

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, NOVEMBER 12, 2009  
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, November 12, 2009, at 9:00 a.m.

Acting Chair David Lawrence called the meeting to order at 9:00 a.m.

**CALL TO  
ORDER/  
ROLL CALL**

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

Executive Director Karen Seddon

Excused: Director Charles King, Chairman  
Director Theodore Liu

Staff Present: Sandra Ching, Deputy Attorney General  
Craig Iha, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Rick Prahler, Development Branch Chief  
Cynthia Okubo, Acting Asset Manager  
Marlene Lemke, Real Estate Services Section Chief  
Dean Sakata, Housing Finance Specialist  
Patrick Inouye, Housing Finance Specialist  
Jocelyn Iwamasa, Housing Finance Specialist  
Lisa Wond, Planner  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Guests: Sarah VanDevanter, Micon Real Estate  
Randy Rodrigues, Family Life Center  
Maude Cummings, Family Life Center  
Brad Wells, Urban Housing Communities  
Leroy Sajulga, Hale Kai Development  
Staci Kashiwabara, Urban Housing Communities  
Cher Sullivan, Realcom  
Eric Kaneshiro, Realcom  
Gary Furuta, Hawaii Housing Development Corporation  
Jonathan Kwon, Urban Housing Communities

Acting Chair Lawrence noted a quorum present.

**QUORUM**

Director Mesick moved, seconded by Director Kawamura, to approve the Regular Meeting Minutes of October 8, 2009.

**II. A.  
APPROVAL  
OF MINUTES**  
10/8/09  
Regular  
Meeting

Acting Chair Lawrence asked for any comments on the Meeting Minutes of October 8, 2009.

On page 282, the second to the last paragraph, the meeting minutes should be

amended to read: In response to Director Larson, Mr. Ueki clarified that in selecting projects for the new Approved List, staff will specifically be looking for projects that either have an existing commitment of RHTF or LIHTC funding. However, existing projects currently listed on the Approved List will be considered for funding up until the time that the Board approves a new RHTF Approved and Rejected List for the upcoming funding round, which is anticipated to be in November 2009.

Acting Chair Lawrence noted a correction on page 283, which should be amended to read: "In response to Director Smith, Mr. Furuta concurred that the recommended October [~~2009~~] 2010 extension date is acceptable."

The motion was unanimously approved, as amended.

Director Mesick moved, seconded by Director Jung, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. A Project Award loan of \$850,000 to the Project with terms as shown in Section III(G) of this For Action, and the issuance of the Letter of Intent subject to the following:
1. Authorization and approval by the Governor of the proposed project and the release of RHTF program funds as mandated under Chapter 15-180, Hawaii Administrative Rules.
  2. Execution of documentation satisfactory of the HHFDC outlining the terms and conditions of the Project Award. The documents will specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF program and the specific terms and conditions that are applicable to the applicant's request for Project Award funds.
  3. Completion of all documentation necessary and required to secure the release of RHTF funds.
  4. Certification of the applicant to comply with all application statutory and Program requirements, including but not limited to, Chapter 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.
  5. Availability of the RHTF program funds.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Finance Manager Darren Ueki presented the For Action, stating that the E Komo Mai Apartments (Project) is a 45-unit family project, located in Hilo, Hawaii.

On September 10, 2009, the Board approved the following: (1) \$689,554 in Federal Low Income Housing Tax Credits (LIHTC); (2) \$344,777 in State LIHTC; and (3) the FY2009 Final Rental Housing Trust Fund (RHTF) Project Award Approved List, which included this Project.

The RHTF's available balance is approximately \$35.5 million.

The Project will be owned and managed by Urban Housing Communities (UHC) 00525 Hilo, LP (Applicant). Construction is expected to start in January 2010 with completion of the last building anticipated for December 2010.

Staff has reviewed the Applicant's request and proposes the following terms:

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

Approve a Rental Housing Trust Fund Project Award for the E Komo Mai Apartments Project Located in Hilo, Hawaii, TMK No.: (3) 2-4-025: 001.

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Loan Amount: \$850,000  
Form of Loan: Second Mortgage on the leasehold interest of the project  
Interest Rate: 0% - construction period (24 months)  
2% - permanent period (660 months)  
Origination Fee: None  
Loan Terms: Construction Period: 24 months (2 years)  
Permanent Period: 660 months (55 years)

Total loan term subject to, and shall not exceed, the length of the ground lease. All principal and accrued interest due at maturity.

Repayment Terms: No payments during the construction period. Payments of 50% of available cash flow after payment of expenses, debt service of the first mortgage and other expenses recognized by HHFDC after conversion to the permanent period.

Other Project

Specific Conditions: Subject to satisfactory extension of ground lease with the State of Hawaii, Department of Land and Natural Resources that covers the Project's affordability commitment and RHTF loan term.

If the Board should approve this For Action, a Letter of Intent (LOI) will be transmitted to the Applicant, describing the terms and conditions mentioned.

Mr. Ueki opened for questions, along with Mr. Bradley Wells, on behalf of the Applicant.

In response to Acting Chair Lawrence, Mr. Wells stated that the land is being leased out by the Department of Land and Natural Resources.

With no further questions, 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 following:

- A. A Project Award loan of \$410,000 to the Project with terms as shown in Section III (F) of this For Action, and the issuance of the Letter of Intent subject to the following:
  - 1. Authorization and approval by the Governor of the proposed project and the release of RHTF program funds as mandated under Chapter 15-180, Hawaii Administrative Rules.
  - 2. Execution of documentation satisfactory of the HHFDC outlining the terms and conditions of the Project Award. The documents will specify the standard terms and conditions as required in order to meet all statutory requirements of the RHTF program and specific terms and conditions that are applicable to the Applicant's request for Project Award funds.
  - 3. Completion of all documentation necessary and required to secure the release of RHTF funds.
  - 4. Certification of the applicant to comply with all applicable statutory and Program requirements, including but not limited to, Chapters 343, 103D, §103-50 and §104, Hawaii Revised Statutes, as they may relate to the use of State funds.

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

Approve a Rental Housing Trust Fund Project Award for the FLC Mokuahu Apartments Project Located in Wailuku, Maui, TMK No.: (2) 3-4-033: 008.

5. Availability of the RHTF program funds.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, stating that the Family Life Center, Inc. (FLC) Mokuhau Apartments (Project) is an existing 16-unit family project, located in Wailuku, Maui.

In September 2009, the Board approved the FY2009 Final RHTF Project Award Approved List, which included this Project.

With extensive renovations done in 2007 by the current owners, the FLC proposes to purchase this Project, converting it into an affordable rental housing facility in which they will own and manage.

Staff has reviewed the FLC's request and proposes the following:

Loan Amount:	\$410,000
Form of Loan:	Second Mortgage
Interest Rate:	1.00%
Origination Fee:	None
Loan Term:	30 years
Payment Terms:	Fully amortized for the 30 years; monthly principal and interest--\$1,318.72.

The RHTF Project Award is contingent upon the FLC being able to secure and evidence sufficient financing sources, specifically, satisfactory commitment of the first mortgage bank loan, as well as its debt service coverage to the satisfaction of HHFDC, based on the financing sources needed to meet the Project's total development costs.

If the Board approves this For Action, a Letter of Intent (LOI) will be distributed to the FLC, underlying the agreements and terms mentioned.

Mr. Ueki noted a correction in the first paragraph, on page 4, third sentence, regarding the expiration date of the LOI that should read "December 15, 2009" not "2010," as stated in the For Action.

Mr. Ueki opened for questions, along with Ms. Maude Cummings, on behalf of the Project.

In response to Director Larson, Ms. Cummings provided background information on the organization, stating that the FLC is a non-profit organization, which incorporated in 1982, assisting the homeless and at-risk families by placing them into housing such as the FLC's Women and Children Shelter.

In response to Director Jung, Ms. Cummings stated that FLC has found that there is a greater need of housing for those with HUD Section 8 Vouchers, persons with disabilities, and victims of domestic violence. Furthermore, Ms. Cummings explained that the majority of Pacific Islander families encountered by FLC tend to have large families. As such, the one-bedroom units offered are not able to accommodate their needs.

In response to Director Kawamura, Ms. Cummings stated that the FLC does have a purchase agreement with the sellers, Mr. Patrick Ihu and Mr. Roy Silva, of PI&RS, LLC.

Responding to Director Larson, Ms. Cummings stated that the FLC's shelter is only open to women and children. As such, the majority of the families impacted by foreclosures tend to move towards staying with other family.

In response to Acting Chair Lawrence, Ms. Cummings stated that the FLC is very confident in its award of a \$1.2 million grant from the Maui County, which has already been approved by the Maui County Council.

FLC is also working with Hawaii National Bank, the seller's financing company, and has submitted all the necessary documentation. Ms. Cummings further stated that the project is owned by First Assembly of God, which is leased at a dollar a year.

With no further questions, the motion was unanimously approved.

Director Larson recused herself from voting on agenda item III. C.

Director Jung moved, seconded by Director Los Banos, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. Extend the expiration date in the LOI dated November 15, 2006 for the Hale Wai Vista Phase II Project to October 31, 2010, subject to the requirements as set forth in the For Action dated November 9, 2006.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, stating that the Hale Wai Vista Phase II (Project) is a 132-unit family project, located in Waianae, Oahu.

The Board approved the following for the Project: (1) a \$16,235,762 RHTF Project Award; (2) \$1,593,391 in Federal LIHTC and \$796,695 in State LIHTC; (3) an allocation of up to \$30 million in Hula Mae Multi-Family Bonds; and (4) multiple extensions to its Letter of Intent (LOI), with the most current extension date being until November 30, 2009.

Due to numerous challenges of the financial economy, the Project had elected to return its prior award of 4% LIHTC and convert to a 9% LIHTC structure with a RHTF loan, being awarded up to \$1,966,222 in Federal LIHTC and \$983,111 in State LIHTC.

The Project anticipates to commence construction in December 2009, with the first building being completed in October 2010 and the last building in December 2010.

Staff has evaluated the Project's request based on progress made on three basic milestone areas of site control, zoning approvals, and securing of financial commitments.

Staff is currently working with the developer in its request to exchange its Federal LIHTC under the 1602 Exchange Program.

Mr. Ueki opened for questions, along with Mr. Gary Furuta, on behalf of the Project.

Acting Chair Lawrence welcomed Director Smith to the meeting and thanked her for attending.

In response to Acting Chair Lawrence, Executive Director Seddon stated that according to schedule in the For Action the building permits are anticipated to be obtained by the first quarter of 2010. Mr. Furuta added that obtaining building permits can be a lengthy process; however, the Project will still be able to proceed with construction in the first quarter of 2010.

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

Approve an Extension to the Rental Housing Trust Fund Letter of Intent for the Hale Wai Vista Phase II Project Located in Waianae, Oahu, TMK No.: (1) 8-6-001: 035 (portion).

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In response to Director Smith, Mr. Ueki stated that that all documentation for the 1602 Exchange Program has been approved by the U.S. Treasury. Staff has been in contact with qualifying 1602 Exchange Program developers, reciprocally understanding each other's timelines and challenges.

In response to Acting Chair Lawrence, Mr. Ueki stated that the Hawaii Community Reinvestment Corporation (HCRC) receives its funding from a consortium of banks, which allows HCRC to provide permanent financing for Projects such as this.

The motion was unanimously approved, with Director Larson abstaining.

Director Mesick moved, seconded by Director Smith, to approve staff's recommendation:

That the HHFDC Board of Directors approve the following:

- A. Amend the Project Award as Described in Section III(G)
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action, stating that the Honokowai Villas Apartments (Project) is a 56-unit family project, located in Lahaina, Maui.

Mr. Ueki reported that there were multiple actions taken by the Board that has resulted in a change to the Project's financial structure. In addition, the United States Department of Agriculture (USDA) has recommended that the repayment language to the RHTF loan be amended.

Therefore, staff is requesting that the following amendments be made to the Project's RHTF Project Award:

- 1. Allow the use of RHTF loan proceeds for interim/construction purposes.
- 2. Increase the term of the loan by 2 years, and correspondingly provide a 2-year initial construction period.
- 3. 0% interest rate with no principal or interest payments during the initial 2-year construction period.
- 4. For years 3 to maturity, annual principal and interest payments shall equal the lesser of (i) principal and interest payment of \$381,415 or (ii) 100% of Net Cash Flow as defined in III(F)(4)(b)(1).

Mr. Ueki opened for questions, along with Ms. Sarah DeVanter, on behalf of the Project.

In response to Director Smith, Mr. Ueki explained that the Applicant is requesting that the Board approve the use of the \$9.8 million from the RHTF to be allowed for its construction or interim financing rather than just a permanent loan.

In response to Director Lawrence, Mr. Ueki concurred that the existing RHTF loan is being assumed along with subsidies received by the Project and that the HHFDC would be in second position of the loan, with USDA being in first position.

With no further questions, the motion was unanimously approved.

Director Mesick moved, seconded by Director Los Banos, to approve staff's recommendation:

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

Approve an Amendment to the Rental Housing Trust Fund Loan for the Honokowai Villa Apartments Project Located in Lahaina, Maui, TMK No.: (2) 4-4-001: 054.

**III. E.  
DISCUSSION  
AND/OR  
DECISION**

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That the HHFDC Board of Directors approve the following:

- A. Amend the Project Award as described in Section III(G)
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki presented the For Action stating that the Hale Ohana Apartments (Project) is a 48-unit family project located in Koloa, Kauai, and is an acquisition/rehabilitation project type.

This For Action is identical to the previous For Action in terms of the restructuring of the Project's financing source, to allow the RHTF loan to be used during the construction period, and in the Project's request to amend its repayment structure of its RHTF loan.

In response to Acting Chair Lawrence, Housing Finance Specialist Patrick Inouye stated that he believed when the USDA loan is assumed, the term of the loan would reset for another 40 years, at a 1% interest rate.

In response to Acting Chair Lawrence, Ms. Sarah DeVanter, on behalf of the Project, concurred that the payments of the loan will be assumed when the execution of the documents take place.

With no further discussion, the motion was unanimously approved.

Director Jung moved, seconded by Director Los Banos, to approve staff's recommendation:

That the Board of Directors of the Hawaii Housing Finance and Development Corporation approve the award of Federal and State LIHTC to the following Project in accordance with the QAP and subject to the conditions specified in Exhibit D of this For Action.

- A. The Villas at Malu'ohai project.
  - 1. Allocation of up to \$88,408 of annual Federal LIHTC and \$44,204 of annual State LIHTC to Pacific Housing Assistance Corporation, subject to the terms as described in Section II, Subsection D and the following project specific conditions:
    - a) The Developer's Fee, Overhead, and related costs of this project does not exceed \$1,525,000.
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Director Mesick recused himself from voting on this For Action.

Mr. Ueki presented the For Action, stating that the first few pages of this For Action lists the actions taken by the Board, identifying challenges encountered with the Low Income Housing Tax Credits (LIHTC) and the results of some decisions made by the Board.

To date, there is a remaining balance of \$88,408 in 9% volume cap LIHTC, which the HHFDC has elected to award to the Villas at Malu'ohai (Project). The Project's initial request was roughly \$250,000. However, the developer has obtained value engineering and additional financing resources to make the Project feasible with the \$88,408 LIHTC award.

The Project consists of 72 units, located in Kapolei, Oahu, projected to start construction in June 2010 with completion anticipated in June 2012.

**MAKING**  
Approve an Amendment to the Rental Housing Trust Fund Loan for the Hale Ohana Apartments Project Located in Koloa, Kauai, TMK Nos.: (4) 2-8-003: 036 & 038.

**III. F. DISCUSSION AND/OR DECISION MAKING**  
Approve an Award of Federal and State Low Income Housing Tax Credits from the State's 2009 Volume Cap to the Villas at Malu'ohai Project Located in Kapolei, Oahu, TMK No.: (1) 9-1-016: 064 (portion).

Mr. Ueki opened for questions, noting that Mr. Marvin Awaya, developer, had a prior engagement and indicated that he would arrive as soon as he could.

In response to Director Larson, Mr. Ueki clarified that the anticipated start date for construction would be in June 2010, with completion anticipated in June 2012.

In response to Director Smith, Mr. Ueki stated that their initial request of the \$250,000 was in Federal funds and approximately \$125,000 from the State, totaling approximately \$375,000. The primary source of financing is being obtained by their permanent lender, which is the Hawaii Community Reinvestment Corporation.

In response to Director Smith, Mr. Ueki stated that the HHFDC does not anticipate any returns of LIHTC.

With no further questions, the motion was unanimously approved, with Director Mesick abstaining.

Director Smith moved, seconded by Director Mesick, to approve staff's recommendation:

That the HHFDC Board of Directors approves the following:

- A. An Amendment to the Declaration of Restrictive Covenants for Waiahole Valley Agricultural Park and Residential Lots Subdivision and Homestead Road Lands to allow a special use on Lot 7 to include, in addition to residential use, the construction and maintenance of a cellular tower and facility.
- B. That the HHFDC Board of Directors authorize the Executive Director to undertake all tasks to effectuate the purposes of this For Action, including negotiating and executing a long-term license and/or other appropriate agreements with AT&T and other subsequent users to allow the special use.

Real Estate Services Section Chief Marlene Lemke presented the For Action, stating that the Executive Director received a letter from Cher Sullivan, of REALCOM Association, on behalf of AT&T, requesting to use approximately a 900 square foot portion of Lot 7 for the purposes of constructing an AT&T cellular facility.

Acting Chair Lawrence referred to Exhibit A, page 1, which illustrated a picture of the proposed site. Ms. Lemke clarified that the picture in Exhibit A was composed by using Photoshop, simply to provide the Board with a visual of what the proposed site would look like and is not a picture of an actual existing cellular tower.

Ms. Lemke proceeded with the presentation, stating that the proposed 900 square foot site would include a pole tower with an approximate height of up to 150 feet, with six cabinets, and an emergency generator. Power and telecommunications required to run the facility will be supplied by an existing power source from Kamehameha Highway. In addition to servicing AT&T, the proposed site will also be designed and constructed to accommodate uses of other cellular companies.

The HHFDC will work with the lessees of the neighboring Lot 6, for an easement to AT&T for use of an access road to enter into Lot 7 for the construction and maintenance of the proposed cellular facility.

Once the proposed cellular facility is constructed, it will remain unmanned with

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

Approve an Amendment to the Declaration of Restrictive Covenants for Waiahole Valley Agricultural Park and Residential Lots Subdivision and Homestead Road Lands to allow a special use on Lot 7 to include, in addition to residential use, for the construction and maintenance of a cellular tower and facility, and to authorize the Executive Director to negotiate and execute a license agreement with AT&T and other documents to allow said special use.

the exception of monthly maintenance visits for diagnostics and generator operations.

The HHFDC will require AT&T and all other additional users of the facility, approved by the Executive Director, to comply with the following:

1. Performance of an environmental assessment and any other requirements pursuant to HRS 343-5;
2. Compliance with all rules, regulations, and laws, including but not limited to, obtaining variances, of all federal, state, and county requirements;
3. Presentation of the proposed cell tower and facility to the neighborhood board as well as the Waiahole Waikane Community Association; and
4. Performance of any and all other conditions imposed by the Executive Director.

Ms. Lemke opened for questions, along with Ms. Cher Sullivan and Mr. Eric Kaneshiro, with REALCOM Associates, on behalf of AT&T.

In response to Director Jung, Ms. Lemke stated that the HHFDC is the owner of Lot 7.

In response to the Board, Ms. Lemke clarified that the HHFDC has full authority to amend the Declaration of Restrictive Covenants to allow special use on residential lots. Additionally, participating parties of the cellular tower are still required to comply with all rules, regulations, and laws of the Federal, State, and Counties.

In response to Director Smith, Ms. Lemke stated that the HHFDC's Deputy Attorney General has recommended a license agreement rather than a lease. Development Branch Chief Rick Prahler added that a license would allow AT&T or other potential cellular providers to use the parcel, while still allowing HHFDC the ability to lease out the balance of the property.

In response to Director Smith, Executive Director Seddon stated that the HHFDC will be compensated for the use of Lot 7; however, a specific amount has not yet been determined.

In response to Director Jung, Ms. Sullivan stated that she has met with the lessee of Lot 6, Ms. Chula Clark, who has been very accommodating and no objections are anticipated. Mr. Kaneshiro added that Ms. Clark has also been helpful in pointing out grading and drainage conditions on the proposed site.

In response to Director Jung, Executive Director Seddon stated that the HHFDC is able to license or lease under Act 176.

In response to Director Larson, Ms. Lemke stated that it is a requirement that REALCOM Associates and any other participating user of the cellular facility, inform the Neighborhood Board as well as the Waiahole Waikane Community Association (WWCA) of the project.

In response to Director Larson, Ms. Lemke stated that the approval of this For Action is just the first step in the process and the community will be able to have input on this matter at the upcoming Neighborhood Board and WWCA meetings.

In response to Director Kawamura, Mr. Kaneshiro clarified that it is a requirement of the City and County's Department of Planning and Permitting that any proposal be presented before the neighborhood boards; however, REALCOM Associates are taking a step further in informing the community as well. Ms. Sullivan added that she has contacted Ms. Lucy Salas of the Waiahole Waikane Community Association to be placed on the meeting agenda and will follow up with Mr. David Henkin, Chair of the Kahaluu Neighborhood Board. Furthermore, in evaluating the proposed parcel, approaches to the surrounding school and

neighboring properties revealed an openness to the idea of increasing cellular coverage with this cellular facility.

Director Larson requested that the Board receive feedback on comments made at the neighborhood and community board meetings. Ms. Lemke concurred.

In response to Acting Chair Lawrence, Executive Director Seddon explained that there is already an existing power source on Lot 6, which is occupied by Ms. Chula Clark. However, although Ms. Clark has purchased and installed the electrical poles, Hawaiian Electric Company has ownership over the use of those poles.

In response to Director Los Banos, Ms. Sullivan stated that all sites comply with the Federal Communications Commission's regulations and with a tower at this proposed height, electromagnetic field are well within the safety parameters. Cellular sites have also been built at hospitals, schools, and churches, and to their knowledge, there have been no issues or problems reported.

With no further discussion, the motion was unanimously approved.

Acting Chair Lawrence proceeded to agenda item III. H.

Planner Lisa Wond presented the For Information, stating that the Five-Year Consolidated Plan and Annual Action Plan is an application for federal funding and a planning tool in projecting anticipated uses for funds received from the U.S. Department of Housing and Urban Development (HUD), under the following programs: (1) HOME Investment Partnerships (HOME) Program; (2) Emergency Shelter Grant (ESG) Program; and (3) Housing Opportunities for Persons with AIDS (HOPWA) Program.

The Five-Year Consolidated Plan consists of a housing and homeless needs assessment, housing market analysis, a five-year strategic plan, an action plan for the distribution of federal funds received, and a description of how those funds will be expended to achieve the State's housing goals.

The draft Five-Year Consolidated Plan is available for review by the public, with comments on the draft plan being accepted through December 6, 2009. Public comments will be considered before finalizing the Five-Year Consolidated Plan, which will be presented to the Board for approval at the next Board of Directors Meeting on December 10, 2009.

The HHFDC administers the HOME program and the Hawaii Public Housing Authority (HPHA) administers the ESG and HOPWA programs.

Over the next five-year period, the funds received from the mentioned HUD programs, are anticipated to be used for the development of rental units, transitional housing, emergency shelters, and affordable for-sale homes, as well as provide rental assistance, housing information and supportive services, homebuyer education and counseling, and fair housing training.

Ms. Wond reported on the approximate funding amounts that are anticipated for Program Year 2010: (1) \$3 million in HOME funds; (2) \$230,000 in ESG funds; and (3) \$168,000 in HOPWA funds.

Ms. Wond opened for questions.

Executive Director Seddon expressed appreciation to Ms. Wond for preparing this For Information well in advance of the final submission date, providing the Board with additional time to review before its actual approval in December.

Director Smith commented on a letter received from Mr. Mark Chandler, Director of Community Planning & Development from the local Department of Housing

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

Information on the Draft Five-year Consolidated Plan for Program Years 2010 through 2014 (July 1, 2010 through June 30, 2011) and the Draft Annual Action Plan for Program Year 2010 (July 1, 2010 through June 30, 2011).

and Urban Development, which commended the State in meeting its HOME commitment and expenditure requirements. The letter also addressed that public housing agencies, such as HPHA, would no longer operate homeless programs, adhering to only managerial functions of public housing projects.

In response to Director Larson, Director Smith stated that to the best of her knowledge, information regarding the homeless programs has not yet been available to the Legislature. Known recipients of this letter were the Governor, Karen Seddon, and Chad Taniguchi, Executive Director of HPHA.

In response to Director Larson, Ms. Wond stated that she is not sure who would be responsible for the administration of the homeless programs; however, she does not anticipate the reporting functions of the ESG and HOPWA programs to be transferred to the Department of Human Services. Chief Planner Janice Takahashi added that each organization is provided its own Federal ID number and as a requirement of HUD, only one Federal ID number may be used when applying for such funds. Therefore, because the HHFDC applies for HUD funding, the responsibility of reporting is currently believed to remain with the HHFDC.

In response to Acting Chair Lawrence, Executive Director Seddon stated that although the homeless program is not a function of the HHFDC, the Agency would probably not have a choice in the matter to continue the reporting, considering HUD's requirement that only one Federal ID number could be used.

Director Larson inquired on Exhibit A, Chart 1 - Housing and Special Needs Housing Goals (State of Hawaii), page 1 of 7, Goal #2, Strengthen communities. Ms. Wond responded that according to this five-year projection, 8-units are anticipated on the island of Kauai and 10-units on the island of Maui. At this time, no specific locations have been determined.

With no further discussion, Acting Chair Lawrence proceeded to the Report of the Executive Director.

Executive Director Seddon opened for questions.

Acting Chair Lawrence asked for a recap of the discussion on the Villages of Leialii from the October 8, 2009 meeting. In response to the Board, Executive Director Seddon reported that the HHFDC continues to discuss its position with Maui County administration and council members. Development Branch Chief Rick Prahler added that the project's plans are currently with the County Council and the hearing schedule is pending, due to budget deliberations.

If staff found helpful, the Board suggested that collaboration with additional organizations and advocates of affordable housing may be able to assist in supporting the HHFDC's position on matters with the Villages of Leialii.

In response to Director Smith, Executive Director Seddon called upon Chief Planner Janice Takahashi to present an overview of the HHFDC's 2010 legislative proposals.

Ms. Takahashi opened by noting two additional proposed pieces of legislation, not included in the drafted 2010 Legislative Proposals report, as follows:

- (1) A request for Affordable Housing Receiving Zones, which would provide incentives, such as density bonuses and general excise tax exemptions, for the development of affordable housing in specific geographic areas.
- (2) A 45-day timeframe request for the Counties to issue building permits "from the date of application acceptance" as opposed to 45 days "from the County Council's approval," proposed last legislative session.

**IV.  
REPORT  
OF THE  
EXECUTIVE  
DIRECTOR**

Ms. Takahashi proceeded, reporting on the following items:

- (1) FY2011 Supplemental Budget Request Items - Capital Improvement Project (CIP) requests of \$30 million for the Senior Residence at Iwilei and a \$20 million RHTF infusion.
- (2) Low Income Housing Tax Credits (LIHTC) - The HHFDC will reestablish its LIHTC bill from last session, to enable monetization of its State's 9% competitive LIHTC, which is anticipated to be budget neutral.
- (3) Concurrent Resolutions to Authorize the Fee Simple Sale of Land - Separate resolutions for each property will be provided in order to obtain legislative approval of the fee simple sale of HHFDC's buyback or foreclosed homes subject to Act 176, Session Laws of Hawaii 2009.

In response to Director Jung, Ms. Takahashi turned to Director Smith, regarding proposed revisions to Act 176. Director Smith stated that there is an interest to provide revisions to the Act, which will be drafted by the Attorney General's Office and perhaps when the Legislature is given the opportunity to see what the Act entails, they may better understand why we believe amendments to this statute is in order.

With regard to Act 176, Director Jung commented that with respect to the sale of State lands, the Legislature, in their desire to provide for all the citizens of Hawaii, should revoke this statute to facilitate the ability to capitalize its own assets and allocate those funds where they are needed most.

Director Smith reported to the Board on two additional legislative issues involving an amendment to the language reflected in House Bill 1089; regarding dedication of infrastructure to the County and a proposal that addresses the liability issues of third-party reviews.

In response to Director Larson, Mr. Ueki concurred that the HHFDC Program Resources (Major Programs) report, Exhibit A, page 5, should reflect a 25% conveyance tax amount for fiscal year 2011 and not 30%, as indicated in the submitted report.

Mr. Ueki reported that in conversations with Fannie Mae representative Ms. Collette Porter, there might be programs in addition to the New Issue Bond Program (NIBP) that may be of interest to HHFDC. A meeting is scheduled to meet with Fannie Mae representatives next week.

Regarding the NIBP, under the Housing and Economic Recovery Act of 2008 (Act 2008), \$11 billion in additional private-activity bond volume capacity is provided to help revive single and multifamily housing bonds to fund new mortgages.

The NIBP is developed under the United States Department of the Treasury (Treasury) and will purchase Fannie Mae and Freddie Mac securities backed by these new housing bonds up to 60%. The remaining 40% is required to be sold publicly by the housing finance agency.

The HHFDC is currently working with the Budget & Finance (B&F) staff on its request of approximately \$167 million and purchases by the Treasury will be determined based on the allocation formulas established by the Act 2008, which remain pending. A drafted timeline handout was distributed to the Board for review.

Therefore, due to the short timeframe of the program and commitments needed to be made before the next December 10, 2009 meeting, the HHFDC staff is seeking direction on whether or not this is something the Board would like to pursue.

## HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Acting Chair Lawrence commented that he felt this program would provide a great opportunity for those in need.

Director Mesick commented that perhaps the HHFDC should look at segments of the market that is not being served. Acting Chair Lawrence added that there are many qualified first-time homebuyers that are impeded by the opportunity of homeownership because they lack the down payment and that is a niche that should be served.

In response to Director Smith, Mr. Ueki stated that to the best of his knowledge, the December 31, 2009 deadline to issue the bonds is unchangeable. The total financial commitment will be determined once a response by the Treasury is obtained; however, the Hula Mae Single Family program would provide the primary resources for this commitment.

In response to Acting Chair Lawrence, Mr. Ueki stated that one of the biggest challenges has been to sell these single-family bonds. Participation in this program would provide an advantage in that the HHFDC would only be responsible for 40% of the bonds sales, with the remaining 60% of those bonds being purchased by the Treasury and held in escrow until drawn down by the Agency. If the HHFDC were to revive the Hula Mae Single Family program on its own, as was being anticipated, 100% of those bonds would need to be sold on behalf of the Agency.

Referring back to previous discussion, Director Mesick suggested that perhaps staff should find where the gaps are in current lending programs, seeking groups that are needed to be served. Mr. Ueki concurred and stated that staff will continue its efforts in that matter. Executive Director Seddon added that with the Villages of Kapolei, the down payment seemed to be the recurring issue.

Executive Director Seddon reiterated staff's request in seeking the direction of the Board and if there were no objections, staff would like to proceed with the NIBP opportunity. Mr. Ueki stated that staff will keep the Board apprised with program details as received and will continue its efforts should the program be deemed financially feasible.

Acting Chair Lawrence commented that he feels confident in the HHFDC staff and is comfortable with their decision.

Responding to Director Larson, Mr. Ueki stated that staff will need to go through the normal bond issuance procedure. Director Larson noted that she will be available for bond signings in the month of December.

With no further business on the agenda, Director Mesick moved, seconded by Director Jung, to adjourn the meeting at 11:28 a.m.

The motion was unanimously approved.



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BETTY LOU LARSON  
Secretary

**VI.  
ADJOURNMENT**