

Report of the HDA Building Program – 2022-H

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3 **Strategic Plan Goal #4 – Organizational:** Ensure financial and organizational stability
4 to serve members and maintain association continuity.
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7 The Building Program considered options to either retain the HDA building (now 25
8 years old) or placing the building up for sale. Aging of the building resulted in much
9 wear and tear. Deferred major renovations/repairs (such as a new roof and new AC units)
10 were becoming more urgent and in need of being addressed. Estimated costs on these
11 concerns would be approximately \$400,000 or more at minimum. Maintaining/retaining
12 tenants has been a dire concern since 2018/2019. The last tenant vacated in early 2021
13 and we have been unable to secure new tenants. Limited customer parking spaces was
14 and continues to be problematic for past tenants and prospective ones.
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16 The building's reserve activity report is provided as an attachment.
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18 A survey to poll all HDA members was sent via email (twice) and postal service (once) in
19 early February 2022. Approximately one third of the 900 members responded. Members
20 were informed of the needed capital improvement costs. No viable capital reserve fund is
21 available to cover this. Also, at present, the HDA is responsible for the increasing cost to
22 maintain the building at \$6,500 (in 2021 to now \$9,200 per month due to the fact that
23 there are no tenants to offset the CAM cost. This is a financial burden on the HDA.
24 Responses of this survey indicated 90% in favor of selling the building than to retaining
25 and renovating.
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27 Three Special House of Delegates (HOD) meetings were held to review these
28 Resolutions:
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- 30 • Resolution #S-2022-01 was presented and passed on March 31, 2022. Marcus
31 Realty, HDA's managing agent, was then directed to place the building on the
32 market for sale. We have only received one bid so far, for \$4 million by Care
33 Hawaii.
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- 35 • Resolution #S-2022-02 was presented and passed on June 24, 2022, to accept
36 Care Hawaii's purchase offer of \$4 million. At this writing, we are in the middle
37 of the 75 days of inspection and obtaining financing wait period.
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- 39 • Resolution #S-2022-03 was presented and passed on September 1, 2022, to accept
40 Care Hawaii's counteroffer to reduce the purchase price by \$41,800.
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42 When the building is sold, a task force will decide on how to move forward on what
43 "HDA 2.0" will look like. Does the HDA move back to a rent/lease office space for
44 administration purposes; do we purchase a "condo style" space; or do we try again to
45 buy/build on another property? We will also need to determine what to do with monies
46 from the sale.

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Members of the HDA Building Committee are Drs. Robert Baysa, David Lum, Zachary Dodson, Jeffery Sonson, Gary Yonemoto, and myself.

Respectfully Submitted,

Calbert Lum, DDS
Chair

Recommendation of the HOD Reference Task Force on the Report of the HDA Building Program: The HOD Reference Task Force recommends the Report of the HDA Building Program be accepted.

Action taken by the House: The HDA HOD accepted the Report of the HDA Building Program.