

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

MINUTES OF THE REGULAR MEETING
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,
ON THURSDAY, JANUARY 11, 2007
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

AMENDED
2/8/07
MEETING

The Board of Directors of the Hawaii Housing Finance and Development Corporation met for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, January 11, 2007, at 9:00 a.m.

Chairman Charles King called the meeting to order at 9:00 a.m.

CALL TO
ORDER/
ROLL CALL

Present: Director Charles King, Chairman
Director David A. Lawrence, Vice Chairman
Director Betty Lou Larson, Secretary
Director Linda Smith
Director Charles P. Wathen
Designee Scott Kami
Designee Rick Manayan
Executive Director Orlando (Dan) Davidson

Excused: Director Theodore E. Liu
Director Georgina Kawamura

Staff Present: Sandra Ching, Deputy Attorney General
Janice Takahashi, Chief Planner
Nani Medeiros, Special Assistant
Darren Ueki, Finance Manager
Karen Seddon, Development Branch Chief
Stanley Fujimoto, Project Manager
Chris Sadayasu, Development Specialist
Marlene Lemke, Sales & Counseling Section Chief

Guests: Micah Kane, Chairman, Department of Hawaiian Homes Lands (DHHL)
Ben Henderson, Deputy Director, DHHL
Larry Sumida, Administrator, Land Development Division, DHHL
Tim Rattigan, Director, Public Finance Department, Citigroup, Seattle, Washington
Ted Jung, Citigroup, Hawaii
Joe Krueger, County of Maui
Scott Kunioka, SEY Engineers

Other: William T. Barton, RPR, Independent Court Reporter

Chairman Charles King declared a quorum present.

QUORUM

Chairman King asked for any comments to the Meeting Minutes of December 14, 2006.

On page 46, paragraph 1, last sentence, the meeting minutes should be amended to read: Following further responses to questions, the Board unanimously approved an amended motion.

II.A.
APPROVAL
OF MINUTES
12/14/06
Regular
Meeting

Designee Manayan moved, seconded by Director Larson, to approve the minutes, as amended.

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The motion was unanimously carried.

Project Manager Stan Fujimoto introduced interested parties Mr. Joe Krueger from the County of Maui and Scott Kunioka of SEY Engineers followed by a concise account of the information in the For Action seeking approval to subdivide and convey Lots 5-C and Easements D-1 and D-2 at the Villages of Leiali'i to the County of Maui for its Keawe Street Extension project highlighting that the conveyance is gratis, as-is, by deed and easement documents acceptable to the AG, and that all subdivision and closing costs are to be borne by the County.

Director Manayan moved and Director Lawrence seconded a motion to approve staff's recommendation.

In discussion, staff confirmed that future widening the Keawe Street Extension to be a part of the Leiali'i Parkway would not be a problem and DHHL staff indicated that development of DHHL's 104 homes on Village 1A was ongoing with the first units estimated to be transferred to occupants in March 2007.

The Board discussed the lack of affordable housing in Lahaina and how a lengthy resolution of the ceded lands litigation was not acceptable. A status of the ceded lands litigation by the Attorney General was suggested for the next Board meeting and the Executive Director mentioned that the Puukolii Village project near the Villages of Leiali'i would be coming before this Board later this year.

The Board unanimously voted in favor of the motion.

Chairman Charles King indicated that the next agenda item III.B. is for discussion.

Executive Director Davidson turned the floor over to Ms. Karen Seddon, Development Branch Chief, to brief the Board and lead the discussion on this matter. Ms. Seddon handed out a fact sheet, a preliminary subdivision plan, and an area master plan to the Board members which showed the two Low-Density Apartment parcels to be transferred to the HHFDC for development. Title to the parcels is currently with the DLNR, and the DHHL has the development rights. Ms. Seddon explained that the HHFDC intends to issue a Request For Proposals for these parcels in March 2007 and expects to have the developer ready to start development in January 2009. These parcels will require rezoning which the developers will be responsible to complete.

The DHHL is looking to partner with HHFDC because HHFDC serves the general public rather than only native Hawaiians. Furthermore, DHHL does not develop multi-family projects, and HHFDC has extensive experience in this market.

A board member questioned if a portion of the Low-Density Apartment parcel that is closer to the North-Shore Road is suitable for housing development and suggested that staff evaluate whether the HHFDC should accept conveyance if it is not developed and must be maintained over the long-term.

The Board mentioned exploring ideas and models to maintain perpetual affordability of the affordable housing units it develops with an emphasis on the rental units. Executive Director Davidson stated he will include this discussion on next month's agenda.

Director Smith arrived at the meeting.

Chairman Charles King indicated that the next agenda item III.C. is for discussion.

**III.A.
DISCUSSION
AND/OR
DECISION
MAKING**
Approval of Subdivision and Dedication of Title and Easements for the Keawe Street Extension Project at the Villages of Leiali'i, Lahaina, Maui, Hawaii, to the County of Maui, for Roadway and Drainage Purposes, TMK No. (2) 4-5-21: Por.003

**III.B.
DISCUSSION
AND/OR
DECISION
MAKING**
Discussion on DHHL Request for HHFDC to develop approximately 40 acres in East Kapolei II currently defined and designated by DHHL as Multifamily (20.4 acres), and Multifamily (19.7 acres) for approximately 600 affordable multifamily units.

III.C.
Discussion on Keahuolu (Villages of La'i' opua – Kona Non-Ceded

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Development Branch Chief Karen Seddon distributed a Fact Sheet with the current status of the project and indicated that a contract for the master plan and EIS with Belt Collins Hawaii is in hand, and that a meeting will be held with the consultant to stress the priority of the project. The HHFDC wants the consultant to look at ways to shorten the schedule and issue the RFP sooner.

(Land) Current status and expediting of master planning study for issuing of Request for Proposals (RFP) from developers for approximately 1000 units).

The Board discussed the need in this case to complete a minimum of planning work before an RFP can be issued in order to provide the developer with sufficient information to reduce his risk to a level which would optimize the benefits to affordable housing.

At 10:08 a.m., Chairman King asked for a motion to recess.

RECESS

Director Lawrence moved, seconded by Designee Manayan, to recess the meeting.

RECONVENED

At 10:18 a.m., Chairman King reconvened the Regular Meeting of the Board.

Executive Director Dan Davidson reported on the following items:

IV.
REPORT
OF THE
EXECUTIVE
DIRECTOR

1. Request for Proposal (RFP) for Lot 79, Waiahole Valley:

- A write-up on the status of the RFP was distributed to the Board Members for their information.
- On January 15, 2007, staff will issue an RFP for the revocable permit to maintain the taro lo'i.
- The Evaluation Committee to review the RFPs will consist of one representative from HHFDC (Executive Director), one representative from the DLNR, and one native Hawaiian lo'i expert to provide expertise on the maintenance and work on the lo'i, probably from the Kamehameha Schools. The Committee should be formed by February 1, 2007.
- February 14, 2007 is the deadline to submit the RFPs to the Evaluation Committee. Staff will meet with the Evaluation Committee prior to 2/14/07 to discuss the criteria and how the RFP will be evaluated.
- The RFP selection will be presented to the Board Members at the Regular Meeting on March 8, 2007.

2. Pohukaina Request for Proposal (RFP):

- Staff is working on the concept of the RFP. The Department of Education submitted comments to which staff responded. Staff also included an addendum to the RFP design guidelines from HCDA so the developers would know what is desired for the Pohukaina parcel.
- Proposals from developers are due to the HHFDC by January 19, 2007.
- The selection committee will be from within the HHFDC.

3. Villages of Kapolei Village Center Parcel:

- Proposals from the developers are due in early February 2007.

4. HHFDC Legislation:

- The HHFDC is seeking additional resources for affordable housing: \$50 million for the Rental Housing Trust Fund (RHTF); \$50 million for the Dwelling Unit Revolving Fund (DURF) for development support; and an increase in the amount of the State conveyance tax up to 65% into the RHTF. The remaining 35% go into the Legacy Lands Fund.
- Applications for the RHTF and low-income housing tax credits are due on January 19, 2007, which will help justify legislative requests.

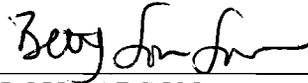
- A board member asked staff to explain the term “sustainable affordable developments” as stated in Exhibit A of the Legislative Status Report, under BED-04. Staff explained that the Land Trust proposal for affordable housing is basically leasehold. Buyers are allowed to get a certain amount of fixed appreciation if they sell. The remainder goes back into the project, and units are resold to affordable buyers. The whole project stays affordable for the life of the project. The BED-04 bill is to exempt projects from concepts that don’t make sense in the context of the Land Trust in order to avoid imposing duplicative or unnecessary requirements. A Board Member requested a copy of the language for the shared appreciation and 10-year buyback. Another Board Member suggested seeing a simple model of what some of the land trusts have done with the shared appreciation, what it means to the buyback and what is the sharing.
5. The anticipated demand for the \$44 million+ DURF balance will be addressed in staff’s five-year production plan which they expect to present to the Board in February. One of the important uses for DURF will be interim construction financing for the private sector.
 6. Three or four project dedications are expected over the next 2-3 months – 220 California Avenue in Wahiawa (42 units), Piikoi Vista (47 units) and Ainahou Vista (107 units) in Honolulu. The Iwilei Senior Residence project is close to being permitted.
 7. A Board member asked whether the applicants for the next LIHTC funding cycle could make presentations to the Board before staff submits its recommendations for funding to the Board. Staff explained that previously when applications were received, the applicants were asked to make a brief overview of their projects to the previous HCDCH Board. One board member commented that there are strict procedures in the RFP process that must be followed. Another board member stated that he would like to see the application at the time should a project go outside of the original RFP and there are many modifications.
 8. Designee Manayan indicated he would provide Executive Director Davidson with the status of the approval of the HHFDC reorganization.
 9. A board member inquired how HHFDC is involved with Lokahi Pacific’s business center, and staff replied that the Legislature appropriated the grant-in-aid funds to Lokahi Pacific to fund a portion of the construction of the Wailuku Small Business Center. Four units of affordable housing is part of the project.
 10. Malaekahana – The preference issue is being reviewed by the Attorney General’s Department. The developer met with HHFDC to discuss utilizing the 201H process relative for work force housing.
 11. Puukolii Village – Act 15 gave the HHFDC’s predecessor land use permitting zoning control over specified lands to build on them. The Act was repealed. The HHFDC will be the zoning authority for the land in Kaanapali when the Puukolii project comes before the HHFDC Board. The project is an important one, and staff’s recommendation will be in favor of the developer’s proposal.
 12. Mr. Tim Rattigan, Director, Citigroup Public Finance Department, Seattle, Washington, was introduced to the Board Members. Staff explained that Mr. Rattigan was in Hawaii working on an affordable housing project. He and his local representative Mr. Ted Jung asked to make a courtesy call visit to the Board. Citigroup has been involved with HHFDC on some of the corporation’s single family programs. Mr. Rattigan expressed his appreciation for the opportunity to attend the Board meeting.

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There being no further discussion, Chairman King asked for a motion to adjourn the meeting.

Director Wathen moved, seconded by Designee Manayan,

That the meeting be adjourned at 11:00 a.m.



BETTY LOU LARSON
Secretary

V.
ADJOURNMENT