



HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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Hawaii Housing Finance and Development Corporation Seeks Public Private Partnership for Affordable Rental in Kona

Honolulu Sept 23, 2011 – The Hawaii Housing Finance and Development Corporation (HHFDC) has announced that it will be issuing a competitive Request for Proposals (RFP) to sell its leasehold interest and privatize ownership of Kama`aina Hale, a 128-unit rental housing complex in Kailua-Kona. HHFDC will meet with Kama`aina Hale residents on September 26, 2011 before publishing the RFP to give residents a chance to ask questions about the changes for the project.

“Our legislative mandate and mission is to increase the supply of workforce and affordable housing, and Public-Private Partnerships (PPPs) are a more sustainable business model for the HHFDC than the State maintaining ownership of a property such as Kama`aina Hale,” said Karen Seddon, Executive Director of the HHFDC. “A private entity that acquires the property could take out loans and access government funds for capital improvements. With a qualified private entity taking over the management and upkeep of the rental properties, HHFDC can concentrate on its core mission of financing and developing affordable housing.”

The project was originally privately developed to be sold as a condominium project, however since the State acquired the lease in 1978, the units have been rented at or below fair market. HHFDC hopes to select a qualified entity who will take over the existing lease with Kamehameha Schools to improve the condition of the buildings and achieve full occupancy.

The existing lease does not require the property to be maintained as rental housing, so the new lessee would have the option to convert to a for-sale, demolish it, or do another project—however, because there are only 20 years remaining on the lease, it is likely to continue as rentals. Consideration will be given to affordability in the scoring of the RFP.

HHFDC is currently involved with several PPPs for workforce/affordable housing in the area, including existing rental housing at Lokahi Ka`u (306 units), Ainakea Senior Residences (30 units), and the planned Kamakana Villages at Keahuolu, Phase 1 (268 for-sale units).

HHFDC was created by Act 196 of 2005, as amended by Act 180 of 2006 to separate the housing finance and development functions from the Housing and Community Development Corporation of Hawaii when the Legislature found that “the burden of administering the public housing projects in the State has overshadowed the ability of the corporation to pay sufficient attention to the financing and development of affordable housing.” The corporation has a production plan in place to deliver over 5,000 workforce/affordable units over the next five years.

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