

**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, MARCH 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, March 12, 2009, 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 Georgina Kawamura  
Director Theodore Liu  
Director Linda Smith  
Director Ralph Mesick  
Director Allan Los Banos, Jr.  
  
Executive Director Karen Seddon

Excused: Director Betty Lou Larson, Secretary  
Director Francis Jung

Staff Present: Sandra Ching, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Rick Prahler, Development Branch Chief  
Edward Sunada, Fiscal Manager  
Stan Fujimoto, Development Section Chief  
Marlene Lemke, Real Estate Services Section Chief  
Patrick Inouye, Housing Finance Specialist  
Byron Chock, Housing Finance Specialist  
Jocelyn Iwamasa, Housing Finance Specialist  
Ken Takahashi, Development Project Manager  
Ryan Morita, Development Project Coordinator  
Beth Malivestiti, Development Project Coordinator  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Guests: Patti Barbee, Hawaiian Community Development Board  
Kali Watson, Hawaiian Community Development Board  
Mike Kahikina, Nanakuli Hawaiian Homestead  
Community Association  
Mike Goshi, Design Partners Incorporated  
Clarissa Santoki, Design Partners Incorporated  
Reverend Bob Nakata, Faith Action for Community Equity  
Marvin Awaya, Pacific Housing Assistance Corporation  
Larry Sumida, Department of Hawaiian Home Lands  
Gary Furuta, GSF LLC  
Roy Katsuda, Hale Mahaolu  
Robyne Nishida Nakao, Hale Mahaolu  
Marian Gushiken, EAH  
Jun Yann, Faith Action for Community Equity  
Claudia Shay, Self-Help Housing Corporation of Hawaii

Chairman King declared a quorum present.

**QUORUM**

Chairman King asked for any comments on the meeting minutes of February 12, 2009.

**II. A.  
APPROVAL**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Director Lawrence asked for clarification on the phrase “encouraged by Senator Hee.” Chairman King responded that Senator Hee had asked staff to provide the data reflected in the Revenue Bond Issuance - Staff Analysis report.

Director Lawrence moved, seconded by Director Los Banos to approve the meeting minutes of February 12, 2009.

The motion was unanimously approved.

Chairman King announced that Mr. Kali Watson, with the Hawaiian Community Development Board, representing the Hale Makana O Nanakuli Project (Project), has requested the following Agenda Item, as stated at the February 12, 2009 Board meeting.

As reference to this request, Chairman King had asked staff to compose a For Information for the Board’s review, outlining the Project’s background, proposed financing structure, project budget use, and the Project’s comparison results with 15 other projects currently on the HHFDC’s books, reflected in the Existing Project Comparison matrix (Matrix).

The Board has the option to either: (1) proceed with the four remaining projects requesting funding from the Rental Housing Trust Fund (RHTF); (2) award the Project’s request of \$5.7 million from the RHTF; or (3) defer any action until the April Board Meeting.

The Consolidated Application was available in December 2008 for the FY/2009-01 RHTF Project Award funding round. The deadline for submitting applications was February 27, 2009.

The HHFDC did not receive an application from the Project during the Consolidated Application process that ended on February 27, 2009.

The Board discussed the following:

- The Project’s FY 2008-02 application will remain eligible for funding from the RHTF until the new Approved and Rejected List for the FY 2009-01 funding round is approved by the Board, anticipated to be in April.
- Overview of the Matrix, consisting of each project’s requested amounts for Low Income Housing Tax Credits (LIHTC), Hula Mae Multi-Family (HMMF) Tax-Exempt Bonds, RHTF, and requirements obtained.
- The RHTF has an uncommitted balance of approximately \$8.5 million, of which the Project is requesting \$5.7 million. If the Project is awarded the requested amount, the remaining RHTF balance will be approximately \$2.8 million.
- Current funding sources and additional RHTF requests for the Hale Wai Vista Phase I, Franciscan Vistas Ewa, Hale Ohana Apartments, and Honokowai Villa Apartments projects.
- The potential benefits of the Tax Credit Assistance Program (TCAP) and the LIHTC exchange program.
- Under the American Recovery and Reinvestment Act of 2009 (ARRA) staff is diligently pursuing additional information on the two programs provided by the ARRA and will update the Board as necessary.

Chairman King called upon Mr. Watson.

Mr. Watson thanked the Board and staff for allowing him the opportunity to speak and introduced the Project’s team: Mike Kahikina, Vice President of

**OF MINUTES**  
2/12/09  
Regular Meeting

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

Discussion and Possible Decision Making on: (1) A Rental Housing Trust Fund Project Award; (2) Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds; and (3) Reservation of Low Income Housing Tax Credits, for the Hale Makana O Nanakuli Housing Project Located in Nanakuli, Oahu, TMK Nos.: (1) 8-9-002: 001 and 067.

## HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Nanakuli Homestead Association; Patti Barbee, Hawaiian Community Development Board; Mike Goshi and Clarissa Santoki, Design Partners Incorporated; and Larry Sumida, Department of Hawaiian Home Lands.

Mr. Watson provided an overview of handouts distributed to the Board: (1) Project Memorandum, summarizing background information, Financial Request, proposed Project Schedule, project drawings, and (2) a printout on the ARRA.

In reference to the ARRA handout, Director Kawamura inquired on the Project's intent to apply for any of the \$10.2 million in the Native Hawaiian Housing Grant (NHHG). Mr. Sumida stated that the DHHL anticipates using the NHHG for infrastructure costs on other projects.

Director Lawrence inquired on the Project's proposed permitting schedule of May 2009. Mr. Sumida stated that he is currently working with the City and County of Honolulu (C&C) on an expedited State permitting process, which allows State agencies to certify State projects, shortening the permitting process tremendously. The process is currently in discussion and anticipated to be unveiled by April 2009.

Director Lawrence inquired on the funding used for the Project's sewer and water lines. Mr. Watson stated that the Project has been awarded \$500,000 in CDBG funds to start construction on the sewer and water lines.

Chairman King inquired on the Project's reasoning for not reapplying for the FY 2009-01 RHTF funding round. Mr. Watson stated that the application process is costly and the Project's timeline would be delayed nine months to a year if lumped in with the other applicants of the funding round.

Chairman King inquired on staff's analysis of the Project's existing application. Mr. Ueki stated that staff's decision was based on the "shovel readiness" of the Project and the economic challenges faced by other projects.

Director Smith inquired on the Project's financing being realistic. Mr. Watson stated that a second proforma was based on the anticipated blended rate of 85 cents on the dollar for both State and Federal LIHTC.

Director Smith inquired on other possible funding for the Project. Mr. Watson stated that the RHTF is critical in the Project's financing, but that he is also looking towards the Weinberg Foundation. However, receiving grant funds may limit the amount of tax credits a project qualifies for, creating additional funding gaps.

Director Smith inquired on additional funding sources besides the CDBG funds, in constructing the Project's sewer and water lines. Mr. Watson stated that Project has also received \$1.2 million in GIA funds, and is requesting for the release of an additional \$250,000 in GIA funds and \$300,000 in design funding from the Department of Budget & Finance (B&F).

Chairman King called upon Mr. Kahikina.

Mr. Kahikina thanked the Board for their consideration on the Project, stating that there is a great need for housing along the Leeward coast.

Director Kawamura inquired on the Project's drawings. Mr. Goshi stated that the drawings are ready for submittal.

Director Smith inquired on the existing four projects requesting RHTF project awards being adversely affected if the Board should decide to award the Project. Mr. Ueki stated that the four projects will continue their efforts in obtaining gap financing, but run the risk of possibly reaching a point where the project is no longer financially feasible.

## HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Director Smith inquired on the outcome of restructuring the financing for the four projects in terms of the ARRA. Mr. Ueki stated that is entirely up to the developer to determine the impacts ARRA resources may have on existing funding sources.

Chairman King reiterated that the Board has the opportunity to take action on this Project at the April Board meeting.

Based on the discussion of the Board, the decision was made to approve a portion of the Project's request at the April Board meeting, after reserving funds for award to the four existing projects applying for gap financing.

Mr. Ueki noted that by going in this direction, the Board would delay funding of the remaining nine applicants in that all funds in the RHTF will be committed. Mr. King responded that the Board's decision is based on increasing the supply of affordable housing as soon as possible. Furthermore, staff may find that the remaining requests may not meet the needs of this Agency.

Chairman King inquired on the approving process on the existing requests. Mr. Ueki stated that procedurally, staff would need to work with the Attorney General's Office on this matter.

Discussion ensued with regard to the ARRA. Mr. Ueki stated that staff is waiting for more details with regard to the programs, which have very aggressive timeframes.

Director Mesick inquired on existing projects under construction that are unable to syndicate tax credits. Mr. Ueki stated that at this point, Hale Wai Vista I is the one project that has started construction.

Director Mesick inquired on the ranking of new units versus existing units. Mr. Ueki stated that based on scoring mechanisms of the funding programs, the acquisition/rehabilitation projects would typically score higher in terms of being "shovel ready" and cost per unit.

Director Kawamura inquired on geographic preferences. Mr. Ueki stated that there is none.

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

That the HHFDC Board of Directors approve the following:

- A. Amend the For Action dated June 19, 2003 issuing an Inducement Resolution for the Senior Residence at Iwilei project by extending the deadline to issue Hula Mae Multi-Family Bonds through March 31, 2010.
- 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 Senior Residence at Iwilei project (Project) is currently a 155-unit elderly project located in Iwilei, Oahu.

The Senior Residence at Iwilei Limited Partnership (Partnership) is the developer and owner of the Project, with the Pacific Housing Oahu Corporation Iwilei Residence as the General Partner.

On June 19, 2003, the Housing and Community Development Corporation of Hawaii (HCDCH) approved the following: (1) a reservation of up to \$1.55 million in Federal Low Income Housing Tax Credits (LIHTC) and \$465,000 in State LIHTC; and (2) Inducement Resolution No. 082 for issuance of up to \$20 million in Hula Mae Multi-Family (HMMF) Tax-Exempt Revenue Bonds.

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

Approve an Extension to Resolution No. 082, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Senior Residence at Iwilei Project Located in Iwilei, Oahu, TMK No.: (1) 1-5-07: (various parcels).

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Subsequent extension approvals were made to the Inducement Resolution No. 082, currently set to expire on March 31, 2009.

Mr. Ueki pointed out that the current proposed financing package is subject to change once the final financing plan is refined.

Staff recommends an extension to Resolution No. 082 through March 31, 2010, for the issuance of the HMMF bonds for the Project and allows further discussions with the developer in finalizing the Project’s development plans, financing structure, and in obtaining building permits.

Mr. Ueki opened for questions, introducing Mr. Marvin Awaya, with Pacific Housing Assistance Corporation.

Director Lawrence inquired on the Project’s status. Mr. Awaya stated that the City & County of Honolulu’s Department of Permitting and Planning Division is requesting a concurrence of movement of easement with adjoining landowners. All foundation, pile, and National Pollutant Discharge Elimination System (NPDES) permits were obtained and the City Council has approved a reduction in the Project’s sewer fees.

The motion was unanimously approved.

Director Lawrence moved, seconded by Director Smith, to approve staff’s recommendation:

That the HHFDC Board of Directors approve the following:

- A. Amend the QAP to include a Rider (as described in Section III(E)(1)) in regards to the two LIHTC enhancement programs authorized under the American Recovery and Reinvestment Act of 2009;
- B. Authorize the Executive Director to approve additional changes to the QAP as more information and program details become available on the two LIHTC enhancement programs authorized under the American Recovery and Reinvestment Act of 2009; and
- C. 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 on February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA).

Within the ARRA, the following two enhancement programs were provided to the Low Income Housing Tax Credit (LIHTC) Program in an attempt to move forward affordable housing projects that may have stalled due to downturns in the financial markets:

- LIHTC Exchange Program (Exchange Program): allows housing credit agencies to exchange LIHTC for direct funds, for an eventual subaward to qualified affordable housing projects to finance construction or acquisition/rehabilitation.
- Tax Credit Assistance Program (TCAP): intended to provide gap capital investments in LIHTC projects. The allocations to the State housing credit allocation agencies are formula based. The TCAP has a total appropriation of \$2.25 billion, of which Hawaii is eligible for approximately \$9.9 million.

However, both programs provide only general information and lack details.

Staff is recommending that the Board amend the Qualified Action Plan (QAP) to

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

Approve an Amendment to the 2009/2010 Qualified Allocation Plan for the Low Income Housing Tax Credit Program.

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

include a Rider of the two programs mentioned, authorizing the Executive Director to approve any additional changes to the QAP as detailed information is acquired.

Mr. Ueki opened for questions.

Director Smith inquired on the Rider having to go through HUD. Mr. Ueki responded that at this point, the Rider will be included directly into the QAP, as staff diligently pursues more details on the Exchange and TCAP programs.

The motion was unanimously approved.

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

That the HHFDC Board of Directors approve SHHCH's request for a twelve (12) month extension of its interim DURF loan with the possibility of two (2) six-month loan extensions (subject to a loan extension fee of .5% on each option exercised) and an increase of its loan cap by \$175,000.00 to continue financing SHHCH's development of the Ma'ili lands, substantially as described in this For Action, and authorize the Executive Director to execute all of the required documents to process the loan subject to:

- A. Availability of DURF;
- B. Approval and release of funds by the Governor;
- C. Execution of a Second Amended Interim Loan Agreement including, but not limited to, the terms and conditions listed in this For Action;
- D. SHHCH shall mean Self-Help Housing Corporation of Hawaii, or other successor entity approved by HHFDC; and
- E. Compliance with all rules, regulations, and such other terms and conditions as may be required the Executive Director.

Director Mesick recused himself from voting or discussing any matters related to this For Action.

Development Project Coordinator Ryan Morita presented the For Action, stating that the request before the Board is to approve a one-year loan term extension to the Dwelling Unit Revolving Fund (DURF) interim loan and an increase in the loan amount of up to \$175,000 for the Ma'ili III Self-Help Housing project (Project).

The Project proposes to build 76 single-family units located in Waianae on approximately 9.5 acres, targeting families at or below the 80% to 120% HUD area median income.

Mr. Morita introduced Ms. Claudia Shay, executive director of Self-Help Housing Corporation, to update the Board on the following project details regarding her request for the loan extension.

- Phase I Site and Environmental Assessments have been completed.
- Proposed project waivers pending City & County of Honolulu (C&C) approval: (1) deletion of various sidewalks; (2) consolidation of four lots as one subdivision; (3) waiver of park dedication fee; and (4) R-5 building density (approximately 50 feet wide).
- C&C is requesting subdivision maps before review of proposed waivers in the 201 H Application. The C&C are suggesting that cul-de-sacs, punch

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

Approve an Extension to the Dwelling Unit Revolving Fund Interim Loan and an Increase in the Loan Amount for the Maili III Self-Help Housing Project Located in Maili, Waianae, Oahu, TMK Nos.: (1) 8-7-002: 001, 007, 015, and 016.

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

roads, or walkover bridge be included in development plans. In subsequent discussions with the community, C&C’s suggested cul-de-sacs, punched roads, and bridge are not of interest.

- Draft of preliminary subdivision maps and 201H Application have been submitted and are pending approval by the C&C.
- Nine models are offered - one and two story, three and four bedroom, two-baths houses for \$250,000 fee simple.
- Meeting scheduled with the managing and deputy director of the Department of Permitting and Planning (DPP), to take place on Monday, March 23, 2009.
- There are currently a total of approximately 3,000 people on the waitlist for housing.
- Handouts distributed to the Board: (1) Ma’ili Project III Log of Community Outreach; (2) Project Features; and (3) pictures of homes and model flooring plans.

Director Smith inquired on the park dedication waiver. Ms. Shay stated that Representative Karen Awana came up with an idea to place a green belt and bikeway along a 100-foot setback from the City road to the property line, which is acceptable to the community.

The motion was unanimously approved, with Director Mesick abstaining.

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

- A. That the HHFDC Board of Directors approve the following, as substantially described in this For Action:
  1. The Proposal submitted by GSF LLC to renovate HHFDC’s existing eight- (8) unit apartment building at 827 Waiaka Road in Honolulu, Oahu, Hawaii;
  2. Execution of a development agreement with GSF LLC;
  3. Conveyance of the property to the applicable party substantially in accordance with this For Action and the executed development agreement; and
  4. Authorization of the Executive Director to take all actions necessary to effectuate the purpose of this For Action;
- B. Subject to the following:
  1. The term “GSF LLC” shall include any successor or assign approved by HHFDC.

Development Project Coordinator Beth Malavestiti presented the For Action, stating that the request before the Board is to execute a development agreement for the renovation of the Waiaka Apartments project (Project) located at 827 Waiaka Road, in Honolulu, Oahu.

The Project is an existing 8 unit, 2-story building, owned by the HHFDC.

On May 9, 2008, a Request for Proposal (RFP) was sent out for the redevelopment of the existing affordable housing project.

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

Approve a Proposal to Execute a Development Agreement and Conveyance of Property for the Renovation of Waiaka Apartments Located at 827 Waiaka Road, Honolulu, Oahu, TMK No.: (1) 2-7-027: 14.

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

GSF LLC's proposal was received and reviewed by the HHFDC selection committee and on January 12, 2009, the HHFDC received GSF LLC's best and final offer.

Initially, the Project's existing structure was to be demolished and redeveloped into a new mid-rise condominium project. However, the City's Wastewater Branch stated that there was a lack of sufficient sewer transmission capacity for additional housing units.

Therefore, the Project will be rehabilitated, with each unit being upgraded to include new flooring, wall cabinets, counter tops, and appliances. The exterior renovation will include painting, reroofing, and new landscaping. A parking lot will be construction, providing one parking stall per unit.

Relocation of the tenants in the four occupied units is ongoing with the HHFDC's Property Management Section and will be in conformance with State law.

The estimated project budget is \$488,400, targeting a market of 100% and below the HUD area median income. The conveyance of the site is proposed to be by ground lease at \$1.00 per year for no more than 25 years to GSF LLC.

Ms. Malavestiti opened for questions, introducing Mr. Gary Furuta, with GSF LLC.

Director Smith inquired on the Project's building title. Mr. Furuta clarified that the building title will be transferred for financing purposes.

Executive Director Seddon noted that by the end of the 25-year period, the HHFDC anticipates improved sewer capacity as well as other infrastructure upgrade, at which point other uses for the project will be available for reconsideration.

In reference to Director Smith's concern, Director Kawamura asked that the draft lease agreement include transfer of improvements to GSF LLC during the 25-year period. Director Smith commented that under the Hawaii State Law, leased land and improvements are usually reverted back to the landowner.

Director Smith asked for Mr. Furuta's concurrence with the Board's amendment to the lease agreement regarding the transfer of improvements after the 25-year period. Mr. Furuta concurred.

Director Kawamura inquired on the relocating of the four current tenants. Executive Director Seddon stated that staff is currently working with the tenants, of which two may be eligible for senior housing here at the Pohulani Building, and the remaining two tenants may be eligible for family housing.

Director Kawamura inquired on the tenants having the ability to have first right of refusal. Mr. Furuta stated that the tenants could have the first right of refusal based on the rent charged.

The motion was unanimously approved.

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

That the HHFDC Board of Directors approve a DURF interim loan to Hale Mahaolu Ehiku II Limited Partnership, or other development entity approved by HHFDC for the development of this project, in an amount not to exceed \$4 million, at three percent (3.0%) interest per annum, one-half percent (0.5%) loan origination fee, twelve-month loan term with two (2) potential six (6) month extensions, and no administrative fee, substantially as described in this For Action, subject to the following:

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

Approve a Dwelling Unit Revolving Fund Interim Loan for the Hale Mahaolu Ehiku-Phase II Project Located in Kihei,

- A. Availability of DURF funds;
- B. Approval and release of funds by the Governor;
- C. Approval of loan documents by the Department of the Attorney General; and
- D. The Executive Director shall be authorized to take all actions necessary to effectuate the purpose of this For Action.

Development Project Manager Ken Takahashi presented the For Action, stating that the request before the Board is to approve a Dwelling Unit Revolving Fund (DURF) interim loan to the Hale Mahaolu Ehiku - Phase II project (Project) in the amount of up to \$4 million.

The Project proposes to build 59 affordable elderly one-bedroom units, one employee housing, and one maintenance building.

In September 2008, the Board approved \$1 million in annual Federal Low Income Housing Tax Credits (LIHTC) and \$500,000 in annual State LIHTC to the Project. The developers intend to use the proceeds from the sale of the tax credits to repay the DURF loan.

The For Action seeks the Board's approval of a DURF interim loan of up to \$4 million at an interest rate of 3% per annum, 0.5% loan origination fees, a loan term of 12 months, with no administration fee.

Mr. Takahashi pointed out a correction on page 2 of the For Action, Section III. A., Form of Loan, that should read "non"-recourse loan.

The Hale Mahaolu is a local non-profit corporation that is involved in the development and management of affordable housing and related programs and services in the County of Maui for over 40 years.

Mr. Takahashi opened for questions and introduced the representatives of Hale Mahaolu, Executive Director Roy Katsuda and Development Coordinator Robyne Nishida Nakao.

Mr. Katsuda gave a brief overview of the Hale Mahaolu Home of Pleasant Living handout to the Board, covering the purpose, objective, and location of the Project, amenities, master plan and model visuals, and funding sources.

Director Smith inquired on the completion of Phases IA and IB. Mr. Katsuda responded that Phase IA is finished, with Phase IB approximately 50% complete.

Director Smith inquired on the funding sources for Phases IA and IB. Mr. Katsuda stated that the Project received funding from the Weinberg Foundation as well as provided its own funding from Hale Mahaolu. In addition, various funding sources were not compatible, resulting in the construction of the different phases.

Director Smith inquired on any previous requests from the DURF fund. Mr. Katsuda stated that this would be the first time that Hale Mahaolu will be utilizing DURF monies.

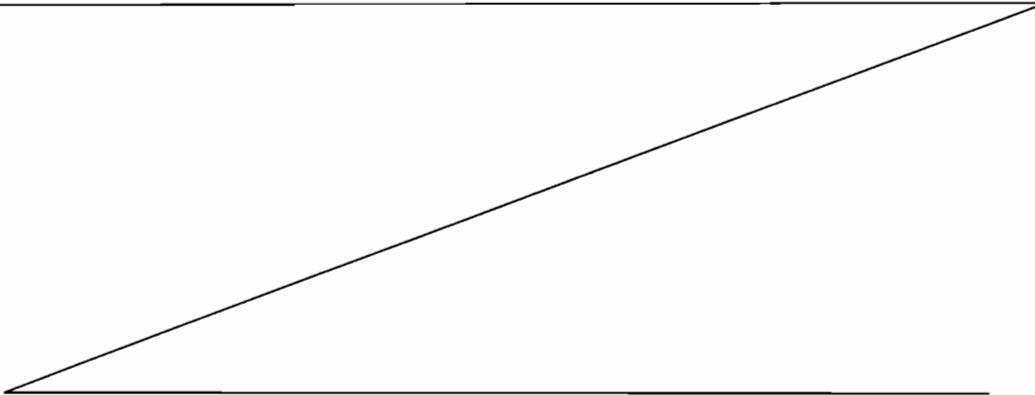
Director Kawamura inquired on loan sources for previous projects. Mr. Katsuda stated that previous projects have been funded primarily through Rural Development, HUD, Federal Home Loan Bank, Congress, County of Maui in relation to the workforce housing bill, and CDBG in the purchasing of the land.

Chairman King commended the project on its comprehensive design and

diversity.

The motion was unanimously approved.

Executive Director Seddon reported that due to pending items on the State audit level, this For Action Item has been deferred.



Director Lawrence moved, seconded by Director Kawamura, to recess the meeting at 11:25 a.m.

Chairman King reconvened at 11:33 a.m., noting that Director Lawrence has been excused for the remainder of the meeting.

Executive Director Karen Seddon reported on the following:

In reference to staff's ARRA handout, Executive Director Seddon stated that this material provides general information on the ARRA. Staff is diligently looking for more information on the ARRA programs, in a coordinating effort with the Department of Business, Economic Development, & Tourism (DBEDT) to pursue complete utilization of funds available.

Director Smith inquired on the ARRA funding going through the United States Treasury or HUD. Executive Director Seddon stated that currently, the TCAP is going through HUD, with the LIHTC going through the United States Treasury.

Chairman King inquired on the preference of ARRA fund distribution going through the United States Treasury or HUD. Executive Director Seddon stated that the Agency would prefer the ARRA funding to go through the U.S. Treasury to limit additional layers of procedures.

Director Smith inquired on the 2009 Legislative Status Report. Chief Planner Janice Takahashi reported on the following:

- Various bills originating from the Governor's Regulatory Barriers Task Force continue to move forward. In particular, the proposed bills would expedite government reviews for mixed-use housing and related infrastructure projects, provide time limits for issuance of discretionary permits and dedication of public infrastructure, and facilitate third-party reviews of affordable housing projects.
- All proposed Administrative Bills are alive. HB1043/SB1118, which reduces the period over which state Low Income Housing Tax Credits are taken from 10 years to 5 years, has been amended by the House to reflect the exchange of federal tax credits and awards under the ARRA.

Opposed Bills:

- HB1733 provides for temporary transfer of interest from certain special funds, revolving funds, and special accounts to the general fund to balance the State's budget.

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

Accept the Amended Audited Financial Statements of the Hawaii Housing Finance and Development Corporation for the Fiscal Year Ended June 30, 2008.

**RECESS**  
11:25 a.m.

**RECONVENED**  
11:33 a.m.

**IV. REPORT OF THE EXECUTIVE DIRECTOR**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Chairman King inquired on the SB265, which requires the HHFDC Board of Directors to provided public notice, conducting a public hearing to allow public comment prior to the development of any affordable housing project. Ms. Takahashi stated that the proposed bill died, along with SB 220 extending the City Council's housing approval process to 90 days.

Chairman King inquired on successful 201H applications. Ms. Takahashi stated that 201H projects are usually successful depending on its location. Development Project Manager Stan Fujimoto concurred, noting that 201H issues are a part of the process.

Director Smith commented on a Regulatory Barriers Task Force meeting with Mr. Peter Savio, suggesting that developers present their projects along with supporters versus just the developers themselves.

- HB 1583/SB 199 repeals all tax credits, including the Low Income Housing Tax Credits, and exemptions from the general excise tax.
- We understand that the House Draft 1 of the budget bill (HB 200) transfers the HHFDC to the Department of Human Services.

Director Kawamura commented on SB292, which lapses excess balances from special and revolving funds to the general fund, stating that the HHFDC program consumers should address these issues to the Legislators. Ms. Takahashi added that this attempt is reported in the committee report; however, no one is listening.

- HB1677 proposes a two-thirds majority vote by the Legislature in conveying the sale of state land (ceded or non-ceded land) to fee-simple from both Houses during the Legislative Session. Therefore, we are submitting testimony on behalf of HHFDC and the Administration in opposition to the bill.
- Director Frank Jung is scheduled for confirmation tomorrow, Friday, March 13, 2009.

Chairman King inquired on the status with the Hawaii Public Housing Authority (HPHA). Director Smith reported on the following:

- There is a proposed bill, by Senator Sakamoto, which authorizes the HPHA to enter into private partnerships in mixed-use developments.
- Exploring additional funding sources provided by the stimulus package.
- There are various bills that deal with control of property premises and providing adequate police protection and security.
- Sale of the Wilikina Apartments has been completed, with the sale of Banyan Street Manor in process.
- HPHA has a budget deficient of \$1.2 million and hopes to close the gap by the 2009 Fiscal Year.

Chairman King noted that the Development Branch Status Report, DURF Status Report attachment should read, "March 12, 2009."

Director Kawamura moved, seconded by Director Los Banos, to adjourn the meeting at 11:50 a.m.

  
BETTY LOU LARSON  
Secretary

V.  
ADJOURNMENT