MINUTES OF THE ANNUAL MEETING
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT
CORPORATION
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,
ON THURSDAY, JULY 8, 2010
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 Annual Meeting at 677 Queen
Street, Suite 300, Honolulu, Hawaii, on Thursday, July 8, 2010, at 9:00 a.m.

Chairman David Lawrence called the Annual Meeting to order at 9:07 a.m.

Present:  Director David Lawrence, Chairman
          Director Betty Lou Larson, Secretary
          Director Georgina Kawamura
          Director Ralph Mesick
          Director Allan Los Banos
          Executive Director Karen Seddon

Excused:  Director Theodore Liu
          Director Linda Smith
          Director Francis Jung

Staff Present:  Sandra Ching, Deputy Attorney General
               Janice Takahashi, Chief Planner
               Darren Ueki, Finance Manager
               Rick Prahler, Development Branch Chief
               Galen Lee, Fiscal Manager
               Cynthia Okubo, Asset Manager
               Stan Fujimoto, Development Section Chief
               Marlene Lemke, Real Estate Services Section Chief
               Dean Sakata, Housing Finance Specialist
               Patrick Inouye, Housing Finance Specialist
               Byron Chock, Housing Finance Specialist
               Jocelyn Iwamasa, Housing Finance Specialist
               Mavis Masaki, Planner
               Lisa Wond, Planner
               Ken Takahashi, Development Project Manager
               Leonell Domingo, Development Project Coordinator
               Lorna Kometani, Housing Sales Coordinator
               Kent Miyasaka, Housing Information Specialist
               Esa Pablo, Secretary to the Board

Guests:  Terry Brooks, Housing Solutions
          Gary Furuta, Coalition for Specialize Housing
          Gwen Yamamoto, Hawaii Community Reinvestment Corporation
          Jack Endo, ENDO & Company LLC
          Iris Osaka, ENDO & Company LLC
          Robert Faleafine, Realty Laua LLC

A quorum was present.

Director Larson moved, seconded by Director Los Banos, to approve the Annual
Meeting Minutes of July 9, 2009.

The motion was unanimously approved.
Chairman Lawrence asked for nominations to elect the board officers.

Director Kawamura moved, seconded by Director Mesick, to nominate Director David Lawrence to retain as the Board Chairman.

The motion was unanimously approved.

Director Larson moved, seconded by Director Los Banos, to nominate Director Ralph Mesick to serve as the Board Vice Chairman.

The motion was unanimously approved.

Director Kawamura moved, seconded by Director Los Banos, to nominate Director Betty Lou Larson to retain as the Board Secretary for another term.

The motion was unanimously approved.

With all elected Board Members accepting to serve a term, Director Larson moved, seconded by Director Los Banos, to adjourn the Annual Meeting at 9:09 a.m.

The motion was unanimously approved.

BETTY LOU LARSON
Secretary
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, JULY 8, 2010
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, July 8, 2010, at 9:15 a.m.

Chairman David Lawrence called the meeting to order at 9:09 a.m.

Present: Director David Lawrence, Chairman
Director Ralph Mesick, Vice Chairman
Director Betty Lou Larson, Secretary
Director Georgina Kawamura
Director Allan Los Banos

Executive Director Karen Seddon

Excused: Director Theodore Liu
Director Linda Smith
Director Francis Jung

Staff Present: Sandra Ching, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Rick Phahl, Development Branch Chief
Galen Lee, Fiscal Manager
Cynthia Okubo, Asset Manager
Stan Fujimoto, Development Section Chief
Marlene Lemke, Real Estate Services Section Chief
Dean Sakata, Housing Finance Specialist
Patrick Inouye, Housing Finance Specialist
Byron Chock, Housing Finance Specialist
Jocelyn Iwamasa, Housing Finance Specialist
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Guests: Terry Brooks, Housing Solutions
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Gwen Yamamoto, Hawaii Community Reinvestment Corporation
Jack Endo, ENDO & Company LLC
Iris Osaka, ENDO & Company LLC
Robert Faleafine, Realty Laua LLC

A quorum was present.

Director Larson moved, seconded by Director Mesick, to approve the Meeting Minutes of June 10, 2010.

In response to Chairman Lawrence, Finance Manager Darren Ueki explained that project-based subsidies under the Section 8 Voucher Program are limited and may be helpful in terms of increasing a project's cashflow; however, being that a majority of the subsidies within the program are tenant-based, that subsidy could be easily lost if the tenant were to relocate.

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Director Larson asked that the HHFDC work with the HPHA to assist in the efforts of meeting the greatest housing needs of those in the 30% area median income group, by utilizing such subsidies from the Section 8 Voucher Program. Mr. Ueki stated that staff would work with HPHA in informing partnering developers of Section 8 vouchers available.

The motion was unanimously approved.

Director Mesick moved, seconded by Director Kawamura, to approve staff’s recommendation:

That the HHFDC Board of Directors approve the following for the Hale Mohalu II Project, consisting of the development and operation of affordable senior and family rental housing projects at 787 Kane’ohemeha Highway, Pearl City, Oahu, Hawaii, TMK (1) 9-7-019: 035, substantially as discussed in this For Action:

A. Approve the set aside of the Property to HHFDC;

B. Approve the issuance of 65-year ground leases at $1.00/year to the Hale Mohalu II Senior Housing L.P., and/or other entities approved by HHFDC, for the 164-unit affordable senior rental project and the future affordable family rental housing project, which may be built in one or two phases;

C. Approve the creation of a condominium property regime for the Hale Mohalu II Project;

D. Approve a management and construction right of entry from DLNR to enable the Project to proceed before the set aside and ground lease can be issued; and

E. Authorize the Executive Director to take all actions necessary to effectuate the purposes of this For Action;

Subject to the following:

F. Approval and execution of necessary documents by the Executive Director;

G. Compliance with all rules and regulations and such other terms and conditions as may be required by the Executive Director.

Development Section Chief Stan Fujimoto presented the For Action, stating that the master planned Hale Mohalu II (Project) consists of 164 units of affordable senior rentals and a future 168 units of affordable family rentals, on approximately 4.7 acres of land owned by the State of Hawaii, located in Pearl City, Oahu.

The Project will provide housing units for seniors and families at and/or below the 30% - 60% area median income (AMI).

Low Income Housing Tax Credit (LIHTC) financing is necessary for the development of the Project, but requires a limited partnership entity as the owner. However, the Hale Mohalu II Senior Housing L.P. (Developer) is a limited partnership and is not certified to be tax exempt under the Internal Revenue Code section 501 (c)(1) or 501(c)(3). For that reason, a direct lease is unable to be obtained for the Project at a nominal lease rent from the Department of Land and Natural Resources (DLNR), pursuant to HRS Section 171-43.1.

Therefore, this For Action seeks the approval of a set-aside of the Project to the HHFDC and the issuance of the ground leases to the Developer, or other entities approved by the HHFDC, of all or a portion of the Project as the phases are developed, subject to the following terms:

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Lessee: Hale Mohalu II Senior Housing L.P., and/or other entities approved by HHFDC.

Term: 65 years
Lease Rent: $1.00/year

In addition, approval of the set-aside project site to HHFDC is also scheduled for the DLNR’s Board meeting today.

Mr. Fujimoto opened for questions, introducing Mr. Gary Furuta, project manager.

In response to Director Kawamura, Mr. Fujimoto explained that a “set-aside” is the transfer of land/property that is reserved for a specific purpose to a particular State or City agency. Therefore, because DLNR owns the title to the property, the HHFDC Board approval is subject to the DLNR Board’s approval, and vice versa, in order to carry out this transaction.

In response to Director Larson, Mr. Fujimoto stated that the details of the ground lease are currently being determined; however, at the current time, the Coalition for Specialized Housing is tentatively identified to be the Ground Lessee.

Director Larson inquired on the Project’s rents. Finance Manager Darren Ueki stated that he did not have the approved rents available at this time, but would have staff obtain those numbers and report back to the Board.

In response to Director Larson, Mr. Fujimoto stated that the completion of the Project is scheduled to be in December 2012.

In response to Director Kawamura, Mr. Furuta stated that parking regulations follow the Land Use Ordinance. Therefore, the number of family parking stalls needed is determined by the number of units and unit sizes, plus 10% of the total stalls for guest parking, whereas, senior parking goes as low as one parking stall for every 4 units.

In response to Chairman Lawrence, Mr. Furuta stated that the development of the 168-family units is anticipated to start once financing is obtained in the upcoming funding cycles through the HHFDC and City & County programs.

Mr. Furuta handed out copies of a news article entitled: “For Yonemura, discipline lasts a lifetime,” which showcased one of the residents at the Kalakaua Vista project.

Chairman Lawrence thanked Mr. Furuta, noting that per Deputy Attorney General Sandra Ching, to avoid going through another approval process by the Board, the recommendation, under section B., should read:

“Approve the issuance of 65-year ground leases at $1.00/year to the Hale Mohalu II Senior Housing L.P., and/or other entities approved by the HHFDC Executive Director, for the 164-unit affordable senior rental project and the future affordable family rental housing project, which may be built in one or two phases;”

Director Mesick moved, seconded by Director Larson, to amend the motion as noted.

The motion was unanimously approved.

In response to Director Larson’s inquiry stated earlier regarding the Project’s rents, Mr. Ueki stated that the nine units at 30% and below are priced at $401 per month, with the remaining 154 one-bedroom units priced at $668 per month.

The main motion was unanimously approved, as amended.
Director Mesick moved, seconded by Director Los Banos, to approve staff’s recommendation:

That the HHFDC Board of Directors accept the audited financial statement for the fiscal year ended June 30, 2009.

Executive Director Seddon introduced the HHFDC’s new Fiscal Manager Galen Lee to the Board and provided a brief background on his job experiences.

Mr. Lee presented the For Action, stating that the Kekuailani Gardens (Project) is comprised of 56 two-bedroom units under the U.S. Department of Agriculture (USDA) Program, located in Kapolei, Oahu. Realty Laua, LLC, currently manages the Project.

Endo & Company has completed this audit for the fiscal year ended June 30, 2009, which staff has reviewed and finds acceptable.

Chairman Lawrence inquired on refinancing of the mortgage interest rate of 7.25%. Executive Director Seddon stated that staff would need to follow up on that matter with the USDA.

Director Larson inquired on the first statement made on page 1 of Exhibit A, under Financial Highlights, regarding the project’s deficit showing an increase of 45.8%. Executive Director Seddon stated that the USDA and HHFDC are in the process of reviewing the rent subsidies and an increase is pending.

In response to Director Larson, Acting Asset Manager Cynthia Okubo concurred stating that the current occupancy rate is at 95%.

In response to Chairman Lawrence, Executive Director Seddon stated that two projects under the USDA Program require separate audits.

In response to Director Larson, Ms. Okubo stated that those two USDA projects under the HHFDC are the Kekuailani Gardens, which is being presented today, and the Nani O Puna, located on the Big Island.

In response to Chairman Lawrence, Executive Director Seddon stated that the Project is currently working on a substantial rent increase, which is determined by USDA.

In response to Chairman Lawrence, Mr. Jack Endo, Endo & Company, stated that the Management Letter is currently being drafted and will be sent to the Executive Director once complete. The Management Letter will address two concerns, dealing with Items 3 - “Requesting a rent increase that will accommodate the rising operating expenses and allow for the necessary deposits to the replacement funds account,” and 5 - “Closely monitor delinquent accounts for better control and collections,” under the Currently Known Facts, Decisions, or Conditions, on page 7 of Exhibit A.

Chairman Lawrence inquired on the Project’s delinquent accounts receivable. Mr. Robert Faleafine, Realty Laua, LLC, stated that those accounts are vacated accounts that are going through the collection process.

In response to Director Larson, Mr. Faleafine clarified that the Project had submitted a request for a rent increase last year that was not granted due to the lack of financial data required to the USDA. However, with the Project’s financials getting back on track, there was a second request submitted, which is anticipated to take effect on August 1, 2010. Ms. Okubo further clarified that the Project was behind in their audit records by 3 years when the HHFDC took over, thus, resulting in the USDA’s decision in denying the first rent increase request.

The motion was unanimously approved.
Director Mesick moved, seconded by Director Kawamura, to approve staff’s recommendation:

That the HHFDC Board of Directors approve the following:

A. Approve the proposed amendment to the NSP Substantial Amendment to the State of Hawaii’s Consolidated Plan, Action Plan for Program Year 2008-2009;

B. Authorize the Executive Director to make any non-substantive amendments to the NSP Substantial Amendment;

C. Authorize the Executive Director to amend the NSP Substantial Amendment to the State of Hawaii’s Consolidated Plan, Action Plan for Program Year 2008-2009, as necessary to allocate available funds that become available to existing NSP activities; and

D. Authorize the Executive Director to undertake all tasks necessary to submit and implement the NSP Substantial Amendment.

Finance Manager Darren Ueki presented the For Action, restating background information on the Neighborhood Stabilization Program (NSP) discussed at previous board meetings.

Mr. Ueki noted that at least 25% of the NSP funds (Set-Aside) must benefit households whose incomes do not exceed 50% of the area median income (AMI).

The NSP funds must be obligated by September 18, 2010, with all NSP funds to be disbursed by March 18, 2013.

Two activities that have faced difficulty in obligating their NSP funds are The Hui Kauhale, Inc.’s Ewa Villages project - encountered delays due to financial market issues; and the County of Kauai’s acquisition, rehabilitation, and resale program - were able to meet its goal of six foreclosed properties, but at a lower cost anticipated, resulting in less grant funds being utilized.

Mr. Ueki noted a correction, that there are 64 units in the first phase of the Ewa Village project, not 76 units as stated in this For Action.

In February 2010, the HHFDC issued an additional Notice of Funding Availability to establish an alternate list to use the excess NSP funds of which none of the three applications received were able to meet the September 18, 2010 obligation deadline.

In April 2010, the U.S. Department of Housing and Urban Development (HUD) issued guidance that failure to meet the Set-Aside would result in a return of the entire $19.6 million grant. Staff relooked at and discussed its options in addressing this matter.

In June 2010, staff requested that current awardees submit letters of interest for possible additional NSP funding. Three letters of interest for additional funds were received on June 24, 2010.

Staff proposes the following amendments to the Neighborhood Stabilization Program Substantial Amendment to ensure funds may be obligated by the September 18, 2010 deadline:

1. Decrease the NSP grant to the County of Kauai by $1,196,920, 21. The County of Kauai’s grant has been resized to $3,420,614.13.

2. Decrease the HHFDC’s Administration funds by $203,079.79.

3. Award NSP funds of $1.4 million to the Housing Solutions Inc. for the

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Seawind Apartments project.

Mr. Ueki noted that all shifting of NSP funding have been discussed with and agreed to by each awardee.

Substantial amendments to the Consolidated Plan are subject to public comment, of which a Notice of Public Comment has been posted on the HHFDC’s website. There is a 15-day comment period, which is set to expire on July 23, 2010. Comments received by the public will be considered before submitting the amendment to HUD for approval.

Mr. Ueki opened for questions.

In response to Director Mesick, Mr. Ueki stated that the Ewa Villages project comprises approximately $1.4 million of the Set-Aside amount; however, should the Ewa Villages project be unable to meet its Set-Aside obligation of $1.4 million, the entire $19.6 million becomes at risk, being an “all-or-nothing” deal. Therefore, as an added assurance that the Set-Aside is met, the $1.4 million would then be reallocated to the Seawind project to be utilized for the construction of the project, as proposed.

In response to Chairman Lawrence, Housing Finance Specialist Dean Sakata clarified that with the additional NSP funds, the Seawind project will be able to deliver 13 studios and 7 two-bedroom units, rather than the 20 studios, as originally planned. Mr. Ueki added that with these additional funds, project upgrades within the units are achievable.

In response to Chairman Lawrence, Mr. Ueki stated that the Ewa Villages project has made substantial progress, and is in the process of getting an investment banker to proceed with the bonds. Construction is anticipated to begin in 2011.

In response to Director Larson, Mr. Ueki clarified that based on direction from HUD, the Ewa Villages could use signed and executed development agreement documents as opposed to issuing bonds to acknowledge the obligation of funds.

In response to Director Larson, Mr. Ueki clarified that once the September 18, 2010 obligation deadline is met, there will be an opportunity to reprogram any funds that a project is unable to disburse by 2013.

The motion was unanimously approved.

Director Kawamura moved, seconded by Director Mesick, to approve staff’s recommendation:

That the HHFDC Board of Directors approve the delegated procurement authority from the Director of the Department of Business, Economic and Development Tourism to the Executive Director of the Hawaii Housing Finance and Development Corporation for the Fiscal Year 2011.

In response to Chairman Lawrence, Executive Director Seddon concurred that this For Action seeks the same recommendation presented in 2009.

In response to Director Kawamura, Executive Director Seddon stated that the $500,000 amount is sufficient.

With no further discussion, the motion was unanimously approved.

Chairman Lawrence noted that per Deputy Attorney General Ching, a quorum is to be present in order to discuss the Strategic Planning Session. With all five members committed, Chairman Lawrence proceeded to the Report of the Executive Director.

Director Larson inquired on the status of the Kahikolu project. Executive Director

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Seddon stated that other than reviewing its lease, the Kahikolu project is functioning properly.

Director Larson inquired on an updated status with the Mililani Mauka Community meeting. Executive Director Seddon stated that the meeting was held on June 6, 2010, where the community expressed their concerns regarding the master developer and their apprehensions about affordable housing in their community.

Chairman Lawrence was pleased that the community was given the opportunity to comment and noted that the proposed Mililani Mauka project will still need to go through an extensive approval process with additional opportunities for community input.

Director Larson commented on utilizing affordable housing advocates such as Carol Ignacio, Community Alliance Partners, to enlighten communities and the public on affordable housing. Executive Director Seddon stated that Development Branch Chief Rick Prahler would be the contact person from HHFDC.

Executive Director Seddon clarified that usually the developer makes a presentation at a Neighborhood Board meeting later in the project planning process, where the community is able to discuss its concerns based on a more advanced set of plans.

Director Mesick commented that it would be great to be able to put a “face” on the people that this proposed project would serve, hopefully, changing the way “affordable housing” is perceived.

With no further discussion, Chairman Lawrence asked for a motion to recess.

Director Mesick moved, seconded by Director Larson, to recess the meeting at 10:12 a.m.

Director Lawrence reconvened the meeting at 10:20 a.m.

Chief Planner Janice Takahashi provided the Board with a general overview of the HHFDC’s Strategic Plan for Fiscal Year (FY) 2011, stating that the purpose of the Plan is to provide the Agency with a framework for decision-making and setting priorities over the next year or so.

Ms. Takahashi reported on the following:

1. Referencing the University of Hawaii Economic Research Organization (UHERO) reports dated in March 2009 and June 2010, the State of Hawaii still faces a weak economy, with the possibility of recovery during 2010.

2. The decline in Low Income Housing Tax Credit (LIHTC) investment activity and tax-exempt bond financed investments continues to negatively impact the capital for the development of rental housing.

3. Although Act 26, Session Laws of Hawaii 2010 was established, shortening the period within which counties may accept or reject requests for dedication of infrastructure for 201H projects to 60 days, challenges remain in lengthy land use approvals, permitting, and dedication processes.

4. There continues to be a statewide need for housing, especially in the lower and moderate-income households. Approximately 17,400 rental units for households with incomes at 80% and below the HUD area median income (HUD AMI) and an additional 6,800 for-sale units for households with incomes between 80% and 140% of the HUD AMI, is projected to be needed by 2015.

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5. HHFDC’s 5-year goal for FY’s 2007 - 2011, has been to provide 5,000 new or preserved housing units. This continues to be our goal. As of June 30, 2010, the HHFDC has assisted in the delivery of 3,297 housing units. Approximately 864 housing units are planned for completion in FY2011, for a total of 4,153 housing units.

6. During the FY ending June 30, 2010, the HHFDC employed the following strategies, as discussed at last year’s strategic planning in October 2009:
   a. Maximized financing resources to facilitate housing production or acquisition/rehabilitation.
   b. Addressed and closed financing gaps (which resulted from the downturn in the credit market) by increasing project subsidies from state and federal funding sources.
   c. Pursued additional financing resources during the 2010 State Legislative Session, in which $10 million was restored in the RHTF for FY2011.
   d. Provided DURF interim loans to private developers to purchase land for housing development, taking advantage of declining property values and sale prices.
   e. Worked closely with development partners to ensure housing project stay on course.

7. There are no major changes regarding the goals or strategies that will be employed within the FY2011 Strategic Plan, except to intensify the Agency’s leadership position with additional outreach to stimulate housing production.

8. Mission Statement was revised and reads: Increase and preserve the supply of workforce and affordable housing Statewide by providing leadership, tools, and resources, to facilitate housing development.

9. The articulation of the following core values is new. The core values govern HHFDC’s operations and represent how we conduct business. They are communication, innovation, leadership, partnership, stewardship, and teamwork.

10. Strategic goals include:
    a. Stimulate and expedite the development and financing of workforce and affordable housing.
    b. Heighten general awareness of housing needs.
    c. Excel in our mission and vision by fostering an agency culture shaped by the core values mentioned.
    d. Secure long-term financial stability of HHFDC programs.

    There are tactics for each of the four strategic goals that are included in the Strategic Plan.

11. Recurring issues that have arisen over the past year, pertain to:
    a. The award of LIHTC and, in particular, new construction versus preservation - ensuring criteria are in line with Strategic Plan.
    b. Levels of risk the HHFDC should be taking to assist in the development of affordable housing balanced with the need to
secure long-term financial stability of the HHFDC programs.

Ms. Takahashi opened for discussion and feedback from the Board.

Executive Director Seddon stated that it is important for the Board to review the plan carefully to ensure that this is the direction the Board desires the Agency to focus.

The following issues were discussed:

1. How does the agency measure success? Benchmarks should be identified to measure how much time and resources are being spent to reach the desired or best results. Executive Director Seddon added that while the main goal is measured by unit count, staff at the branch and section levels has been asked to work on the measurements for the goals and tactics.

2. The agency has taken on some responsibilities that have nothing to do with affordable housing such as managing certain properties. Those responsibilities hinder the agency's ability to achieve the housing goals. Therefore, there is a need to secure the Agency's long-term viability by managing non-core properties and activities in such a manner that the Agency's ability to achieve its goals is not compromised.

Chairman Lawrence stated that pursuant to section 92-2.5(b), Hawaii Revised Statutes, he would like to appoint board members to serve on two subcommittees to investigate matters relating to official business of the Board, based on the recurring issues mentioned. The subcommittees would report its findings and recommendations to the full Board.

The first subcommittee, the Low Income Housing Tax Credit (LIHTC) Award Subcommittee, will evaluate the Selection Criteria set out in the Qualified Allocation Plan based on the concerns expressed by board members in previous meetings regarding acquisition/rehabilitation projects versus the construction of new rental housing projects.

The second subcommittee, the Dwelling Unit Revolving Fund (DURF) Subcommittee, will review underwriting guidelines for making DURF loans to ascertain alignment with the goals stated in the Strategic Plan.

With assistance from HHFDC staff, both subcommittees will assess and report its findings and any recommendations to the full Board. The Executive Director will assign appropriate staff to provide support for both Subcommittees mentioned.

Board discussion ensued, and the following members were appointed to a subcommittee, as follows:

1. LIHTC Awards Subcommittee will consist of Directors Lawrence, Smith, Larson, and Jung. Director Francis Jung was appointed as the Chairman of this subcommittee. Director Kawamura volunteered staff from her department to assist the subcommittee.

2. DURF Subcommittee will consist of Directors Lawrence, Mesick, Kawamura, and Los Banos. Director Allan Los Banos was appointed as the Chairman of this subcommittee.

A discussion ensued on long-term affordability and sustainability of housing projects:

1. Tenant-based rent subsidies, such as Section 8 and USDA rental assistance, are limited and not under the jurisdiction of the Agency.

2. Such sustainability would assist those, like seniors, with fixed and/or limited incomes, providing the opportunity for long-term affordability.
3. Greater focus on sustained affordability is achievable, but would require additional monies thus, jeopardizing unit production and disinterest potential developers. Balance is essential.

4. An improved economy does not guarantee recovery within the Tax Credit industry.

5. With no reserves in place for financing programs, such as DURF interim loans, the Agency runs a greater risk of potentially losing its investment deals when such projects become distressed.

6. The Agency relies on annual appropriations from the legislature, limiting its options on long-term commitments.

7. Resource tools and funding programs provided to the Agency targets those within a certain percentage income bracket, ranging at or below 50% to 140% of the area median income. Percentage target range is dependent upon a project’s feasibility.

Director Kawamura suggested that the Agency utilize the expertise of Director Theodore Liu or staff under his direction to provide input with regard to the subcommittees. Executive Director Seddon concurred.

In response to the Board, Mr. Ueki stated that the first LIHTC Subcommittee meeting is to be scheduled within the upcoming weeks. Executive Director Seddon added that staff would notify the subcommittee members and schedule accordingly.

Director Larson inquired on projects that did not receive LIHTC. Mr. Ueki stated that at this point, there would be no actions taken, concurring that applying during the next funding round is a possibility.

Lunch was provided for the Board Members.

Director Mesick moved, seconded by Director Los Banos, to adjourn the meeting at 11:23 a.m.

The motion was unanimously approved

VI. ADJOURNMENT

 signature

BETTY LOU LARSON
Secretary