

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, MAY 8, 2008  
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for their Regular Meeting at 677 Queen Street, Suite 300, Honolulu, Hawaii, on Thursday, May 8, 2008, at 9:00 a.m.

Acting Chairman David Lawrence called the meeting to order at 9:01 a.m., with the following individuals present and excused:

**CALL TO  
ORDER/  
ROLL CALL**

Present: Director David A. Lawrence, Vice Chairman  
Director Georgina Kawamura  
Director Linda Smith  
Director Charles Wathen  
Director Richard Toledo  
Director Allan Los Banos

Executive Director Orlando (Dan) Davidson

Excused: Director Charles King, Chairman  
Director Betty Lou Larson, Secretary  
Director Theodore E. Liu

Staff Present: Sandra Ching, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Karen Seddon, Development Branch Chief  
Edward Sunada, Fiscal Manager  
Rick Manayan, Asset Manager  
Marlene Lemke, Real Estate Services Section Chief  
Lisa Wond, Housing Sales Coordinator  
Stan Fujimoto, Project Manager  
Chris Sadayasu, Project Manager  
Esa Pablo, Secretary to the Board

Guests: Marvin Awaya, Pacific Housing Assistance Corporation  
Don Tarleton, Hawaii Housing Finance  
Stacy Sur, Hawaii Housing Finance  
Gary Furuta, Hawaii Housing Development Corporation

Acting Chairman Lawrence declared a quorum present.

**QUORUM**

Director Toledo moved, seconded by Director Smith, to approve the Meeting Minutes of April 11, 2008.

**II. A.  
APPROVAL  
OF MINUTES  
4/11/08  
Regular  
Meeting**

With no objections to the Minutes, the motion was unanimously approved.

Acting Chairman Lawrence indicated that the approval of the Executive Session Minutes will be taken up in Executive Session.

**II. B.  
APPROVAL  
OF MINUTES  
3/13/08  
Executive  
Session**

Director Wathen moved, seconded by Director Los Banos, to approve Staff's recommendation to:

**III. A.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**

A. Approve the State of Hawaii Consolidated Plan, Action Plan for Program Year 2008-2009; and

- B. Authorize the Executive Director to undertake all tasks necessary to submit and implement the Action Plan.

Chief Planner Janice Takahashi introduced Planner Lisa Wond, who was previously with the Finance Branch.

Ms. Wond presented the For Action, which seeks the approval of the State's Action Plan for Program Year 2008-2009. The Action Plan is part of the 5-year Consolidated Plan, which is used as a planning tool in projecting anticipated uses of funding from the U.S. Department of Housing and Urban Development (HUD).

HHFDC administers the HOME Investment Program (HOME) and the Hawaii Public Housing Authority (HPHA) administers the Emergency Shelter Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs, separately receiving its own allocated funds.

For Program Year 2008-2009 the HHFDC anticipates receiving a little over \$3 million in HOME funds, which will be equally allocated between the Counties of Kauai, Maui, and Hawaii.

Ms. Wond stated that HPHA anticipates receiving approximately \$229,000 for the ESG program and \$164,000 for the HOPWA program.

The primary uses of the programs are to: 1) provide decent affordable housing; 2) strengthen communities; and 3) increase homeownership opportunities.

In response to Director Smith's inquiry regarding HUD's federal guidelines of expending the monies in a timely manner, Finance Manager Darren Ueki stated that HHFDC continues to face challenges with HUD's requirements, but continues to meet the deadlines. Mr. Ueki felt that the Counties are making the best use of the funds, based on the Counties' own individual needs.

In response to Director Toledo's inquiry, Mr. Ueki stated that the monies can be used for multiple uses such as, construction of housing, housing related programs, as well as rehabilitation.

With no further discussion, the motion was unanimously approved.

Finance Manager Darren Ueki presented the For Action, requesting that the Board approve the Approved and Rejected List (List) for the Rental Housing Trust Fund (RHTF). The approval of the List is a procedural requirement, in which Staff anticipates bringing back to the Board in June, to make actual recommendations on the loans. The total request of these three projects is about \$8.6 million, of which \$5.4 million will be in the form of grants and about \$3.2 million in the form of loans.

Director Toledo moved, seconded by Director Wathen, to approve Staff's recommendation, as follows:

- A. Approve the Approved Project List for the FY08-01 funding round for Project Awards, subject to the following provisions and conditions:
  1. The approval of the Approved Project List does not obligate nor guarantee that any and all applicants on the Approved Project List will receive funding;
  2. HHFDC may elect to select, reject, or defer an applicant's request, if HHFDC judges such action to be in the best interest of the Program;
  3. The amount of an award is subject to availability of Program funds. HHFDC is not obligated to approve or fund the full amount of the applicant's request;

Approval of State of Hawaii Consolidated Plan, Action Plan for Program Year 2008-2009.

**III.B. DISCUSSION AND/OR DECISION MAKING**  
 Adopt the Approved and the Rejected Project Lists for the Rental Housing Trust Fund Program Project Award FY08-1 Funding Round.

4. The actual form, terms, and conditions of each award shall be determined by HHFDC and are subject to negotiation between the applicant and HHFDC, and the completion of all appropriate legal documentation satisfactory to HHFDC and its legal counsel;
5. The approval of each award and the disbursement of funds are subject to the final approval of the Governor of the State of Hawaii; and
6. The applicants will agree to abide by all the terms and conditions that may arise due to the use of public funds.
7. Any commitment of Project Awards is subject to the availability of funds.

B. Authorize the Executive Director of HHFDC to take all action necessary to effectuate the purpose of the For Action.

In response to Director Smith's inquiry regarding the diversity in the RHTF amounts in the For Action and Finance Status Report, Mr. Ueki stated that there is a one-month lag, being that the For Action is prepared during the middle of the previous month, showing the balance at the beginning of the month. Whereas, the Finance Status Report reflects the balance at the end of the month.

In response to Director Smith's clarification on the RHTF grants, Mr. Ueki stated that the developers are able to apply for grants if actually needed, free of charge, with one of the exceptions being that 5 percent of the total project is to be for individuals earning 30 percent and below median income.

In response to Director Smith's follow up question, Mr. Ueki stated that staff has taken into account the funding options from not receiving any monies from the Legislature to getting the lump sum appropriation with the reduction of the conveyance tax. The current requests are fundable; however, what was received from this past Legislation Session will impact what HHFDC is able to do in the future.

Director Smith commented that the Board be mindful of the limited amount of resources available for new projects coming forth.

Mr. Ueki reiterated that the Board is not awarding funds today, but approving the List stated in the For Action. Staff will come back to the Board once the updated financial per forma is completed and a decision is made on whether or not the project is feasible.

With no further discussion, the motion was unanimously approved.

Director Kawamura moved, seconded by Director Lawrence, to adopt Resolution No. 012, expressing appreciation to Orlando "Dan" Davidson.

Chief Planner Janice Takahashi presented the For Action, stating that Dan Davidson has been a terrific leader and was instrumental in bringing the Agency up to a high functioning level.

As requested by the Board, Ms. Takahashi read Resolution No. 012.

The motion was unanimously approved.

Acting Chairman Lawrence called for a motion to move into Executive Session.

Director Wathen moved, seconded by Director Kawamura, to move into Executive Session to discuss the:

- A. Selection and Hiring of an Executive Director, Pursuant to Section 92-5(a)(2), Hawaii Revised Statutes.

**III.C.  
DISCUSSION  
AND/OR  
DECISION  
MAKING**  
Adoption of  
Resolution No. 012  
Expressing  
Appreciation to  
Orlando "Dan"  
Davidson.

**IV.  
EXECUTIVE  
SESSION**  
9:35 a.m.

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

The Board of the Hawaii Housing Finance and Development Corporation anticipates convening in executive meeting pursuant to Section 92-5(a)(2), HRS, to consider the hiring of an officer or employee.

The motion was unanimously approved.

Acting Chairman Lawrence reconvened the meeting at 9:55 a.m.

**RECONVENED**  
9:55 a.m.

Director Kawamura moved, seconded by Director Wathen, to appoint Chief Planner Janice Takahashi as the Interim Executive Director, until the executive director position is filled.

The motion was unanimously approved.

Executive Director Dan Davidson reported on the following legislative activities:

**V.**  
**REPORT**  
**OF THE**  
**EXECUTIVE**  
**DIRECTOR**

Measures Passed:

- HB 2500, HD1, SD1, CD1 Relating to the State Budget –Appropriates for FY 2009: (Original fund amounts requested)
  - \$15 million for the Rental Housing Trust Fund (\$25 million)
  - \$10 million for the Dwelling Unit Revolving Trust Fund (\$25 million)
  - \$26 million for Kukui Gardens (\$26 million)
- SB 3174, SD2, HD2, CD1 Relating to Affordable Housing –Increases the Hula Mae multi-family revenue bond authority from \$400 million to \$500 million.
- SB 2293, SD1, HD1, CD1 Relating to Affordable Housing –Exempts new multi-family housing projects, with densities of 75+ units per acre, that are developed under the provisions of Chapter 201H, HRS, from the shared appreciation and 10-year buyback restrictions (but with a 3-year buyback). The projects must be developed on private land and privately financed (without federal, state or county financing or subsidies including tax credits) and not for the purpose of satisfying an affordable or reserved housing condition.

Measures Failed:

- Extend by 5 years, the sunset date of the increase in the conveyance tax allocation to the Rental Housing Trust Fund. As of July 1, 2008, the conveyance tax allocation drops from 50 percent to 30 percent.
- Shorten the period to take the State Low Income Housing Tax Credit from 10 years to 5 years in order to increase the value of the credit.

In response to Director Wathen’s inquiry on Senate Bill 2293 (SB 2293), regarding Chapter 201H, HRS, (201H) Executive Director Davidson stated that there is an additional restriction, in that the developer is not to use 201H to fulfill any affordable housing or reserved housing requirements.

In response to Director Kawamura’s inquiry on the Pineapple Worker’s Program, Chief Planner Janice Takahashi stated that the program will be assisting about 3 to 7 applicants. However, in many of the cases, the rent levels were respectably low enough and did not exceed 30 percent of the worker’s income.

Ms. Takahashi noted that there is another plantation camp that may be needing assistance. If the number of applications should increase, there will be another informational meeting held.

In response to Director Wathen’s inquiry regarding Villages of Kapolei, Development

Branch Chief Karen Seddon stated that an amendment was made to the development agreement; however, once the agreement is signed, the units will be able to go to market.

Executive Director Davidson announced that staff will be conducting a meeting today on streamlining HHFDC's internal procedures.

Director Wathen stated that next month will be his last meeting, in which Mr. Ralph Mesick, with Bank of Hawaii, will be taking his place. Director Wathen commented that Mr. Mesick is excellent in what he does and is very involved in supporting affordable housing.

Ms. Takahashi stated that according to Chairman Charles King, Director Wathen may continue his services on the Streamlining Task Force.

In response to Director Smith's request, Ms. Seddon reported on the following projects in reference to the Development Branch's Status Report:

- Kahikolu Ohana Hale O Waianae: The anticipated completion date is June 30, 2008.
- Plantation Town Apartments: Sales are up and doing a lot better, targeting the 140 percent area median income. The first closing will consist of 146 units.
- Mokuola Vista: Approximately 50 percent complete as of March 31, 2008.
- Pohukaina: Due to increases in construction costs, the developer submitted an application for New Market Tax Credits (NMTC).

In response to Director Wathen, Ms. Seddon indicated that other projects have made financing changes without major problems.

Director Wathen suggested in figuring out a way to assist the mixed-income and workforce groups, keeping in mind the amount of funds that are left in the budget.

- Keahuolu: When Staff has completed a thorough review, the relevant financial indicators from the Letter of Intent will be presented to the Board.
- Villages of Leialii: Staff is currently in discussions with the Department of Transportation (DOT), regarding an alternative alignment of the By-Pass Highway.
- Senior Residence of Iwilei: The funding requests will be brought to the Board to approve when the Developer submits a complete budget.
- Villages of Kapolei: Nohona will close two of their units on May 16, 2008. Grand opening will be on May 17, 2008.

Executive Director Davidson and Ms. Seddon credited Castle & Cooke for their resolve to complete and sell Nohona and other projects.

- East Kapolei II Planned Community: Subdivisions and entitlements are in progress.

In response to the Board's inquiry regarding a Request for Proposal (RFP) for East Kapolei I, Ms. Seddon stated that once HHFDC receives a definitive answer on the schedule for the access roads, an RFP will be issued.

- Maili Self-Help Project: Approval of the Request for Release of Funds is pending.

- Wilikina: No proposals were received for the RFP issued.

Executive Director Davidson noted that Ms. Seddon will be attending the May 2008, Kapolei Neighborhood board meeting, regarding "Affordable Housing and Future Development in the Villages of Kapolei."

Director Smith commented on Property Management's Status Report, stating that she liked the report's new format. Director Smith suggested that perhaps the Board could focus more on the rental units that are managed by the Organization at the next Board Meeting. Director Wathen asked that the monthly status report also include expense breakdowns on the operations and target market rents by units.

With no further business on the agenda, Acting Chairman Lawrence called for a motion to adjourn.

**VI.  
ADJOURNMENT**

Director Wathen moved, seconded by Director Toledo, to adjourn the meeting at 10:35 a.m.



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BETTY LOU LARSON  
Secretary