executive Director Minakami commended Oi and his team for their work on supporting special needs housing for the past two years and their collaboration with the various agencies.

III.D. Criterion 16. Involvement of a Qualified Non-Profit Organization

- Director Bradshaw suggested that the points revert to two points, emphasizing the importance of ensuring qualified non-profit organizations.

- Chair Mackler emphasized the importance of non-profit housing developers that serve their local communities. He highlighted the difficulty for small non-profits to develop the expertise needed to apply for complex financing programs, which causes a barrier to entry that can limit their participation in affordable housing development. Because non-profits often have a different mission than for-profit developers, he concurred with Director Bradshaw, stating that he too, would be a proponent of restoring the point.

  Oi clarified that HHFDC's intension was not to minimize the importance of non-profit housing. He explained that there is a need to focus on allocating specific, significant points to organizations that have successfully completed at least one LIHTC project, which builds equity, giving the non-profit the experience and financial standing to attract more investment for future projects. While the point could be restored, a different approach to this criterion is needed so the points become more meaningful and discerning.

- Director Glenn confirmed that the points are not a differentiator, with the majority receiving 2 points or 1 point.

  Based on current wording, Oi responded in the affirmative, stating that while a non-profit affiliation suggests a mission-driven approach, it does not guarantee dedicated experience and needs to be further defined to differentiate between a "truly mission-focused" operation versus for-profit.

- Director Glenn commented that if the board were to affect that, it would require rewriting the language and the criteria and questioned whether they were prepared for that or should wait until the next funding round to allow for a proper vetting process.

While not objected to it, Oi stated that such a revision would require the QAP to go through the public hearing process. On the other hand, Oi stated that another other option would be to restore the point and expand on it next year to refine it.

- Director Glenn suggested holding off on motions until later in the meeting to allow for further discussion flexibility and potential repositioning of the 3 points based on how other items unfold, to ensure the best possible placement of points within the overall structure of the review.

III.D. Criterion 23. Need for Rehabilitation

- Designee Evans commented on acquisition/rehab projects lacking clear tenant benefits and asked for clarification on the allocation of points moving from a negative to a 2.

  Oi explained that it was moved from negative 2 to 0, ensuring that positive points would only be awarded when rehab activities produce a material improvement in the residents' quality of life.

There being no further discussion on additional areas of the QAP, Chair Mackler opened to discuss reallocating the 3 points taken from Criterion 2.B., under section III.D. Criteria Point System that was deleted.

Executive Director Minakami asked whether all the points needed to be reallocated. Oi clarified that a deduction simply reduces the total amount whereas a reallocation of points would require a more formal process.

Director Bradshaw moved, seconded by Designee Evans, to amend Criterion 16 – Involvement of Qualified Non-Profit Organization from 1 point to 2 points.

The motion was carried unanimously.

Chair Mackler then called for a vote on the main motion as amended.

The motion was carried unanimously.

Director Glenn thanked Chair Mackler for his suggestion to have a special meeting to focus on the QAP, which he found to be very valuable.

V. ADJOURNMENT
10:55 a.m.

There being no further business, Chair Mackler adjourned the meeting at 10:55 a.m.

for [signature]
JASON BRADSHAW
Secretary