

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

**MINUTES OF THE REGULAR MEETING  
OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT  
CORPORATION  
HELD AT THEIR OFFICE AT 677 QUEEN STREET, SUITE 300,  
ON THURSDAY, JANUARY 9, 2014  
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

The Board of Directors of the Hawaii Housing Finance and Development Corporation met for a regular meeting at 677 Queen Street, on Thursday, January 9, 2014, at 9:00 a.m.

The meeting was called to order by Chair Ralph Mesick. Those present and excused were as follows:

**CALL TO  
ORDER/  
ROLL CALL**

Present: Director Ralph Mesick, Chair  
Director Paul Kyno, Vice Chair  
Directors Michael Ng  
Director Betty Lou Larson  
Director Allan Los Banos  
Designee Luis Salaveria for Kalbert Young  
Designee Mary Alice Evans for Director Richard Lim

Executive Director Craig Hirai

Excused: Director Kalbert Young  
Director Richard Lim  
Director Leilani Pulmano, Secretary

Staff Present: Sandy Ching, Deputy Attorney General  
Colette Honda, Deputy Attorney General  
Janice Takahashi, Chief Planner  
Darren Ueki, Finance Manager  
Rick Praher, Development Branch Chief  
Ann Nakagawa, Fiscal Manager  
Stuart Kritzer, Asset Manager  
Stan Fujimoto, Development Section Chief  
Ken Takahashi, Housing Development Specialist  
Christopher Woodard, Property Management Coordinator  
Lorraine Egusa, Budget Analyst  
Kent Miyasaki, Housing Information Specialist  
Esa Pablo, Secretary to the Board

Others: John Molay, Attorney General

A quorum was present.

**QUORUM**

Designee Evans moved, seconded by Vice Chair Kyno

That the minutes of the Regular Meeting held on December 12, 2013 be approved as circulated.

**II. A.  
APPROVAL  
OF MINUTES  
12/12/13  
Regular  
Meeting**

The motion was unanimously carried, as circulated.

Approval of the minutes of the Executive Session Meeting held on November 14, 2013 was deferred and approved, as circulated, in Executive Session.

**II. B.  
APPROVAL  
OF MINUTES  
11/14/13  
Executive  
Session**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Approval of the minutes of the Executive Session Meeting held on December 12, 2013 was deferred and approved, as amended, in Executive Session.

\* \* \* \* \*

Planner Mavis Masaki explained that under Section 201H-202(f), Hawaii Revised Statutes (HRS) the HHFDC is required to provide an annual legislative report on the Rental Housing Trust Fund (RHTF) to the Legislature.

The draft 2014 Hawaii State Legislature Report (2014 Report) informs the Legislature of the following:

1. \$70,405,794 in 2013 RHTF application requests were received for 10 projects totaling 866 units.
2. Awards are anticipated to be made in the first quarter of 2014.
3. The HHFDC intends to procure a consultant to recommend best practices in utilizing its various financing tools and programs.
4. Any recommendations made by the consultant will be reported within the 2015 Report.

If approved, the 2014 Report will then go through the Policy Office of the Governor for submission to the Legislature.

Vice Chair Kyno asked on the timeframe of getting a consultant. Chief Planner Janice Takahashi stated that the Request for Proposal (RFP) is anticipated to go out in January 2014, with the selection of the consultant anticipated in February 2014.

In response to Chair Mesick, Ms. Masaki explained that the reporting requirement for housing projects targeted for persons and families with incomes at or below the 30% area median income (AMI) resulted from the RHTF Grant program, which provided grants to developers addressing that income group. Although, the authority for the Grant program sunset in 2009, the reporting language has not changed, and therefore, the HHFDC continues to report on the 30% AMI projects.

Discussion ensued on the specifics required within the 2014 Report that may cause confusion and misconception of the HHFDC’s primary focus and ability to carry out its mission.

Director Larson commented on the importance of the 2014 Report, which shows the demand and need for affordable housing, especially with those at or below the 30% AMI, that would otherwise go undetected.

Chair Mesick stated that fine tuning how the HHFDC allocates its resources, in collaboration with the consultant, will be essential to optimizing its efforts and fully leveraging other programs that are available.

In an attempt to address the Board’s concern on clarity, Designee Evans suggested that a sentence be added to the report, indicating that a supplemental report would be forwarded to the Legislature after the awards are made.

To avoid having to generate another report, Director Larson suggested that the sentence: “The HHFDC anticipates making RHTF project awards in the first quarter of the 2014 calendar year,” from the third paragraph, be repositioned to a more visible position at the top of the report to read as follows:

In 2013, the following RHTF project applications were received and the

**II. C.**  
**APPROVAL**  
**OF MINUTES**  
12/12/13  
Executive  
Session

**III. A.**  
**DISCUSSION**  
**AND/OR**  
**DECISION**  
**MAKING**  
Information on  
Report to the 2014  
Hawaii State  
Legislature Pursuant  
Pursuant to Section  
201H-202(f), Hawaii  
Revised Statutes,  
Relating to Rental  
Housing Trust Fund  
Awards

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

HHFDC anticipates making awards in the first quarter of the 2014 calendar year.

With no further discussion, Chair Mesick asked for a motion to convene in Executive Session.

Designee Evans moved, seconded by Director Los Banos

That the Board meet in Executive Session at 9:12 a.m. to confer with its legal counsel, pursuant to Section 92-5(a)(3) and 92-5(a)(4).

The motion was unanimously carried.

Director Ng was excused at 9:33 a.m.

Designee Evans moved, seconded by Vice Chair Kyno

That the Board recess at 9:37 a.m.

The motion was unanimously carried.

Designee Evans moved, seconded by Vice Chair Kyno

That the Board reconvened back into Executive Session at 9:39 a.m.

The motion was unanimously carried.

\* \* \* \* \*

The Chair reconvened the meeting in regular session at 10:55 a.m. and proceeded to the Report of the Executive Director.

Director Larson asked if an increase in conveyance tax is anticipated. Executive Director Hirai stated that the conveyance tax is based on activities, such as sale price, which is expected to increase.

Director Larson noted that there are those in both the House and Senate who are advocating to restore the 50% conveyance tax amount for the RHTF.

In response to Director Larson, Designee Salaveria stated that there were many different priorities that were needed to be balanced and therefore, only \$5 million for the RHTF was allotted within the Governor's final supplemental budget.

Chair Mesick asked that discussions on the HHFDC financials be incorporated in the monthly board meetings on a regular basis. Executive Director Hirai stated that discussions could start next month, with spreadsheets of the various funds provided.

Chair Mesick asked about the status of negotiations with the Meheula Vista project. Executive Director Hirai stated that the HHFDC's options are to either: (1) purchase the land from the developer, using the money already spent; or (2) to foreclose. An appraisal is anticipated to be done on the property to determine the land value.

In response to Designee Evans, Development Branch Chief Rick Prahler stated that a DURF loan was used to purchase the land.

Executive Director Hirai suggested that discussions regarding the Meheula Vista project be discussed during the Financing Policy Subcommittee Meeting.

**V.  
EXECUTIVE  
SESSION**

**RECESS  
9:37 a.m.**

**RECONVENED  
Executive Session  
9:39 a.m.**

**RECONVENED  
Regular Session  
10:55 a.m.**

**IV.  
REPORT  
OF THE  
EXECUTIVE  
DIRECTOR**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION


Director Larson expressed her concern on long term sustainability, in terms of the repurchasing of projects, asking the Financing Policy Subcommittee to consider looking at creative ways to reinvest money back into the projects on a long term basis, suggesting the following: (1) acquiring the land and place in leasehold; or (2) awarding extra points, within the QAP, to those who dedicate the land to HHFDC.

Executive Director Hirai stated that perhaps raising the affordable housing reserve requirement may be an option. However, the HHFDC should also be mindful of other requirements such as shared appreciation and various requirements under other financing programs.

There being no further business on the agenda, Vice Chair Kyno moved, seconded by Director Larson

That the meeting be adjourned at 11:09 a.m.

The motion was unanimously carried.

  
\_\_\_\_\_  
LEILANI PULMANO  
Secretary

VI.  
ADJOURNMENT