

DEPARTMENT OF HOUSING AND LAND MANAGEMENT
KA 'OIHANA HO'OLĀLĀ KŪKULU HALE A ME KA HO'OKELE 'ĀINA
CITY AND COUNTY OF HONOLULU

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MEIA



KEVIN D. AUGER
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PO'O HO'O KOHO'IA

CATHERINE A. TASCHNER
DEPUTY DIRECTOR
HOPE PO'O

July 11, 2025

The Honorable Tommy Waters
Chair and Presiding Officer
and Members
Honolulu City Council
530 S. King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Waters and Councilmembers:

SUBJECT: Draft Resolution Authorizing the Issuance and Delivery of Multifamily Housing Revenue Notes in a Principal Amount Not to Exceed One Hundred Seven Million Seven Hundred Ten Thousand Dollars (\$107,710,000) for the Purpose of Making Loans to Provide Financing to KPLR Phase 1, LP, a Hawai'i Limited Partnership, for Multifamily Rental Housing Development; Determining and Prescribing Certain Other Matters Relating Thereto; and Approving and Authorizing Related Actions and the Execution and Delivery of Related Documents and Agreements

Pursuant to Sections 46-15.1 and 46-15.2, and Chapter 49 of the Hawaii Revised Statutes, the Department of Housing and Land Management ("DHLM") is submitting for City Council's consideration, the attached proposed resolution.

The proposed financing contemplated in the attached resolution will be used to assist KPLR Phase 1, LP, a Hawai'i limited partnership (the "Borrower"), in acquiring and constructing a multifamily rental housing development known as Kūhiō Park Low-Rises and Homes Redevelopment, Phase 1 (the "Project"), which is located upon land owned by the State of Hawai'i (the "State") by and through its Hawai'i Public Housing Authority ("HPHA").

The Project represents the first phase of a multi-year, multi-phased redevelopment of the Kūhiō Park Low-Rises and Homes area, located in the Kalihi neighborhood. The Project will include 304 new affordable rental housing units consisting of one-bedroom, two-bedroom, and three-bedroom units. The Project includes several amenities including a playground/tot lot, picnic area, community meeting room, fitness loop and community gardens. All units will be rented to households earning 30, 40 and 60 percent and below of the area median income ("AMI"). In addition to the issuance of a 70-year ground lease to

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the Borrower, HPHA will provide 65 project-based vouchers to the Project, allowing the Project to provide at least 28 units to be rented to households earning 30 percent and below of the AMI. Two units will be reserved for onsite resident managers to assist with tenant service needs.

The Project will be capitalized using 4% Federal Low Income Housing Tax Credits, State Low Income Tax Credits, gap financing via the Rental Housing Revolving Loan Fund, a grant from the City's Affordable Housing Fund program, and the financing contemplated in the attached resolution.

The HHFDC Board of Directors and the HPHA Board of Directors have already provided their approval of the various components of the foregoing transaction on January 11, 2024 and June 19, 2025, respectively. Accordingly, DHLM now seeks the approval of the City Council for the attached resolution authorizing the final component of the transaction.

The Department of the Corporation Counsel has reviewed and approved the proposed resolution as to form and legality. Your favorable consideration of the resolution is appreciated.

Thank you for your consideration of this request. Should you need further information or have any questions, please contact me at (808) 768-4674.

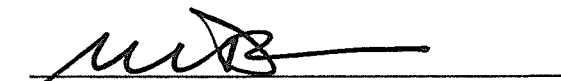
Sincerely,

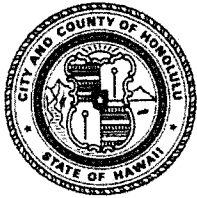


Kevin D. Auger
Director Designate

Attachment

APPROVED:


Michael D. Formby, Managing Director
Office of the Managing Director



HONOLULU CITY COUNCIL
KE KANIHELA O KE KALANA O HONOLULU
CITY AND COUNTY OF HONOLULU

No. _____

RESOLUTION

AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE NOTES IN A PRINCIPAL AMOUNT NOT TO EXCEED ONE HUNDRED SEVEN MILLION SEVEN HUNDRED TEN THOUSAND DOLLARS (\$107,710,000) FOR THE PURPOSE OF MAKING LOANS TO PROVIDE FINANCING TO KPLR PHASE 1, LP, A HAWAII LIMITED PARTNERSHIP, FOR A MULTIFAMILY RENTAL HOUSING DEVELOPMENT; DETERMINING AND PRESCRIBING CERTAIN OTHER MATTERS RELATING THERETO; AND APPROVING AND AUTHORIZING RELATED ACTIONS AND THE EXECUTION AND DELIVERY OF RELATED DOCUMENTS AND AGREEMENTS.

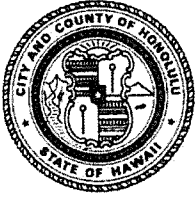
WHEREAS, Chapter 49, Hawai'i Revised Statutes, as amended, as made applicable by Hawai'i Revised Statutes Sections 46-15.1 and 46-15.2 (collectively, the "Act"), authorize the City and County of Honolulu (the "City") to issue revenue bonds or notes to provide moneys to carry out a program of making mortgage loans available to assist in developing, constructing, rehabilitating and providing housing for persons of low and moderate income; and

WHEREAS, the City Department of Housing and Land Management ("DHLM") is recommending that the City issue and deliver the City's Multifamily Housing Revenue Notes, in an aggregate principal amount not to exceed One Hundred Seven Million Seven Hundred Ten Thousand Dollars (\$107,710,000) (collectively, the "Notes"), for the purpose of making one or more loans (collectively, the "Loan") to KPLR Phase 1, LP, a Hawai'i limited partnership (the "Borrower"), to assist in acquiring and constructing a multifamily rental housing development known as Kūhiō Park Low-Rises and Homes Redevelopment, Phase 1 (the "Project"), which is located upon land owned by the State of Hawai'i (the "State") by and through its Hawai'i Public Housing Authority ("HPHA"); and

WHEREAS, the City Council agrees that it would be in the best interest of the City to authorize the issuance of the Notes, make the Loan, and to pledge the revenues from the repayment of the Loan to the repayment of the Notes, to support this State-sponsored Project, which will result in the construction of critically necessary new affordable housing units in the City; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu as follows:

Section 1. Finding and Determination. It is hereby found and determined that it is necessary and desirable for the City to declare its intent to provide, pursuant to Section 1.150-2 of the Internal Revenue Code



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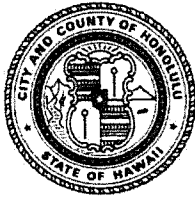
RESOLUTION

of 1986, and to provide a Loan through the issuance and delivery of the Notes in order to assist the Borrower in acquiring and constructing the Project and to reimburse the Borrower for permitted expenditures incurred prior to the issuance of the Notes.

- Section 2. Authorization of the Notes. In order to provide moneys with which to make the Loan there is hereby authorized the issuance of the Notes in an aggregate principal amount not to exceed One Hundred Seven Million Seven Hundred Ten Thousand Dollars (\$107,710,000) to provide financing for the Project.

The Notes shall be issued in fully registered form without coupons in such denominations as the Director of the Department of Budget and Fiscal Services (the "Director") shall determine. The Notes shall be numbered from 1 upwards in chronological order of delivery or shall be numbered in any other manner as the Director shall determine. In accordance with and subject to the provisions of this Resolution and applicable law, the Director is hereby authorized to determine with respect to the Notes, the aggregate principal amount of Notes issued; the date of such Notes; the interest rate or rates thereon or, if any Notes are issued as variable interest rate notes, the method of determining from time to time the interest rates thereon; the interest payment dates and maturity dates of the Notes; the amount of principal of Notes maturing on each maturity date; the registration privileges and place or places at which Notes may be paid or registered; whether or not Notes shall be subject to redemption or tender for purchase prior to the stated maturity thereof and, if subject to such prior redemption or tender for purchase, the times, prices, methods and other provisions for such prior redemption or purchase and all other details of the Notes and to arrange for the delivery of the Notes.

- Section 3. Execution and Form of Fully Registered Notes. The Notes shall be lithographed or steel-engraved, shall bear the lithographed or engraved facsimile signatures of the Director and the Mayor and shall be sealed with the seal or a lithographed or engraved facsimile seal of the City; provided, however, the Director may, at his or her election, provide for manual signatures on the Notes; and provided further, however, that the Director may, at his or her



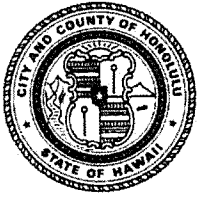
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election, provide for the Notes to be issued in typewritten, printed or other reproduced form and effect a book-entry system for the Notes. The Director may, at his or her election, prepare such number of blank Notes executed and sealed as aforesaid as he or she shall determine and deliver such executed blank Notes to the registrar of the Notes for safekeeping prior to the time the Notes are actually issued, exchanged or transferred. The Director shall direct the registrar of the Notes to register and authenticate Notes and no Note shall be valid or obligatory for any purpose unless and until the certificate of authentication endorsed thereon shall have been manually executed by such registrar.

- Section 4. Issuance and Delivery of Notes. The Director is authorized to enter into a contract with, or an affiliate of, the Bank of Hawai'i, American Savings Bank and/or Central Pacific Bank, providing for the issuance and delivery of the Notes upon such terms and conditions as the Director determines, with the approval of the Mayor.
- Section 5. Approval of Pledge and Assignments, Agency Agreement, Loan Agreement and Regulatory Agreement and Declaration of Restrictive Covenants. To provide for the details of and to prescribe the terms and conditions upon which the Notes are to be issued, secured, executed, authenticated and held and the Loan is to be made and serviced, the Director is hereby authorized and directed to execute and deliver, with such changes as he or she may approve, one or more Pledge and Assignments, an Agency Agreement, a Loan Agreement and a Regulatory Agreement and Declaration of Restrictive Covenants, which were presented to the City Council. The City Council hereby determines in accordance with the Act that moneys received as proceeds from the issuance and delivery of the Notes and as payments on the Loan shall be accounted for as constituting separate funds or accounts of the City.
- Section 6. Certain Internal Revenue Code Requirements. The City elects that the Project shall meet the requirements of Section 142(d)(1)(B) of the Internal Revenue Code of 1986, requiring that at least 40 percent of the residential units in the Project be occupied by individuals or families whose income is 60 percent or less of the



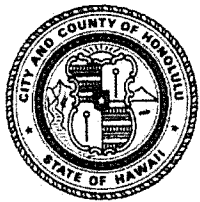
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area median gross income. The Mayor or the Director is hereby authorized and directed, in the name and on behalf of the City, to enter into an agreement with the Borrower requiring the Borrower to comply with such requirement.

- Section 7. Qualification for Reimbursement of Expenditures. This resolution is adopted, in part, as an official action of the City in order to comply with Treasury Regulation Section 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of expenditures of the Borrower incurred prior to the date of issue of the Notes in an amount not to exceed \$107,710,000 and incurred not earlier than 60 days prior to the date hereof, except as otherwise permitted by such Treasury regulations.
- Section 8. Prior Actions Ratified and Confirmed; Further Actions Authorized. All actions theretofore taken by the officers and agents of the City with respect to the issuance and delivery of the Notes are hereby approved, confirmed and ratified, and the proper officers of the City are hereby authorized and directed, in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Pledge and Assignments, Agency Agreement, Loan Agreement and the Regulatory Agreement and Declaration of Restrictive Covenants which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes.
- Section 9. Conflicting Resolutions Repealed. All Resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.
- Section 10. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any remaining provisions of this Resolution.

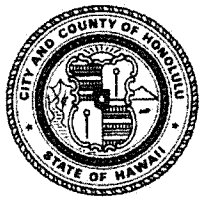


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Section 11. Effective Date. This Resolution shall take effect immediately upon its adoption.



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BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Mayor; the Managing Director; the Director of the Department of Budget and Fiscal Services; the Director of the Department of Planning and Permitting; the Director Designate of the Department of Housing and Land Management, formerly known as the Department of Land Management, and KPLR Phase 1, LP, 330 West Victoria Street, Gardena, California 90248.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawai'i

Councilmembers