

FOR ACTION

I. REQUEST

Consider Authorizing the Executive Director to Implement a Plan for Honuakaha as follows: (i) Terminate the Honuakaha Limited Partnership Agreement and Procure a Property Management Company and (ii) Implement a Longer Term Ownership Transfer for the 150 Rental Units and 1 Manager's Unit, Located at 545 Queen Street, Honolulu, Hawaii 96813 and further described by Oahu Tax Map Key No. 2-1-031-021.

II. BACKGROUND

Honuakaha Limited Partnership: Hawaii Community Development Authority ("HCDA") is the General Partner and First Hawaiian Bank ("FHB") is the Limited Partner in the Honuakaha Limited Partnership ("HLP"). The HLP developed and operates the Honuakaha Senior Rental Housing Project ("Project").

Honuakaha Senior Rental Housing Project: The Project was developed in 1995 as a senior rental housing project utilizing the Low-Income Housing Tax Credit ("LIHTC") program on land owned by the HCDA. The Project consists of 1 managers unit, 141 studio units, and 9 one-bedroom units rented to individuals 62+ years of age with gross household income which does not exceed 60% of Area Median Income.

LIHTC Restrictions: Per HHFDC, Honuakaha's additional use period ended on 12/31/2025, so the LIHTC Declaration expired on that date. All LIHTC credits have been fully exhausted, and the Project is no longer required to comply with income and or rent restrictions.

III. DISCUSSION

Terminate HLP

The termination of HLP will involve discussions with FHB as well as the property manager. Termination will also require addressing remaining obligations, including completing the Spectrum audit, financial statement audit, and tax returns. FHB concurred with the termination, which will be memorialized in writing between the parties.

Property Management

HCDA desires to manage the property with its internal resources for the purpose of reducing vacancies, maintaining affordability, and creating stability.

Hawaii Revised Statutes §467 Real Estate Brokers and Salespersons requires any person who rents or offers to rent real estate to have a license.

HCDA proposes procuring a property management company with specific control points imbedded in the scope of work to provide HCDA direct management authority and comply with the HRS §467.

Capacity

HCDA has the resources and internal capacity to support the request.

Long-Term Ownership Transfer

The HCDA will assume ownership of the Project following the termination of the HLP, or on December 3, 2026, whichever is sooner (“HCDA Ownership Date”). Given the current Project vacancies and ongoing capital improvement projects, the HCDA intends to manage the Project until revenue stabilizes. From the HCDA Ownership Date, age and income restrictions for the Project will be eliminated and the Project will be open to all persons regardless of age or income. However, the tenants existing on the HCDA Ownership Date will be allowed to remain at their then current rent, subject to annual rent increases.

HCDA intends to transfer ownership of the Project to another entity at the appropriate time, in accordance with applicable laws, regulations, and governance requirements. The timing and manner of such transfer shall be determined by HCDA based on strategic, operational, and public interest considerations.

IV. RECOMMENDATION

Authorize the Executive Director to Implement a Plan for Honuakaha as follows: (i) Terminate the Honuakaha Limited Partnership Agreement and Procure a Property Management Company and (ii) Implement a Longer Term Ownership Transfer for the 150 Rental Units and 1 Manager’s Unit, Located at 545 Queen Street, Honolulu, Hawaii 96813 and further described by Oahu Tax Map Key No. 2-1-031-021, and Take All Other Necessary Actions Consistent with this For Action.

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