

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

January 8, 2026

MINUTES

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) held its regular meeting on Thursday, January 8, 2026. The meeting was called to order at 9:00 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>).

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

On roll call, those in attendance and excused were as follows:

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

Executive Director Dean Minakami

Excused: Director Seth Colby
Director Scott Glenn

Staff: Klemen Urbanc, Deputy Attorney General
Lindsey Hostetter-Takaesu, Deputy Attorney General
Michael Yee, Chief Planner
Holly Osumi, Chief Financial Officer
Melissa Loy, Chief Financial Officer
Jay Nakamura, Acting Housing Finance Manager
Randy Chu, Development Branch Chief
Albert Palmer, Development Section Chief
Lorna Kometani, Sales & Counseling Section Chief
Cameron Lowry, Housing Development Specialist
Tammy Murakami, Land Ownership Specialist
Lee Miller, Property Management Specialist
Gordon Pang, Housing Information Officer
Marc Orbito, Information Technology Systems Manager
Helmer Betiong, Information Technology Specialist
Esa Pablo, Administrative Assistant

Guests: Kim Miyoshi, Accuity LLP
Lance Chee, Accuity LLP
Moe Mahanna, Highridge Costa
Leslie Weiss, Highridge Costa
Monte Heaton, Highridge Costa
Daniel Simonich, The Michaels Organization
Chris Deuchar, Form Partners
Raul Serrano, Kamehameha Schools
Pualani Hao, Kamehameha Schools
Scott Settle, AHED Foundation
Ryan Wilson, Cades Schutte
Stanford Carr, Stanford Carr Development
Nick Wachi, Stanford Carr Development
Dustin Carr, Stanford Carr Development

Brandon Hong, Core Tech International
SMK

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

Housing Information Officer Gordon Pang provided 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.

Director Bradshaw moved, seconded by Director Chun, to approve the meeting minutes of December 11, 2025.

The motion was carried unanimously.

Designee Evans moved, seconded by Director Chun, to approve staff's recommendation, to accept the Audited Financial Statements (AFS) of the HHFDC for fiscal year ended June 30, 2025, of which Accuity LLP (the Auditor) issued on December 15, 2025 and deemed presented fairly the financial position and changes in financial position and cash flows for the year then ended, with no deficiencies in internal control that were considered material weakness, no instances of noncompliance, and no findings or questioned costs.

A copy of the PowerPoint presentation was distributed to the Board and presented by Chief Financial Officer Holly Osumi and HHFDC Corporate Controller Melissa Loy, covering the Auditor Reports, excerpts of the AFS, and Year End Summary. Osumi stated that the full AFS will be made available online or a copy can be provided upon request. Auditors Kim Miyoshi and Lance Chee were introduced and were available for questions.

Osumi stated that HHFDC's net position increased by approximately \$323.6 million to \$2,653,200,000 as of June 30, 2025, primarily due to activities in the General Obligation Bond Fund, Rental Housing Revolving Fund, and the Dwelling Unit Revolving Fund (DURF). She acknowledged and expressed appreciation for the strong support received by the Green Administration and the State of Hawaii Legislature.

Osumi highlighted the following accomplishments and new programs forthcoming.

- Operated the Hale O Laie (formerly the Haggai Institute) property for a full year, which housed Maui wildfire survivors.
- Closed a record number of 13 loans which started the construction of 1,608 units.
- Delivered and placed in service a total of 1,460 units within 14 projects, with an additional projection of 10,875 units within the five-year production period.
- Deployed the online consolidated finance application system for the 2026 funding round.
- Issued \$30 million in bonds for the Hale Kamaaina Mortgage Program in December 2025.
- HHFDC will be implementing the Bond Recycling Program.

There being no testimony provided by the public, Chair Mackler opened for questions.

Designee Evans congratulated HHFDC on a clean audit.

Osumi thanked her staff and all HHFDC staff who contributed to the success of the audit.

Chee and Chair Mackler also provided positive feedback on a job well done.

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

Designee Evans moved, seconded by Director Chun, to approve staff's recommendation, presented by Housing Development Specialist Cameron Lowry, requesting approval of:

- a DURF budget in the amount of \$19,323,348 for offsite electrical infrastructure improvements for the Pohukaina Commons (Project) for the Coral Street Segment applicable to the 1,764 impacted affordable housing units in the region;
- up to \$6 million for the expansion of the \$2 million predevelopment loan approved by the Board on October 14, 2021, to cover additional predevelopment costs such as, but not limited to, predevelopment costs for both Phase 1 and 2, redesign and relocation of onsite transformers, and expanded Hawaii State Historic Preservation Division (SHPD) archaeological trenching; and
- a DURF budget of up to \$7.15 million for the construction and management of up to 110 parking stalls for Phase 1, of which the HHFDC would lease back to Highridge Costa Development Company, LLC (Developer) for utilization until the Department of Education (DOE) educational facility is complete. The DOE will then reimburse HHFDC for the construction funding and the parking stalls will be conveyed to DOE.

Lowry noted a correction on page 7 of the For Action, within the table under section III.B.9.

REVIEW GUIDELINES	DISCUSSION	RISK LEVEL
PROJECT FACTORS		
Infrastructure	Preliminary engineering is complete, infrastructure upgrades are necessary and costs and time have been accounted for.	<u>Moderate</u>
Loan Amount	<u>Total amount is 6% to more than 10% of DURF balance.</u>	<u>High</u>

There being no testimony provided by the public, Chair Mackler opened for questions.

Designee Evans referenced page 4, under section III.A.3., confirming whether Kamehameha Schools are committed to doing the construction. Lowry responded in the affirmative.

Designee Evans supported HHFDC control of the parking stalls until the DOE completes the educational facility, which she stated had been a long time coming. Executive Director Minakami explained that the project was stalled for many years because the DOE's plans were unknown, which prevented a Request for Proposal (RFP) to be issued for this block, but DOE's conditional agreement – ensuring their space and parking – allowed a workable solution for the RFP to be issued.

Executive Director Minakami noted that Hawaiian Electric Company (HECO) withdrew its initial "will serve" letter, highlighting the need for adaptive solutions and coordination with Kamehameha Schools to address the electrical improvement needed

III.B. DISCUSSION AND/OR DECISION MAKING

Approve: (1) a Dwelling Unit Revolving Fund (DURF) Budget for Offsite Electrical Infrastructure Improvements; (2) Modifications to the Approved DURF Predevelopment Loan; and (3) a Budget from DURF for the Construction of Parking Stalls for the Pohukaina Commons Mixed-Use Project Located at 690 Pohukaina Street in Kakaako, Oahu, TMK No.: (1) 2-1-051: 047

to provide power not just for the Project, but for the other projects dependent upon that HECO trunkline being powered up.

Since Kamehameha Schools and Affordable Housing and Economic Development Foundation plan to use the same contractor for the ductwork throughout Kakaako, Chair Mackler asked whether unified work was anticipated given the extensive scope. Lowry stated that in terms of execution, it was anticipated to be “seamless.” However, beyond that, representation is unknown.

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

Director Chun moved, seconded by Director Bradshaw, to approve staff’s recommendation, requesting approval for HHFDC’s purchase of equity in 27 (23 one-bedroom, one-bath units and 4 two-bedroom, one-half-bath units) designated units subject to the DURF Equity Pilot (DEP) Program not to exceed \$2,350,000.

There being no testimony provided by the public, Sales & Counseling Section Chief Lorna Kometani presented the For Action, noting a correction on page 2 of the For Action, within the table under section III.B.

No. of Units	Unit Type	HHFDC AMI%	Original Sales Price	HHFDC Equity	New Sales Price	New AMI %	Total Allocation
23	1 Bedroom, 1 Bath	120% 140%	\$604,800 to \$666,000	\$90,000 (14% to 15%)	\$514,800 to \$576,000	100% 120%	\$2,070,000
4	2 Bedroom, 1.5 Bath	130% 120%	\$692,800 to \$692,900 \$696,900	\$70,000 (10%)	\$622,800 to \$622,900 \$626,900	110%	\$280,000

Chair Mackler asked for the DEP loan terms for potential buyers. Kometani stated that the loan term would be for 30 years at 0% interest, payable any time after closing and under certain terms and conditions.

Mr. Dustin Carr, with Stanford Carr Development (SCD), stated that the Kahuina Condominium Housing Development (Project) will consist of 519 affordable units (396 affordable For Sale units and 123 affordable rental units), commencing sales over the next two weeks.

Chair Mackler inquired about the unit delivery schedule. SCD CEO Stanford Carr stated that loan closing and commencement of construction is anticipated in July 2026, with a 30-month construction schedule.

In terms of marketability, Designee Evans asked whether differences are seen between the Shared Appreciation Equity (SAE) Program versus the DEP Program. Carr stated the difference in allowance of gift funds – while the SAE program allows gift funds of up to 35% of the purchase price, the DEP program allows those who may not have the luxury of such gift funds or down payment assistance to qualify for a conventional mortgage, by reducing the unit price through HHFDC purchase of equity.

Carr shared a story with the Board about a single mother who vacated one of their affordable rental projects to become a homeowner, highlighting the importance and impact of their work being the reason for “why we do what we do.”

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

There being no testimony provided by the public, Kometani introduced Land Ownership Specialist Tammy Murakami, who oversees the Leasehold Program.

Kometani presented the For Discussion, stating that the HHFDC established a New Leasehold Policy to manage its residential portfolio of 539 lots across 13 housing

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

Approve: (1) the Hawaii Housing Finance and Development Corporation’s Purchase of Equity in Designated Units with the Kahuina Condominium Housing Development (the Project) Located in Kakaako, Oahu, TMK No.: (1) 2-1-054: 001; and (2) a Set Aside of Dwelling Unit Revolving Fund Equity Pilot Program Funds for the Project

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

development projects, excluding Waiahole Valley. In preparation of the expiring leases, the Real Estate Services Section updated its existing internal procedures and implemented strict leasehold policy enforcement measures in conjunction with the Leasehold Policy Permitted Interaction Group's findings and recommendations, to ensure that each lessee understands the provisions of the lease, adheres to HHFDC expectations for compliance, and maintains eligibility to receive a new 99-year lease when offered.

Through informational meetings and discussions held on current and new leasehold policies, the need for clarification on the following questions were raised. Feedback from the Board on how to proceed going forward was requested and ensued as follows.

Executive Director Minakami stated that Uluwehi would be the first project up for consideration of a new lease under the policy, with about half of the units being owner occupied and the other investor owned. He addressed the complexities of balancing the demand by Legislative proponents for homeownership opportunities with the long-term need for affordable rentals for residents, being a policy concern staff would like to address with the Board.

In terms of the index rate of 2% utilized to establish lease rents, Executive Director Minakami suggested that leasehold amounts be lowered and that flexibility in the index adjustment be considered given that land values have radically increased since 2021.

1. Should the new leasehold policy be expanded to include investor owners who are renting their units at affordable rent amounts, e.g., 50% - 60% of the area median income (AMI)?

- Chair Mackler asked whether the 50% - 60% AMI was based on existing terms of the lease. Kometani stated that the rent amounts are based on the market rate for rents within the area.
- Chair Mackler suggested that future leases impose affordability through AMI limits, potentially even for investor-owned units. Kometani noted that while possible, the policy was originally designed for owner-occupants. Reintroducing investor owners would force the state back into "property management" monitoring – a role for which current staff levels may be insufficient without external assistance.
- Director Chun commented that he believes in the efficiency of the market, that when left to operate freely, will naturally allocate resources and price assets correctly without the need for additional layers of regulation and trusts the existing market mechanisms to be efficient on their own.
- Director Bradshaw suggested precautionary measures be placed to protect families within a specific economic range (i.e., 50% - 60% AMI) to ensure affordability in a changing market. Kometani noted that new affordable lease rents are fixed for a total 55 years with rents structured in increments, initially set for 10-year periods and subsequently updated to 20-year increments within the 55-year term. She further explained that the initial rents will be based on projected future values (e.g., 2028 values) and remain unchanged throughout the duration of the set lease period. After the 55-year term concludes, the leases will be renegotiated based on the property's value at that future time, intended to provide stable, long-term housing costs for residents while ensuring the rent structure can be applied consistently across projects like Uluwehi, as well as Waimanalo, and projects on the outer islands.

2. Can HHFDC adjust the index (more or less than 2% of the land value) to establish the lease rent provided it meets the lease rent methodology indicated within the Leasehold Policy Permitted Interaction Group's findings and recommendations?

- Designee Evans echoed Executive Director Minakami’s concern about the use of the index rate of the 2% of the county-assessed land value. She stated that while she is in favor of annual increases, she suggested that HHFDC cover costs and expenses by calculating lease rents by a more predictable rate like 2% - 3 % over the current lease rent as opposed to appraised land values, providing a sense of certainty and minimize risk for lessees.

Designee Evans inquired about the exclusion of Waiahole Valley leases. Executive Director Minakami stated that Waiahole leases are excluded from the new 99-year lease policy primarily because applying the new policy's rent formula—calculated as 2% of the land value—would make leases unaffordable for current tenants.

Designee Evans asked how the Waiahole leases differ from the new lease policy. Executive Director Minakami explained that unlike traditional ground leases or the new policy for other projects, Waiahole lessees generally do not have equity in the property. Equity is strictly limited to the fair market value of improvements or crops the lessees themselves funded or developed. Furthermore, Waiahole leases are not considered “true ground leases” but rather function more like long-term use permits that require lessees to actively farm the agricultural lots.

Chair Mackler asked about the next steps. Kometani stated that staff will finalize the proposed rule amendments and return to the Board for official approval, at which time additional discussion can be held.

Designee Evans suggested that HHFDC’s findings be shared with the Hawaii Community Development Authority to assist in their ongoing 99-year leasehold pilot program. Kometani stated that discussions to meet are in progress.

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

Executive Director Minakami reported on the following:

- Hanapepe Residence Lots will be returning their 9% Low Income Housing Tax Credit allocation awarded in 2024 because the developer anticipates the project cannot meet the placed-in-service deadline and will reapply in the upcoming funding round.
- HHFDC held a meeting with realtors to promote the Hale Kamaaina Mortgage Loan Program, of which now has seven participating lenders. Gratitude was expressed to American Savings Bank for dedicating space on their website for program information.
- Commended HHFDC staff on their work well done and expressed appreciation for the Legislature support which enable HHFDC to accomplish the completion of 1,460 units and commence construction on 1,608 units during Fiscal Year 2025, with 10,875 units anticipated to be delivered in 5 years.

Chair Mackler inquired about homebuyers’ interest in the Hale Kamaaina Mortgage Loan Program. Executive Director Minakami stated that HHFDC’s outreach efforts are ongoing to make realtors the primary source of information for homebuyers, particularly given that the program operates without a dedicated advertising budget.

Chair Mackler suggested that perhaps a dedicated advertising budget should be explored.

**IV.
REPORT
BY THE
EXECUTIVE
DIRECTOR**

There being no further business on the agenda, Director Bradshaw moved, seconded by Director Sean Sasaki to adjourn the meeting at 10:25 a.m.

V.
ADJOURNMENT
10:25 a.m.

The motion was carried unanimously.



JASON BRADSHAW
Secretary