HAWAII PUBLIC HOUSING AUTHORITY
NOTICE OF MEETING
REGULAR BOARD OF DIRECTORS MEETING
1002 North School Street, Building A Boardroom
Honolulu, Hawaii 96817
Thursday, August 15, 2019
9:00 a.m.

AGENDA

I. CALL TO ORDER/ESTABLISHING QUORUM

II. PUBLIC TESTIMONY

Public testimony on any item relevant to this agenda shall be taken at this time. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

III. APPROVAL OF MINUTES

Annual Meeting Minutes, July 18, 2019
Regular Meeting Minutes, July 18, 2019
Executive Session Meeting Minutes, July 18, 2019 (not for public distribution)

IV. DISCUSSION AND/OR DECISION MAKING

A. To Appoint no Less than One (1) and no More than Five (5) Directors to the HHA Wilikina Apartments Project, Inc. Board of Directors

B. To Adopt Resolution No. 19-06 Approving the Section Eight (8) Management Assessment Program (SEMAP) Certification for Fiscal Year July 1, 2018 to June 30, 2019 and to Authorize the Executive Director to Undertake All Actions Necessary to Submit the SEMAP Certification to the U.S. Department of Housing and Urban Development

C. To Approve the Hawaii Public Housing Authority's Amended Annual Public Housing Agency Plan for the Fiscal Year 2019-2020 to Establish Programs to Incentivize Owners/Landlords to Participate in the Section 8 Housing Choice Voucher Program, and to Authorize the Executive Director to Take All Required Actions to Submit the Approved Amended Plan to the U.S. Department of Housing and Urban Development

D. To Approve the Hawaii Public Housing Authority's Title II Accessibility Assessment Report Prepared by EMG Which Assesses the Needs of HPHA Residents and Applicants Who Require UFAS-Accessible Units and Authorize the Executive Director to Submit the Report to the U.S. Department of Housing and Urban Development

The Board may go into executive session pursuant to Hawaii Revised Statutes (HRS) sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

E. To Accept the Hawaii Public Housing Authority's Title II Accessibility Assessment Reports Prepared by EMG Which Assess the Exterior and Interior Areas of the HPHA's Properties for Compliance with Accessibility Standards and Authorize the Executive Director to Submit the Assessment Reports to the U.S. Department of Housing and Urban Development (Bryon Scott of EMG will be available for Q&A by the Board of Directors via Skype.)

The Board may go into executive session pursuant to Hawaii Revised Statutes (HRS) sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

F. To ***(1)*** Approve Quitclaim Deed from the State of Hawaii, by its Board of Land and Natural Resources, to the Hawaii Public Housing Authority for the Land Situated at Kalaepohaku and Kapalama, Honolulu, Oahu, Tax Map Key No. (1) 1-6-009-003, Under Hawaii Revised Statutes section 171-95(a)(1), Subject to Review and Approval by the Department of the Attorney General; and ***(2)*** And Authorize the Hawaii Public Housing Authority Executive Director To Take Any and All Action Related to this Deed

G. To Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMK Nos. 1-3-039-008-0000; 1-3-039-006-0000) for an Additional 30 Days and to Authorize the Executive Director to Continue to Negotiate a New Master Development Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes for Future Phases

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 92-5(a)(3) to deliberate concerning

the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

H. Discussion and Update on Redevelopment Projects Mayor Wright Homes (Tax Map Key No.: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Key Nos. 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key No.: 1-6-009-003-0000)

1. Presentation by Retirement Housing Foundation on Redevelopment Efforts at the HPHA's School Street Administrative Offices

2. Presentation by Hunt Development Group, LLC on MWH Partners, LLC's Redevelopment Efforts at Mayor Wright Homes

The Board may go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to the Redevelopment Projects Mayor Wright Homes, Kuhio Park Terrace Low Rise/Kuhio Homes and HPHA's School Street Administrative Offices.

VI. REPORTS

Executive Director's Report:

- Financial Report for the Month of June 2019 Financial Report is provided to the Board in the monthly packet.
- Report on Contracts Executed During July 2019 and Planned Solicitations for August 2019/September 2019 are provided to the Board in the monthly packet. No formal report is planned.
- Public Housing Occupancy/Vacancy Report; Federal Public Housing; Eviction Hearings for the Month of July 2019.
- Obligation and Expenditure Status for Design and Construction Projects Funded Under the Federal Capital Fund Program (CFP) and the State Capital Improvement Program (CIP).
- Section 8 Subsidy Programs Voucher: Voucher Lease-up and Pending Placements; Update on Rent Supplement Program.

** The HHA Wilikina Apartments Project, Inc. Meeting will convene immediately after the HPHA's Regular Meeting adjourns.

If any person requires special needs (i.e., large print, taped materials, sign language interpreter, etc.) please call Ms. Jennifer Menor at (808) 832-4694 by close of business three days prior to the meeting date. If a request is received after August 12, 2019, the HPHA will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. Meals will be served to the Board and support staff as an integral part of the meeting.

HAWAII PUBLIC HOUSING AUTHORITY
MINUTES OF THE REGULAR MEETING
HELD AT 1002 NORTH SCHOOL STREET, BUILDING A
HONOLULU, HAWAII 96817
ON THURSDAY, AUGUST 15, 2019
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors of the Hawaii Public Housing Authority held their Regular Board Meeting at 1002 North School Street, on Thursday, August 15, 2019. At approximately 9:15 a.m., Chairperson Milo Spindt called the meeting to order and declared a quorum present. Those present were as follows:

PRESENT: Director Milo Spindt, Chairperson
Director Pono Shim, Secretary
DHS Director, Pankaj Bhanot
Director George De Mello
Designee Denise Iseri-Matsubara
Director Roy Katsuda
Director Susan Kunz
Director Todd Taniguchi

Deputy Attorney General Jennifer Sugita
Deputy Attorney General Klemen Urbanc

EXCUSED: Director Robert Hall, Vice-Chairperson
Director Lisa Darcy
Director Betty Lou Larson

STAFF PRESENT: Barbara Arashiro, Executive Assistant
Chong Gu, Chief Financial Officer
Kevin Auger, Redevelopment Officer
Rick Sogawa, Contracts and Procurement Officer
Katie Pierce, Section 8 Subsidy Program Branch Chief
Becky Choi, State Housing Development Advisor
Benjamin Park, Chief Planner
Gary Nakatsu, Resident Services Program Specialist
Nelson Lee, IT Supervisor
Sarah Beamer, Compliance Specialist
Jennifer Menor, Secretary to the Board

OTHERS PRESENT (and signing in as):
Natalie Banach, Settle Meyer Law
Senator Stanley Chang
Steve Colon, Hunt Development
Riley Fujisaki, House of Finance
Michael Goshi, Design Partners
Daisy Hartsfield, DHS Designee

Craig Hirai, Hawaii Housing Finance & Development Corporation
Frank Jahrlin, Retirement Housing Foundation
Scott Jepsen, EJP
Thomas Lee, Hunt Development
Sara Lin, Office of the Governor
Mike Muromoto, Design Partners
Andrew Nakoa, Sr., Mayor Wright Homes
Representative Takashi Ohno
Anders Plett, Retirement Housing Foundation
June Talia, Kuhio Homes
Julie Yang, House of Finance
Kimi Yuen, PBR Hawaii

Public Testimony

Chairperson Spindt stated that the Board would accept public testimony on any item relevant to the agenda. Pursuant to section 92-3, Hawaii Revised Statutes, and section 17-2000-18, Hawaii Administrative Rules, the Board may limit public testimony to three minutes per agenda item.

Takashi Ohno, State Representative for District 27, which includes Liliha and Alewa Heights, testified on the redevelopment projects. He stated that he has been following the School Street Administrative Offices project since 2015 when Retirement Housing Foundation (RHF) was selected to design a plan. Representative Ohno has attended meetings, charettes, and neighborhood board meetings. Feedback he has received from the community includes:

- There's a high density of public housing in the Kalihi district, including Puahala Homes, Hale Poai and Halia Hale. He has received criticism from the public that the community has already housed many public housing properties at the expense of the existing residents.
- Representative Ohno suggested that public housing should be more spread around and incorporated into different communities. More housing in this area will create more traffic in the surrounding areas for the existing residents.
- Any new building should match the surrounding esthetics. For example, Representative Ohno expressed that smaller buildings like Hale Poai would match, but a large walled facility like Mayor Wright Homes or tall towers like Kuhio Park Terrace would look out of place in the area.
- There is a dense population of elderly, 62 years of age or older, in this community, making it the community with the second highest number of elderly.
- Representative Ohno requested that the community receive consistent updates on the redevelopment projects, especially those that could be affected by the construction, the existing residents and those who pass through Lanakila and School Street area. He suggested email and letter updates. Representative Ohno also offered to assist with the community outreach.

Representative Ohno expressed that any development in Hawaii is an emotional issue. He recognized that HPHA's Board consists of volunteers who often feel the brunt of people's emotions and thus thanked the Board for their service.

June Talia, Kuhio Homes tenant, requested an update on the redevelopment project of Kuhio Park Terrace Low Rise/Kuhio Homes. She also mentioned that her property has a new property manager, but hasn't meet or seen her. Ms. Talia requested an informal meeting amongst the tenants and the new property manager.

Andrew Nakoa, Sr., Mayor Wright Homes tenant, testified on the security's lack of professionalism. He alleged that the security doesn't always answer when he calls to report issues and that security has been seen outside of the guard shack on occasions. He stated that he continues to see children playing outside until approximately 2 a.m. Mr. Nakoa voiced that security should walk the children back to their unit and speak with the parents versus only chasing the children away. Mr. Nakoa continues to request for in-house security. He also expressed that the security should be patrolling at least every hour. Mr. Nakoa shared a concern on the safety at Mayor Wright Homes and seeks more information on the tenant relocation during construction.

June Talia, Kuhio Homes tenant, testified a concern with the extension of the suspension of the Termination for Convenience of the Master Development Agreement between Michaels Development Company. She expected that HPHA would move forward with another developer if both parties couldn't come to an agreement within 120 days. Ms. Talia requested that the residents of Kuhio Park Terrace and Kuhio Homes receive an update on what is reported.

Chairperson Spindt stated that HPHA has new information that the staff would like to share with the Board. Chairperson Spindt stated that all public information will be reported on during the meeting; however, any information in regards to negotiations will be kept confidential.

Approval of Minutes:

Chairperson Spindt deferred consideration of the Regular Meeting Minutes of July 18, 2019 to a future Board meeting.

Director Bhanot moved,

> **To Approve the Annual Meeting Minutes of July 18, 2019**
>
> **The minutes were unanimously approved as presented.**

Chairperson Spindt deferred consideration of the Executive Meeting Minutes of July 18, 2019 to a later time in the Board meeting.

Discussion and/or Decision Making

Director Shim moved,

> **To Appoint no Less than One (1) and no More than Five (5) Directors to the HHA Wilikina Apartments Project, Inc. Board of Directors**

Chairperson Spindt asked for clarification from its attorney that the Board needs to appoint no more than one additional Director to the existing Directors that were selected at the last Board meeting to meet compliance.

Deputy Attorney General Sugita confirmed that the HHA Wilikina Apartments Project, Inc. needs at least one more Board of Director, as the HHA Wilikina bylaws require quorum of four (4) members. There is, however, an opportunity for up to five (5) additional directors to be appointed.

Director Shim nominated Director Todd Taniguchi. Director Todd Taniguchi accepted the appointment to the HHA Wilikina Apartments Project, Inc. Board of Directors.

Director Bhanot moved,

> **To Appoint Director Todd Taniguchi to the HHA Wilikina Apartments Project, Inc. Board of Directors**
>
> **The motion was unanimously approved.**

Director Shim moved,

> **To Adopt Resolution No. 19-06 Approving the Section Eight (8) Management Assessment Program (SEMAP) Certification for Fiscal Year July 1, 2018 to June 30, 2019 and to Authorize the Executive Director to Undertake All Actions Necessary to Submit the SEMAP Certification to the U.S. Department of Housing and Urban Development**

Executive Assistant Arashiro reported that the SEMAP is a Section 8 management assessment system that is used by the U.S. Department of Housing and Urban Development (HUD) to measure the performance of the public housing agencies that manage the Section 8 program.

Annually, the housing authorities are required to submit a SEMAP certification based on their performance in fourteen areas (illustrated on Page 17 of the Board packet). Executive Assistant Arashiro added that indicator 15 is a bonus indicator.

Executive Assistant Arashiro stated that HPHA will go through its operations for the past fiscal year and document all activities in order to produce what the agency believes

should be their score. For the fiscal period that ended June 30, 2019, HPHA is projecting a score of 140 points out of 145 points, which will make HPHA a “High Performer” under the SEMAP rating system.

Once HPHA submits their SEMAP score to HUD, HUD will review all documentation and certify the HPHA’s score. Generally, HPHA is conservative in its projection, so while HPHA is projecting a score of 140 points, HPHA has potential to receive a score of 145 points out of 145 points.

Director Katsuda asked for more information on the bonus 5 points.

Executive Assistant Arashiro stated that the bonus Indicator no. 15 measures de-concentration. This is where the public housing authorities would track where Section 8 recipients are residing and if the public housing authorities are encouraging de-concentration to avoid a concentration of very low-income families living in specific areas. Executive Assistant Arashiro reported that HPHA isn’t currently tracking this; hence issuing a score of 0.

Chairperson Spindt asked if the SEMAP score is based on a self-scoring method.

Executive Assistant Arashiro confirmed that it is self-scoring, and is also based on data that is inputted into the HUD systems. Once HPHA submits its score, HUD will verify its SEMAP score.

Chairperson Spindt asked if HPHA’s score is generally accurate in comparison to HUD’s final score.

Executive Assistant Arashiro reported that HPHA is usually conservative in its projections and occasionally underscores itself knowing that HUD can increase the score.

Director Shim asked if there is precedence that HPHA has had their score increased by HUD in the past.

Executive Assistant Arashiro reported that two years ago HUD certified a higher score for the HPHA than what was submitted.

The motion was unanimously approved.

Director Shim moved,

To Approve the Hawaii Public Housing Authority’s Amended Annual Public Housing Agency Plan for the Fiscal Year 2019-2020 to Establish Programs to Incentivize Owners/Landlords to Participate in the Section 8 Housing Choice Voucher Program, and to Authorize the Executive Director to Take All Required Actions to Submit the Approved Amended Plan to the U.S. Department of Housing and Urban Development

Executive Assistant Arashiro reported that the Public Housing Agency (PHA) Annual Plan is a requirement of HUD. Public housing authorities use the PHA Plan to inform the public and HUD on how the agency plans to operate their program over a period of five (5) years and the coming fiscal year.

When a public housing authority wishes to amend a rule, adopt a new policy or put a new program in place, that change needs to be reflected in the PHA Plan.

HPHA is asking to amend its current approved PHA Plan to establish programs to incentivize owners/landlords to participate in the Section 8 Housing Choice Voucher Program.

Public hearings were held in each county on August 6, 2019. In addition, meetings were also held with the Resident Advisory Board on the draft Amended PHA Plan. Since there were no substantial comments at the hearings, no revisions were made to the draft Amended PHA Annual Plan.

Once Board approval is received, HPHA will submit the final proposed Amended PHA Annual Plan to HUD for approval.

The motion was unanimously approved.

Director Bhanot moved,

To Approve the Hawaii Public Housing Authority's Title II Accessibility Assessment Report Prepared by EMG Which Assesses the Needs of HPHA Residents and Applicants Who Require UFAS-Accessible Units and Authorize the Executive Director to Submit the Report to the U.S. Department of Housing and Urban Development

Executive Assistant Arashiro reported that with the issuance of Section 504, public housing authorities (PHA) are required to conduct a needs assessment to identify the needs of the residents and its applicants with disabilities, and to develop transition plans to make the PHA fully accessible to persons with disabilities.

On July 11, 2018, HPHA entered into a Voluntary Compliance Agreement (VCA) with HUD. In October 2018, HPHA entered into a contract with EMG to complete the work on the needs assessment and transition plan.

The needs assessment reviews the agency's waitlist, transfer waiting list, and local/state/federal census data to determine if HPHA needs to exceed the federal requirement of 5% accessibility and 2% hearing/visual units.

Executive Assistant Arashiro conveyed that EMG has made some recommendations, and HPHA would like to share the feedback with its attorneys and the Board in order to understand the agency's obligations and liabilities.

Director Shim moved,

> **The Board go into executive session pursuant to Hawaii Revised Statutes (HRS) sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.**
>
> **The motion to go into executive session was unanimously approved.**

The Board entered Executive Session at approximately 9:44 a.m.

The Board reconvened at approximately 10:13 a.m.

Chairperson Spindt reported that the Board consulted with its attorney on issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

Executive Assistant Arashiro added that there will be a financial obligation to bring HPHA's properties up to compliance, and HPHA will need the support for those funds.

Chairperson Spindt reported that a Senator and Representative were present at the meeting and is hopeful that they can assist HPHA in funding those obligations.

> **The motion was unanimously approved.**

Director Katsuda moved,

> **To Accept the Hawaii Public Housing Authority's Title II Accessibility Assessment Reports Prepared by EMG Which Assess the Exterior and Interior Areas of the HPHA's Properties for Compliance with Accessibility Standards and Authorize the Executive Director to Submit the Assessment Reports to the U.S. Department of Housing and Urban Development**

Chairperson Spindt stated that Bryon Scott of EMG was available for Q&A by the Board of Directors via Skype.

Executive Assistant Arashiro reported that HPHA's consultant also conducted site assessments on the exterior and interior areas of all HPHA public housing properties to determine their compliance with the accessibility standards.

The reports generated from the inspections were made available for Board to review.

Chairperson Spindt acknowledged the immense quantity of paperwork that was produced by EMG.

Executive Assistant Arashiro stated that she and the HPHA staff have reviewed the project reports prepared by EMG. As a result of some work that took place prior to the reports being issued, some deficiencies that were reported have already been addressed. HPHA is in the process of establishing a transition plan and budget(s) based on the site assessments.

Director Bhanot asked for clarification on the budget. He asked if the budget is based on the existing budget for the current inventory or if it includes the projection for what the future expenditure will be to make all units compliant.

Executive Assistant Arashiro reported that some projects are currently undergoing construction, so HPHA will use those funds to address some of the deficiencies. For other projects, HPHA will need to request additional funds to become compliant.

Director Bhanot asked if the estimated costs for additional construction, repairs and maintenance will be identified in the reports.

Executive Assistant Arashiro confirmed that costs for additional construction, repairs and maintenance will be disclosed in the reports.

Chairperson Spindt asked if there is a timeline for creating the transition plan to meet the necessary site recommendations.

Executive Assistant Arashiro stated that HPHA has until the end of 2019 to establish a transition plan and generally 3-4 years to implement the plan.

Chairperson Spindt asked for clarification on who the contractor is for the transition plan.

Executive Assistant Arashiro confirmed that EMG is the consultant for the transition plan, and HPHA will be working closely with them.

Director Bhanot asked if the timeline is flexible if unforeseen issues arise during the construction phase of implementation of the transition plan.

Executive Assistant Arashiro stated that under extenuating circumstances, HUD may be willing to consider extending the timeline to address specific concerns. She mentioned another solution where HPHA would also look to see if there is another project that they could accelerate in exchange for the other project while working out the unforeseen issues.

The motion was unanimously approved.

Director Shim moved,

To Postpone: To *(1)* Approve Quitclaim Deed from the State of Hawaii, by its Board of Land and Natural Resources, to the Hawaii Public Housing

Authority for the Land Situated at Kalaepohaku and Kapalama, Honolulu, Oahu, Tax Map Key No. (1) 1-6-009-003, Under Hawaii Revised Statutes section 171-95(a)(1), Subject to Review and Approval by the Department of the Attorney General; and *(2)* And Authorize the Hawaii Public Housing Authority Executive Director To Take Any and All Action Related to this Deed

Chairperson Spindt stated that the deed was not ready for Board review.

The motion was unanimously approved.

Director Bhanot moved,

To Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMK Nos. 1-3-039-008-0000; 1-3-039-006-0000) for an Additional 30 Days and to Authorize the Executive Director to Continue to Negotiate a New Master Development Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes for Future Phases

Executive Assistant Arashiro reported that on April 18, 2019 the Board had approved the motion to suspend the termination of the Master Development Agreement (MDA) with the Michaels Development Company (MDC) and to allow 120 days for both parties to come to a mutual agreement. The suspension was in response to a request from MDC to withdraw the termination.

Prior to the end of the 120-day period, HPHA staff indicated that they would proceed with reporting to the Board on its progress and request to completely rescind the previous termination or to reinstate the termination.

HPHA currently requests to extend the suspension of the termination in order to continue negotiations on the MDA with the MDC.

Redevelopment Officer Auger stated that significant progress has taken place during the 120-day period. He requested to discuss the terms and negotiations on the current revised MDA during executive session.

Director Katsuda moved,

The Board go into executive session pursuant to Hawaii Revised Statutes sections 92-4, 92-5(a)(8), and 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property, and/or 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities related to this matter.

The motion to go into executive session was unanimously approved.

The Board entered Executive Session at approximately 10:26 a.m.

The Board reconvened at approximately 11:06 a.m.

Chairperson Spindt reported that the Board discussed negotiations in regards to the MDA between the MDC and HPHA with its staff and its attorneys.

Designee Iseri-Matsubara moved,

To Amend the Main Motion to Replace "for an Additional 30 Days" with "to September 20, 2019" into the motion to read:

To Extend the Suspension of the Termination for Convenience of the Master Development Agreement Between the Michaels Development Company I, L.P., and the Hawaii Public Housing Authority for Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes (TMKs 1-3-039-008-0000; 1-3-039-006-0000) <u>to September 20, 2019</u> and to Authorize the Executive Director to Continue to Negotiate a New Master Development Agreement for the Revitalization and Redevelopment of Kuhio Park Terrace and Kuhio Homes for Future Phases

Chairperson Spindt stated that an extension has been proposed for September 20, 2019 and that the Board expects to see additional terms or other options at the end of this extension period.

The motion to amend the main motion was approved by a majority vote; with one opposed.

The amended motion was approved by a majority vote; with one opposed.

For Information:

Discussion and Update on Redevelopment Projects Mayor Wright Homes (Tax Map Key No.: 1-7-029-003-0000), Kuhio Park Terrace Low Rise/Kuhio Homes (Tax Map Key Nos. 1-3-039-008-0000; 1-3-039-006-0000; and 1-3-039-003-0000) and School Street Administrative Offices (Tax Map Key No.: 1-6-009-003-0000)

1. **Presentation by Retirement Housing Foundation on Redevelopment Efforts at the HPHA's School Street Administrative Offices**

Redevelopment Officer Auger introduced Mr. Anders Plett, Vice President of Development and Acquisitions at Retirement Housing Foundation (RHF), to present on the redevelopment efforts at the HPHA's School Street Administrative Offices.

Mr. Plett stated that RHF has been working on the School Street Administrative Offices project since 2015 and shared a brief background of RHF. Currently in its 58th year of operation, RHF is a national non-profit, developer, owner and manager of affordable housing in 29 states, DC, Puerto Rico and the Virgin Islands which operates over 20,000 units nationwide.

RHF was selected as Master Developer of the School Street Administrative Offices project through an RFQ process. In June 2016, a Predevelopment Agreement was signed and RHF began the environmental review process. The final EIS (FEIS) was completed and signed by the Governor in August 2018. Since then, RHF has been negotiating a Master Development Agreement (MDA) with HPHA. Until HPHA and RHF finalize an MDA, all development activities have been put on hold.

RHF has expended $1 million on the EIS process and needs to execute an MDA before making additional expenditures. The MDA is in its final stages, and RHF anticipates it to be completed in a few weeks. Once the MDA is executed, RHF will start the 201H entitlement process, which takes approximately 4-5 months. Proposals are ready and RHF is eager to move forward with the project.

RHF intends to request funding during the upcoming legislative session for Phase I of the School Street Administrative Offices development. Pursuant to the FEIS, the master development plan shall include 800 affordable units for seniors aged 62 years old and older. Rents will be restricted to 30%, 50% and 60% of the Area Median Income.

RHF plans to complete the development in three phases starting at the northern side of the site. Phase I will include 250 units, as well as the new Administrative offices. Phase II will include another 250 units, and Phase III will include 300 units and possible retail space. Each phase will include a tower of approximately 16 stories or less and wrap-around units along the structured parking. The architectural and engineering process has not started yet. Like the EIS process, RHF will continue to keep the public involved throughout the process of the development.

Because the need for affordable housing is high in Honolulu, RHF's goal is to combine Phase I and Phase II and build 500 units upfront. If they're able to execute the plan of combining Phase I and Phase II, funding will be needed in year 2020. The total costs for all phases, not including the administrative offices, are projected at approximately $350 million at full build out, of which $111 million will be covered by gap sources. Each of the phases would be subject to appreciation. The office building is projected to cost approximately $23 million, but RHF is still working on pricing.

Chairperson Spindt asked if the estimated $350 million total cost of all phases is based on a general per unit assumed cost, which will be refined over time.

Mr. Plett confirmed that the total cost of all three phases is based on comparable projects. RHF has interviewed various general contractors who have experience in building similar projects in Honolulu. As plans are finalized, cost estimates will change with designs. Once a general contractor is selected, construction bids will solidify the funding requests.

Chairperson Spindt acknowledged that he read that RHF anticipates to take approximately 10-12 years to complete all phases of the School Street development.

Mr. Plett confirmed the said timeframe, as long as the plan remains to complete 250 units for Phase I, 250 units for Phase II, and 300 units for Phase III. All phases are anticipated to be spaced out 2-3 years apart. If RHF is able to combine Phase I and Phase II, it could potentially lessen the completion time by approximately three years.

Chairperson Spindt asked based on the 10-12 years estimated timeline, did RHF factor in the consumer price index (CPI) increases to the current cost.

Mr. Plett confirmed that RHF has accounted for the CPI increase to the total cost of the School Street development.

Chairperson Spindt expressed that one of his concerns as a former Board member at HHFDC was the volume of funding required. He asked if RHF has discussed combining Phase I and Phase II with HHFDC and discussed the overall funding requirements necessary for the project.

Mr. Plett stated that discussions have only been with HPHA at this point.

Chairperson Spindt stated that he has heard some concerns from some of the elected officials about funding and having the administrative offices included as Phase I. He asked if discussion have occurred about creating a Phase Ia and Phase Ib and separating the two so that the towers wouldn't be linked to the offices.

Mr. Plett confirmed having discussions with HPHA regarding the development of the administrative offices and potential phasing.

Director Shim thanked Mr. Plett for his presentation. He commented on the importance of being mindful of the concerns that were raised by the State Representative, such as density and traffic, for this district during the public testimony. Director Shim strongly encouraged that community engagement be continued.

Director Katsuda asked what the community feedback was on the 16-story tower.

Mr. Plett reported receiving mixed feedback. Majority of the residents were in support of it, understanding the significance and need for affordable housing, while others expressed some resistance. He felt that the consultants did an excellent job illustrating the plan and how the view for the residents on the hill will still be able to view the ocean above the tops of the buildings. Mr. Plett acknowledged the community's concern with density and parking, which RHF will continue to work through.

Director Bhanot asked if the budget that will be requested from the Legislature will be based on comparable projects or based on information provided by contractors, builders and developers. In addition, he asked if the anticipated $350 million to complete all phases of the project will be requested at one time.

Mr. Plett clarified that the request for funding will be predicated on the proposed phasing of the housing and administrative offices. RHF will not be building all phases at once, and will ask for funding based on the phase(s) that will be built at that time. Due to the timing, the request will be based on the contractor's best estimate on building costs. RHF will finalize the budget as the plans and designs progress.

Director Bhanot acknowledged Representative Ohno's concerns and emphasized the importance of community outreach. He asked if RHF has any planning process or strategies put in place to address concerns about density of the area and aging infrastructure.

Mr. Plett reported that the EIS confirmed that the area is capable of sustaining the 800 units, as well as being able to handle the infrastructure due to the planned expansion of the Awa plant.

Director Bhanot expressed support for the development of affordable housing as long as the infrastructure is able to sustain it. He recognized the State's housing crisis and agreed that vertical construction is necessary.

Designee Iseri-Matsubara shared her concerns on sewer capacity. She asked if the current sewer infrastructure has the capacity to support all three phases of redevelopment.

Mr. Plett stated that the current sewer capacity can't support the full development, so RHF is heavily relying on the expansion of the Awa Plant. The Awa Plant is expected to be completed in June 2020, but RHF will need to get an update on it. By the time RHF mobilizes Phase I and Phase II, they anticipate that work will be completed, so it'll be able to sustain all units at that time.

Chairperson Spindt asked if there's adequate sewer capacity for Phase I.

Redevelopment Officer Auger confirmed there is adequate capacity for Phase I. HPHA will continue to monitor as plans finalize.

Director Shim asked what area the Awa Plant serves.

Redevelopment Officer Auger stated that the Awa Plant doesn't serve School Street, which could be challenging. To his understanding, there's adequate sewer capacity for the first 250 units.

Director Shim asked if the other projects are on the same system.

Redevelopment Officer Auger stated that he doesn't believe other projects are on the same system, but needs to confirm what system Kuhio Park Terrace is tied to.

Director Bhanot asked if the system has the capacity for 250 units only if it gets tied to the Awa Plant. He stated the significance of the information and it being an important part of moving forward with the development.

Redevelopment Officer Auger confirmed that HPHA will be looking into this.

Chairperson Spindt asked for clarification on the $33 million projected gap and if it'll be requested from the Legislature through a grant.

Mr. Plett stated that RHF will be exploring various funding sources, such as HHFDC and their revolving housing funds, and plans to request from the Legislature for the remaining funding needed. RHF's goal is to start construction in 2021, and as such, hopes to have the gap financing from the Legislature in 2020.

Director Bhanot recommended that HPHA and RHF have a discussion with HHFDC to go over the funding strategy. HPHA would want to be sure the funding is possible based on other projects in the pipeline.

Designee Iseri-Matsubara added that HPHA needs to also speak with the Department of Budget and Finance and the Governor's office. She clarified that there's a process prior to the stages of the Legislature.

Mr. Plett asked for clarification on the MDA approval process and whether the HPHA Board reviews and approves the MDA.

Redevelopment Officer Auger stated due to the timing, there's a challenge with getting the MDA finalized and then presented to the Board for approval for the September meeting.

Chairperson Spindt added that there's the Sunshine Law and reviews to take into consideration when requesting Board approval. He commented that what seems like 30 days, really is only a couple of weeks. He confirmed that once the MDA is finalized, it will be presented to the Board for review and approval.

Mr. Plett stated that RHF would like an extension until September 2019 to finalize the Predevelopment Agreement.

Chairperson Spindt, under the advisement of Deputy Attorney General Sugita, reported that due to the Sunshine Law, the Board will not be able to consider the request at this meeting since it is not on the agenda.

Chairperson Spindt called for a recess from approximately 11:38 a.m. to 11:51 a.m.

2. Presentation by Hunt Development Group, LLC on MWH Partners, LLC's Redevelopment Efforts at Mayor Wright Homes

Hunt Development Group, LLC presented handouts to Board.

Mr. Steve Colon, Hawaii Division President at Hunt Companies (Hunt), shared a brief background on the Hunt Development Group. He mentioned that Hunt Development is the second largest owner and provider of housing in Hawaii, most of it being military housing. Hunt recently completed a project in El Paso, TX. Mr. Colon stated that they are involved in development on all islands.

Mr. Colon stated that Hunt Development has been working on the Mayor Wright Homes (MWH) redevelopment for approximately 4-5 years and has expended approximately $3 million on the project. Hunt is committed to execute the redevelopment of MWH.

Mr. Colon stated that the acceptance of the NEPA will trigger a 50% cost sharing between Hunt and HPHA. The original plan outlined in the EIS was approved a few years ago and was based on a massing versus specific design details. Over the years, Hunt has made revisions to improve the project (their idea of a better layout, better site plan and better cost per unit) while staying in compliance with the EIS. Mr. Colon stated that revisions were made while engaging with the community, stakeholders and government officials. The refined plan of 100% schematic designs was submitted to HPHA in December 2018 and was rejected. Mr. Colon expressed that one of the key reasons he feels the plan got rejected by the HPHA was due to a fundamental disagreement on the extent to which the EIS dictates the master plan. He feels that the proposed plan is in compliance with the EIS, and doesn't believe that the EIS dictates details such as the color or style of the building. The EIS only talks about unit count and square footage, etc. Mr. Colon further explained that the conceptual design presented in the EIS is not a workable design.

Mr. Colon introduced Mr. Thomas Lee to present the project details. Mr. Lee stated that the redevelopment of MWH intends to replace the existing 364 public housing units with up to 2,448 rental units. The units would accommodate a variety of family sizes and income ranges, where approximately two-thirds of the units will be for affordable rentals and the remaining to be market-rate units. The project would include public housing, affordable house and workforce housing. The plan is designed to be constructed over five (5) phases and estimated for each phase to take approximately two (2) years for a total of ten (10) years to complete the entire development. At this time, Mr. Lee reported that there is no groundbreaking date.

An illustration of the Conceptual Master Plan that is described in further in Section 2.3 of the EIS was presented. The EIS provides general building massing, heights and general design concepts as it relates to the surrounding streets.

Renderings and architectural illustrations were provided to show variations of what the MWH project could look like, which were designed by three different architecture firms. The program is achieved through a mix of low and mid-rise buildings with proposed four towers. The conceptual master plan and EIS encourage the use of low and mid-rise

buildings and to line the project site along the street to respect the surrounding community. Taller buildings would be setback away from the streets oriented from Mauka to Makai to minimize impact to view planes.

The Phase I Schematic Design is a mixed-use program which will have approximately 550 units, where 450 units are in a high-rise tower and 100 units in a mid-rise building. This phase would also include up to 60,000 square feet of retail and community spaces. With the 100% schematic designs that were previously submitted, Hunt removed some extraneous design elements to make it even more feasible.

Mr. Lee reported that with some the changes in the shape of the mid-rise and the relocation of the tower, Hunt was asked to provide justification, analysis and cost estimates, which were previously provided to HPHA. Mr. Lee stated that a side-by-side comparison and justifications were provided. Some of the key improvements that Hunt made include reducing the parking levels from 11 levels to 7 levels, while increasing the number of stalls by 26. The Torti Gallas parking plan was highly inefficient. This change reduced the parking area by 20% thereby reducing the cost of construction. Hunt increased the presence of retail and commercial space on the first phase in line with the EIS. By moving the construction of the tower off the building, Hunt reduced the cost of construction. On the residential side, the efficiency was improved. The initial Torti Gallas design had a mid-rise wrap that was a single loaded product which wrapped the entire outside of the garage, which caused ventilation issue and other construction requirements. Mr. Lee stated that it wasn't a realistic design. Mr. Lee explained that the community space was doubled from 14,000 sq. ft. to 28,000 sq. ft and includes a recreation deck on top of the parking garage.

Mr. Lee introduced Mr. Michael Goshi, Vice President of Design Partners, to share about the Phase I plan in more detail. Mr. Goshi discussed the differences from the Torti Gallas (original) plan and the proposed plan, alongside comparison illustrations displayed on presentation boards.

Mr. Goshi stated that there are two improvements that were made to the master plan. The first change was the placement of the tower and retail/commercial space, placement of the loading zone and the parking. Hunt met with Foodland and Colliers to discuss options regarding size and infrastructure of the retail space. He discussed that there needs to be different sizes and loading zone requirements that need to be met. By moving the tower, there would be an "eyes on the street" view plane. Also, with the original design there was no street level parking from which to access the store directly and the store would feature a big glass window. By moving the tower, the new design addressed the distance to the loading zone, trash pick-up, and other code requirements.

Mr. Goshi explained that the Torti Gallas plan was based on a liner, but the architecture didn't address the realities of building. With affordable developments, 80% of the area needs to be areas that can be leased. The new design provided double loaded corridors, but the single loaded corridor only provides for 60% of lease-able space and operational costs would be too high. Also, the Torti Gallas plan required 20% more concrete due to the design, which is why the parking structure was reduced in height. The code also requires installation of a fire wall and the cost of an 11-story fire wall

would be high, as all floors would also need to be ventilated and lighted. There are a couple of scenarios which include compromises to reduce costs. He suggested that there could be Subway or a pizza place.

Mr. Lee briefly discussed the timeline and major milestones for the redevelopment of MWH. On November 1, 2014, Hunt Development was selected as Master Developer for the MWH redevelopment. Master Planning and the EIS began in April 2016 after the Predevelopment Agreement was finalized in March 2016. Master Planning and EIS activities included extensive community outreach efforts and culminated with a week-long charette at the property. There have also been some follow-up community meetings after the charette. The MDA was executed on December 29, 2017 and the EIS was accepted by the Governor on April 24, 2018. With the MDA executed and the EIS wrapped up, the NEPA process began in November 2017. The NEPA study is required for federal funding and has a five-year shelf-life, so you don't want to start it before you need it. A lot of the information in the NEPA came from the EIS. The NEPA is near completion, where the only area that needs work on is the Section 106 State Historic Preservation process. It required an MOA and consultation process. DPP graciously met with Hunt on entitlements before the NEPA was completed. On December 1, 2018, the 201H determination of eligibility was received and DPP is in support of the project. With the concurrence of the HPHA, in July 2019, Hunt Development issued an RFP and interviewed architectural firms and decided to work with Design Partners and Architects Hawaii. Design Partners is handling the mixed use and mid-rise component. Architects Hawaii will design the towers.

The next steps that remain for Hunt Development are the completion and submissions of the 201H entitlement application for the entire plot. DPP are awaiting Hunt's application(s). The NEPA product was essentially done last year and just awaiting the historic preservation process.

Mr. Colon stated that they are awaiting the Governor's approval of the NEPA. Once there's consensus on the design and master plan, then detailed construction drawings will begin. Mr. Colon stated that without the detailed drawings, it's "difficult to have accurate cost estimates otherwise you're just making numbers up". With an approved plan, Hunt Development will modify the cost estimates into a development plan, including a financing plan. This would form the basis for the legislative request required for the gap funding for Phase I. Hunt Development hopes to complete this by the end of 2019.

Chairperson Spindt thanked Hunt Development for their presentation.

Designee Iseri-Matsubara acknowledged that Hunt Development is unable to provide accurate costs, but asked for an estimate for the entire project and the cost per phase, similar to the way RHF was able to provide estimates.

Mr. Colon stated that Hunt Development can provide an estimate for the proposed design for Phase I since 100% schematic drawings were completed. However, drawings weren't created for the next three phases, so Hunt wouldn't be able to project an estimated cost for the entire project. They would only be able to provide per square

foot costs and inflate them over time. Mr. Colon stated that the HPHA's Executive Director has reported that Hunt has increased costs, when really Hunt doesn't have designs to base those estimates on. However, there is a better estimate available for Phase I.

Designee Iseri-Matsubara asked for the estimated cost for Phase I, which includes 550 units.

Mr. Lee directed the Board to the handout that Hunt Development issued at the beginning of their presentation and would provide the Board with additional information.

Chairperson Spindt asked if the cost difference can be broken up into commercial space and the residential units. He also asked about the proposed financing structure to separate the costs.

Mr. Lee confirmed that the commercial space and residential units were separated. It was confirmed that for 567 residential units, it is projected to cost $456,309 per unit, but it also includes costs of the infrastructure and demolishing half of the site. Phase I includes most of the site work to get the first quadrant in construction.

Chairperson Spindt asked if there's sufficient sewer, water and power capacity available for Phase I.

Mr. Lee stated sufficient utility capacity for Phase I. Letters were received from Board of Water Supply and an approved sewer connection application. HECO has confirmed capacity for the first 600-700 units.

Designee Iseri-Matsubara continued to ask what Hunt Development's estimate is for the 550 units for Phase I.

Mr. Lee reiterated that the numbers provided were only meant to be an estimate and not the final cost. They were prepared earlier this year. The cost estimate was $260 million for Phase I of MWH redevelopment.

Director Shim expressed that Mr. Lee appeared to be hesitant to provide any cost estimates. He asked how Hunt Development feels about the cost, if it is too high, too low or conservative.

Mr. Lee stated that there was no hesitancy and that Hunt Development is still developing the drawings. Mr. Colon added that there's a financial plan for their proposed plan; however, that plan was rejected. There's a whole financial plan that was based on Hunt's proposed design that was not presented. Mr. Colon stated that without a consensus on a plan to move forward, Hunt Development is unable to provide a refined estimate of costs.

Director Bhanot thanked Hunt Development for their presentation. He asked whether the design that was presented at the meeting was developed in consultation with HPHA and taking in account of HPHA's concerns at the time of the rejection.

Mr. Colon believes that Hunt took into account HPHA's concerns at the time of rejection. He acknowledged, however, that there are two sides to the story and that the process has not been perfect and HPHA may feel differently. Mr. Colon stated that a lot of thought and consultation was put into the proposed design and Hunt Development believes it is a good plan. He expressed that they are willing to work with HPHA on a better plan or a new different plan.

Director Bhanot asked for clarification on the steps taken to create this particular design. He asked whether these proposed plans were shared with the community or whether the new plan was not presented.

Mr. Colon stated that the initial community meetings (under the white tents) were to assist with producing the initial master plan, but various other meetings with the community have taken place, including meetings with the neighborhood board.

Director Bhanot clarified that he wanted to know whether the plan being presented was vetted through the community and that they feel it is something that meets their needs. It seems like Hunt's perspective is that the design is the most efficient way of utilizing the space and the building is something the community supports and it will fit into the surrounding community.

Hunt concurred with Director Bhanot. Mr. Goshi added that the Master Plan was done by Torti Gallas, and it was just a conceptual site plan.

Director Katsuda asked for clarification on the anticipated timeline for Phase I.

Mr. Colon and Mr. Lee estimated that there would be five phases and once the design is approved, drawings need to be completed. Then Hunt would need to prepare budgets, legislative funding requests, and building permits. The ground breaking for Phase I would occur approximately 18 months from now in 2021. This timeline assumes that everything runs smoothly with the legislative funding request and obtaining the necessary building permits.

Director Shim appreciated the significance of Hunt Development wanting to get affordable housing completed quickly. He reiterated that the HPHA Board members do not serve on the Board because it's their business, they are also community members who just want to see housing built. Director Shim asked if the Citizen's Advisory Council (CAC) is in place and how active the CAC is with the community.

Mr. Lee responded that the last meeting with the CAC was last year based on the preliminary design. With the completion of the EIS, the CAC was disbanded as an official advisory group. Additionally, since no plan was finalized, there has been no recent interaction with the CAC.

Chairperson Spindt stated that it appears like the main focus is on the rejection of design submitted to the Board in December 2018.

Director Taniguchi recognized the long period between the rejection of the plan to the present time. One of the things that was mentioned being revised included changing from a single loaded to double loaded structure based on rental income and density requirements. Director Taniguchi asked if Hunt Development has a summary of the changes that were made to respond to the Board's rejection and the initial input that was received from the community. Although Hunt explained some of the functional benefits of the proposed design, it will help the Board to better understand with an analysis of those changes. Director Taniguchi recognized the concerns that the current residents have shared, such as security, and asked that Hunt Development take into account of the resident concerns and current issues and incorporate changes to address them. He conveyed that you only get to build the building once and the design should address current issues.

Mr. Lee stated that documents on comparisons and analysis have been given to HPHA. Mr. Colon offered to repackage and resend the documents for the Board to review. Mr. Lee added that Hunt has responded to all of the HPHA's concerns.

Director Bhanot recommended that the HPHA staff send the summary that Hunt Development has already issued to them for the Board to examine. As Hunt confirmed that they have already responded to all concerns, Director Bhanot asked for the staff to forward those responses to the Board for their review.

Designee Iseri-Matsubara asked HPHA on what their perspective is on the design, as well as their take on some of the major issues.

Redevelopment Officer Auger thanked Hunt Development for their presentation to the Board on the status of the redevelopment. He agreed that there is a fundamental disconnect with respect to the initial design and where the project is today. One of the challenges for HPHA is not understanding why the original design, which Hunt has determined is "unrealistic", was included in the EIS. HPHA felt that the original design met the goals for the intent of the project. Somewhere in the middle of the EIS process the design deviated from the original plan.

Redevelopment Officer Auger also added that all of the handouts that were presented to the Board at the meeting were not presented to HPHA. In addition to the design issues, HPHA needs to address practical matters, which include costs. For instance, there was an increase of cost from $1.3 billion with the original design to $1.7 billion with the proposed design. The HPHA needs to be able to explain that increase and that explanation has not been provided to HPHA. The new pricing was conducted based on 100% of the schematic design; however, HPHA hadn't approved the 50% of the schematic design.

Redevelopment Officer Auger explained that Hunt Development presented a lot of information on parking and access. Redevelopment Officer Auger reported that the development is intended to be TOD-inspired, so HPHA is looking to reduce parking and traffic. Hunt stated that there was a requirement to reduce footprint, for parking to enter retail, but then moved the tower off the podium. In regards to wrapping the parking structure, HPHA recognizes the benefits (provides eyes on the street and provides

better experience for the residents); however, HPHA is unclear on the tradeoff cost for it. HPHA hasn't been able to analyze the costs of the mechanical systems that are required for the wrap-around and there are other technologies available which don't have to run 24-7. HPHA's general concern is how the development will serve the 7,500-10,000 people that will be housed at MWH. HPHA wants to be sure that the design and development serves the residents that will live there.

Designee Iseri-Matsubara asked if the presentation on the design answered any questions.

Redevelopment Officer Auger stated that HPHA hasn't seen some of the slides that were presented at the meeting and there hasn't been any movement on the project since the original plan. Overall, the presentation didn't assist in answering any existing concerns that HPHA has with the MWH redevelopment.

Chairperson Spindt asked who created the original design that was put forth in the EIS. He also asked in discussion of the EIS, if the original design was identified as the plan.

Mr. Colon stated that the original design was produced by the design firm, Torti Gallas. Mr. Lee referred the Board to page 3 of their handout.

Mr. Colon stated the original design was included in the EIS as a potential design, but Hunt Development believes that they are in full compliance with the EIS. He added that their NEPA expert, Ms. Kimi Yuen, is present at the meeting.

Chairperson Spindt stated that he wasn't a member of the HPHA Board when the original design was created, but has heard from those who were present and involved in the process. He acknowledged that the proposed design is a continuing point of conflict.

Redevelopment Officer Auger clarified that he doesn't make the final decision on the design and that staff presented the new design to the HPHA Board of Directors.

Director Bhanot further clarified that the HPHA Board made the decision to reject plan. The ultimate responsibility and obligation of the Board is that the development complies and conforms to the needs of the community. He acknowledged the significance of this critical investment, which is to address the needs of residents who need affordable housing to make ends meet and build a future for their families. Director Bhanot stated that all parties need to work collaboratively to move forward, while meeting all the legal and aspirational requirements. HPHA also needs to determine whether the project is at the point of no return and what is the "right" strategy to move forward.

(Director Katsuda left the meeting at approximately 12:50 p.m.)

Chairperson Spindt concurred with Director Bhanot. He requested information on the NEPA.

Ms. Kimi Yuen, PBR Hawaii, introduced herself and stated that she assisted in developing the EIS. She explained that the Conceptual Master Plan is theoretical and that it isn't meant to dictate exactly where every building is and is meant to be flexible for the designers. The parameters that were discussed in the EIS mention the 2,448 units as the maximum, and 80,000 square footage for commercial and a park. In terms of the massing and the locations of the buildings, the EIS indicated that the towers were to be setback from the public street and to wrap the block with the lower and mid-rise. Ms. Yuen stated that Hunt Development's Phase 1 design complies with the EIS and shared how they believe the proposed design is consistent with the EIS.

Director Bhanot asked if HPHA's understanding is any different.

Redevelopment Officer Auger reported that their understanding isn't any different.

Director Bhanot understands there's a pricing difference, but that can be negotiated and discussed. If the design is efficient and effective, there needs to be some understanding from HPHA and the Board of Directors in order to move forward.

Redevelopment Officer Auger stated that there is no dispute that the Master Plan reflected in the EIS is conceptual. The fundamental issue is that there was a conceptual plan that the community and stakeholders were involved with and then there was a design that derived from a preliminary 50% schematic design that was universally not well-received. In addition, there was a large increase in budget that HPHA was given no justification for.

Chairperson Spindt stated he was not here for the previous review of the design, but it seems that there is a large disconnect on what was proposed and what HPHA was expecting. He feels that before pricing is addressed, there needs to be an agreement on a design. Without a design, pricing is irrelevant.

Director Bhanot recommended to get feedback from the community that are impacted. The developer should ask whether the proposed design meets their aspirational needs. The main focus is on their future needs. It's about the families and the future of Hawaii. This conflict is affecting lives and so all parties need to think differently.

Chairperson Spindt commented on opportunity cost and by not building these units, we're not serving our constituency.

Director Bhanot added the importance of overcoming the perceived barriers and the disconnect to move forward.

Mr. Goshi stated that Hunt Development tried different ideas, such as variations of the tower placement, and appreciates Director Bhanot's comments.

Director Shim thanked Director Bhanot for speaking on behalf of the Board and expressing the Board's concerns. He mentioned reading articles about the management of Hunt Development projects around the country and shared a concern

where issues have arisen in the military housing. Director Shim indicated that these are all concerns that are factored into consideration of how the HPHA moves forward.

Mr. Colon expressed his enthusiasm and commitment to move forward with the MWH redevelopment and is willing to get together with HPHA as often as needed to move through the design process. On the issues with the military housing, Mr. Colon stated that the issue is with their partners and not with Hunt Development.

Chairperson Spindt asked for information on the status of the NEPA. He acknowledged that the SHPD agreement was approved last month and asked for the timeline of getting the MOA accepted.

Redevelopment Officer Auger reported that the MOA is currently with the Department of Attorney General. It has been revised to respond to SHPD's questions regarding the need for the Governor to sign the document. The MOA has also been revised to state that the agreement is between the State of Hawaii and the other parties, instead of the Governor of Hawaii. Redevelopment Officer Auger anticipated completion of the MOA by early next week, which will then be distributed for signature. He added that Hunt Development has been provided access to the HEROS (HUD's Environmental Review Online System), an electronic portal for developing, documenting and managing environmental reviews. Once all information is updated and inputted into the system by Hunt Development, the document will be printed and be delivered to the Governor.

Mr. Lee stated that the documentation was completed months ago. HPHA required Hunt to register for the HUD portal and complete that process months ago.

Executive Assistant Arashiro asked for clarification that the information was uploaded to the online portal.

Ms. Yuen confirmed the information has been uploaded and stated it is waiting for the executed MOA.

Director Bhanot asked whether the cost estimate was based on the proposed design that was presented at the meeting.

Mr. Colon confirmed that costs were based on the design presented.

Director De Mello stated, in line with the cost, looking at the handouts, the site work is excluded. He asked if that is the most expensive part of the development.

Chairperson Spindt stated that the site work usually isn't and that usually the vertical construction is the most expensive part of a project.

Director De Mello added that being a tenant himself, he understands the importance of housing and the residents want to feel proud of where they live. Director De Mello stated that he agreed to the redevelopment because he felt that there was a significance of moving residents away from the usual stigma and being able to live like others in a dignified environment.

Chairperson Spindt stated in agreement with Director Bhanot that there has been a lost in focus on the constituents. He thanked Director De Mello for sharing and for representing the residents.

Director Bhanot commented in response to an earlier statement by Hunt Development that "it's just a color". He stated that the color, shape, layout, etc. of the development matters to people. In the scope of a larger EIS or construction, it is a small thing. When considering human relationships and human aspirations, it is not "just a color" if it's doable. These are human beings and the developer should not lose focus of that.

Director Shim and Chairperson Spindt thanked all of the presenters and their team for their attendance and updates.

Executive Director's Report:

Executive Assistant Arashiro reported that KMH's compliance audit has begun. Initial reports indicate that several offices have completed their reviews. Section 8 had no findings. Executive Assistant Arashiro acknowledged and commended Section 8 Subsidy Program Branch Chief Katie Pierce for her hard work and her efforts in overseeing all of the Section 8 tenant files.

Chairperson Spindt applauded HPHA on the accomplishment.

Executive Assistant Arashiro added that the Auditors will start to audit the financial statements soon, then return to complete the program compliance audit.

Designee Iseri-Matsubara referred to the CIP appropriation spreadsheet and asked if out of the $303 million, if HPHA spent 70% of the funds.

Executive Assistant Arashiro confirmed that HPHA has encumbered 70% of the $303 million.

Designee Iseri-Matsubara also asked if there is a report on the outstanding units in the process of renovations.

Executive Assistant Arashiro referred to Page 119 of the Board packet, under Construction Management. There is a summary of the projects that are under construction.

Designee Iseri-Matsubara asked for clarification if 162 units are currently under construction, in regards to major renovations.

Executive Assistant Arashiro reported that the 162 units that are currently under construction are vacant units.

Designee Iseri-Matsubara commented that the Governor promoted a remarkable turnover rate by the Multi-Skilled Worker team and asked if the 162 units mentioned were a part of this work.

Executive Assistant Arashiro stated that the 162 units under modernization are managed by the Construction Management Branch. The work performed by the Multi-Skilled team is not listed separately in the report. The work of the maintenance staff can be provided if the Board wishes, but the information that is reported in regards to the work of that the Multi-Skilled workers, as well as all of the maintenance staff at each property, can be located on Page 117 of the Board packet, under Total Move Ins listed under Property Management, which is 44 units.

(Director Shim left the meeting at approximately 1:16 p.m.)

(Director De Mello left the room from approximately 1:16 p.m. and returned at approximately 1:18 p.m.)

Designee Iseri-Matsubara referred to Page 97 of the Board packet, under Grant Income of $2.7 million higher than budget. With regard to the explanation that the "State general fund allotted for the month was (approximately $900,000) less than the amount expended", Designee Iseri-Matsubara asked what programs or groups suffered.

Executive Assistant Arashiro reported that no programs or groups suffered, but that the variance was a result of the timing of the release of the allotment.

Director Bhanot moved,

> **The Board go into executive session to: 1) discuss pursuant to Hawaii Revised Statutes (HRS) sections 92-4, 92-5(a)(8) and 92-5(a)(3) to deliberate concerning the authority of persons designated by the Board to negotiate the acquisition of public property related to the presentation presented by Hunt Development on the redevelopment of Mayor Wright Homes, and 2) approve the Executive Meeting Minutes for July 18, 2019.**
>
> **The motion to go into executive session was unanimously approved.**

The Board entered Executive Session at approximately 1:19 p.m.

The Board reconvened at approximately 2:04 p.m.

<u>Approval of Minutes:</u>

Director De Mello moved,

> **To Approve the Executive Session Meeting Minutes of July 18, 2019**

The minutes were unanimously approved as presented.

Designee Iseri-Matsubara moved,

To Adjourn the Meeting

The motion was unanimously approved.

The meeting adjourned at 2:05 p.m.

MINUTES CERTIFICATION:

Minutes Prepared by:

Jennifer K. Menor — OCT 31 2019

Jennifer K. Menor — Date
Secretary to the Board

Approved by the Hawaii Public Housing Authority Board of Directors at their Regular Meeting on October 31, 2019 [✓] As Presented [ ] As Amended

OCT 31 2019

Pono Shim — Date
Board Secretary