

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, DECEMBER 8, 2016
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 a regular meeting at 677 Queen Street, on Thursday, December 8, 2016, at 9:00 a.m.

Chair Leilani Pulmano called the meeting to order at 9:00 a.m. Those present were as follows:

CALL TO
ORDER/
ROLL CALL

Present: Director Leilani Pulmano, Chair
Director Edwin Taira, Vice Chair
Director Rona Fukumoto, Secretary
Director Melvin Kahele
Director Audrey Abe
Director Milo Spindt
Director Denise Iseri-Matsubara
Director Luis Salaveria
Director Scott Kami (for Director Wesley Machida)

Executive Director Craig Hirai

Staff Present: Sandra Ching, Deputy Attorney General
Colette Honda, Deputy Attorney General
Janice Takahashi, Chief Planner
Darren Ueki, Finance Manager
Rick Prahler, Development Branch Chief
Stan Fujimoto, Development Section Chief
Kristi Maynard, Chief Financial Officer
Marlene Lemke, Sales and Counseling Section Chief
Jocelyn Iwamasa, Housing Finance Specialist
Ken Takahashi, Housing Development Specialist
Beth Malvestiti, Housing Development Specialist
Christopher Woodard, Property Management Coordinator
Lorraine Egusa, Budget Analyst
Kent Miyasaki, Housing Information Specialist
Esa Pablo, Secretary to the Board

Guests: Stewart Matsunaga, Department of Hawaiian Home Lands
William J. Aila, Jr., Department of Hawaiian Home Lands
Gerald Shintaku, Hawaii Foodbank
Mary Ann Mahiai, Hawaii Foodbank
Caroline Anakalea, Hawaii Foodbank
Grace Straub, Feeding Hawaii Together/Foodbank
Aileen Kaupalolo, Feeding Hawaii Together/Foodbank
Craig Iha, Deputy Attorney General
Tim Reed, Reesign Builders
Rick Manayan, Reesign Builders
Vandeth Sek, Office of U.S. Representative Tulsi Gabbard
Leslie Nalei, Feeding Hawaii Together
Cissy Nalei, Feeding Hawaii Together
Bonnie Robieson, Feeding Hawaii Together
Charlie Lorenz, Feeding Hawaii Together
Diana Lorenz, Feeding Hawaii Together
Sharon Moriwaki, Kakaako United
K.A. Logo, Feeding Hawaii Together

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Robert Tetu

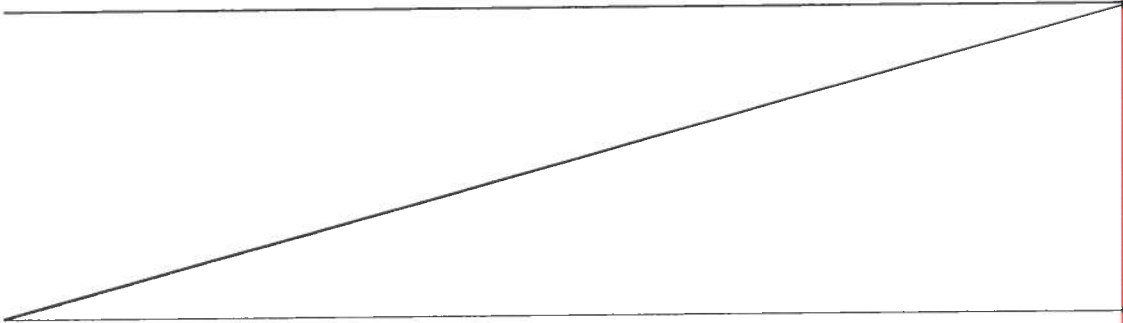
A quorum was present.

Vice Chair Taira moved, seconded by Director Kahele

That the minutes of the Regular Meeting held on October 13, 2016 be approved.

By unanimous vote, the motion was carried.

Approval of the minutes of the Executive Sessions held on October 13, 2016 were deferred to later in the meeting.



Vice Chair Taira moved, seconded by Director Fukumoto

That the minutes of the Regular Meeting held on November 10, 2016 be approved.

By unanimous vote, the motion was carried.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following:

- A. Extend the deadline to issue HMMF Bonds for the Kulana Hale at Kapolei project to December 31, 2017; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Taira moved, seconded by Director Kahele

That staff's recommendation be approved.

Finance Manager Darren Ueki stated that the Kulana Hale at Kapolei Project (Project) is a 154-unit elderly project located in Kapolei, Oahu.

The original approval date of the Project was on December 11, 2014, where the Board approved \$29,818,000 in Hula Mae Multi-Family (HMMF) Bonds, \$1,602,490 in annual Federal 4% Low Income Housing Tax Credits (LIHTC), and \$801,245 in annual State 4% LIHTC.

In July 2016, Coastal Rim Properties, Inc. (Applicant) submitted a consolidated application requesting to increase its HMMF Bond amount to \$43, 291,099, its Federal 4% LIHTC to \$2,285,505 and its State 4% LIHTC to \$1,142,752. The amended request is currently under review by staff and shall be presented to the Board at a future meeting, if warranted.

The Project shall consist of an eleven-story residential tower, built over a two-story structure housing commercial space, community areas, and parking. This Project is the first of three phases. Phase II is also being planned as an eleven-

QUORUM

II. A. APPROVAL OF MINUTES
10/13/16
Regular Meeting

II. B. APPROVAL OF MINUTES
10/13/16
Executive Session

II. C. APPROVAL OF MINUTES
10/13/16
Executive Session

II. D. APPROVAL OF MINUTES
11/10/16
Regular Minutes

III. A. DISCUSSION AND/OR DECISION MAKING
Approve an Extension to Resolution No. 071, Which Provides for Official Intent with Respect to the Issuance of Hula Mae Multi-Family Tax-Exempt Revenue Bonds for the Kulana Hale at Kapolei Project Located in Kapolei, Oahu, TMK No.: (1) 9-1-088: 021

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story residential tower over a two-story commercial/parking structure, with the target market undecided. Phase III is being planned as a commercial/retail facility.

Staff's request for approval of the extension to Resolution No. 071 was based on progress made in site control, zoning approvals, and financial commitments, as required under Section 1.150-2 of the Treasury Regulations.

If deemed feasible, a subsequent resolution to the Board requesting the final approval for the actual issuance, sale, and delivery of the bonds will be presented by staff at a future meeting, subject to the availability of volume cap, and approvals by the Department of Budget and Finance, and the Governor.

Mr. Ueki opened for questions. No representative of the Project was present.

In response to Director Spindt, Mr. Ueki confirmed that the LIHTC request was from the 4% non-competitive pool. Housing Development Specialist Ken Takahashi further confirmed that the 201H application did not need to go the Land Use Commission for approval.

Vice Chair Taira asked for clarification on the "Reserve/Deposit Release" amount listed within the proposed Financing Structure table, section III. C., page 3. Mr. Ueki explained that is the good-faith deposit that is released to HHFDC upon completion.

Director Salaveria clarified for the record that the extension of the resolution does not provide approval for the updated budget, which will be provided at a future date.

Mr. Ueki concurred, stating that request before the Board is to approve the extension based on the Project's original budget submitted. The Project's amended financial request, if warranted, is anticipated to be brought back to the Board for consideration in the early part of 2017.

Director Kami asked whether the increase in project cost was contributed to construction or an increase in the number of units. Mr. Ueki stated that the increased cost in the budget of the Project is purely related to construction and is the reason for the further review by staff.

With no further discussion, the motion was unanimously carried.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following:

- A. Extend the LOI dated January 26, 2015, for the RHRF Loan for the Kulana Hale at Kapolei project to December 31, 2017, subject to the requirements as set forth in the For Action dated January 8, 2015; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Taira moved, seconded by Director Kahele

That staff's recommendation be approved.

Mr. Ueki stated that the request before the Board is to approve an extension to the Rental Housing Revolving Fund (RHRF) Letter of Intent for the Kulana Hale at Kapolei Project and opened for questions.

There being no discussion, the motion was unanimously carried.

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

Approve an Extension on the Rental Housing Revolving Fund Letter of Intent for the Kulana Hale at Kapolei Project Located in Kapolei, Oahu, TMK No.: (1) 9-1-008: 021

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Chair Pulmano asked that item III. E. be moved up on the agenda.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors approve the following for water infrastructure improvements for the Villages at Leiali'i in Lahaina, Maui, substantially as described in this For Action:

- A. Execution of an MOU with DHHL; and
- B. Authorize the Executive Director to take all actions necessary to effectuate the purpose of this For Action;

Subject to the following:

- C. Approval and execution of the MOU by the Department of Attorney General and the Executive Director;
- D. HHFDC Board approval of the DURF funds proposed to be used for the water infrastructure improvements described in the MOU;
- E. Availability of DURF funds;
- F. Approval of release of DURF funds by the Governor; and
- G. Compliance with all laws and rules, and such other terms and conditions as may be required by the Executive Director.

Vice Chair Taira moved, seconded by Director Kahele

That staff's recommendation be approved.

Development Section Chief Stan Fujimoto stated that the Villages of Leiali'i is HHFDC's 1,100-acre Master Planned Community in Lahaina, Maui. In 1994, HHFDC acquired title to approximately 544 acres makai of the Bypass Highway from the Department of Land and Natural Resources and Villages IA and IB were transferred to the Department of Hawaiian Home Lands (DHHL) in 2005, pursuant to a transfer agreement.

DHHL completed Village IA in 2007 and is currently working on the development of 175 to 250 homes at Village IB.

In October 2016, the HHFDC Board approved a 65-year ground lease to the County of Maui (County) for the vacant lots next to the Lahaina Civic Center, which was executed and given to the County on November 17, 2016.

On November 23, 2016, HHFDC met with the County to discuss a potential area for development of rental housing of about 200 units at the southwest portion of Leiali'i where existing water and sewer infrastructure may be utilized from the existing Kapunakea Houselots Subdivision.

DHHL drilled an exploratory well in Honokowai to serve its proposed Village IB, with test results indicating a capacity of 1 million gallons per day, being able to serve over 1500 residential units if operated by a private water company or approximately 560 units if the well is dedicated to the County of Maui.

The proposed well development improvements include a control building and control storage reservoir at the well site, a 12-inch transmission line from the well site going north of Honokowai gulch over state and privately owned properties, to a water tank near the existing County's Mahinahina water treatment facility. Estimated cost for the development improvements is \$10 million.

Mr. Fujimoto opened for questions, along with DHHL's Deputy Chairman

**III. E.
DISCUSSION
AND/OR
DECISION
MAKING**
 Authorize the Executive Director to Enter Into a Memorandum of Understanding Between the Hawaii Housing Finance and Development Corporation and the Department of Hawaiian Home Lands Relating to Potable Water Infrastructure and the Use of Dwelling Unit Revolving Funds for the Villages of Leiali'i in Lahaina, Maui, TMK Nos.: (2) 4-5-021: 003, 004 (por.), 005 (por.), 013, 018, 019, 020, 021, 022 (por.), 023 (por.); (2) 4-5-028: 070 and 081; (2) 4-5-036: 001 to 112

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William Aila, Project Manager of the Land Development Division Stewart Matsunaga, and Deputy Attorney General Craig Iha.

Director Iseri-Matsubara asked on the timing and plan for the different types of development.

Mr. Matsunaga stated that Village IA has been developed with 104 Hawaiian Homestead families since 2008. Planning for Village IB has started for 175 to 250 units due to the current water pressure zones within the Leiali'i area. Under the Land Transfer Agreement, DHHL is responsible for constructing the improvements from Honopiilani Highway to the Villages of Leiali'i which is estimated to be approximately \$8 million.

Director Iseri-Matsubara asked on when the home development was projected to start. Mr. Matsunaga stated that DHHL is currently in the process of completing its Environmental Assessment (EA) for the Honokowai Well. With its transmission line going through private lands, conducting studies have been an issue.

Director Iseri-Matsubara asked whether the EA was started. Mr. Matsunaga stated that the technical studies of the EA have been started.

Chair Pulmano asked whether the EA was for the project and the water system. Mr. Matsunaga clarified that he believed that the old EIS done by HHFDC for the Villages of Leiali'i (in 1990) still applied to Village IB due to no changes in the use of the area, and that the EA they are currently working on is for the Honokowai Well.

Chair Pulmano asked for clarification on the water pressure zone. Mr. Matsunaga explained that within Village IB the current pressure zone that is managed by the County hits a certain elevation. Therefore, development of the entire 50 acres for Village IB will require a boost in the pressure by the pump station or by elevating another tank higher up into the HHFDC land.

With no further questions, the motion was unanimously carried.

Staff's recommendation was presented as follows:

That the HHFDC Board of Directors authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action, including the following:

- A. Acceptance of the assignment of Planned Development Permit No. PD 4-89 from HCDA;
- B. Pursuant to Section 206E-13, Hawaii Revised Statutes, consultation with HCDA regarding the temporary use of 620 Coral Street, Kakaako, Oahu as a food pantry; and
- C. Negotiation and execution of a lease with Feeding Hawaii Together.org for 620 Coral Street, Kakaako, Oahu, substantially on the terms described herein.

Director Salaveria moved, seconded by Vice Chair Taira,

That staff's recommendation be approved.

Property Management Coordinator Chris Woodard began with presenting the background on 620 Coral Street. Mr. Woodard stated that the Pohulani Elderly project was a joint development of the Housing Finance and Development Corporation (HFDC) and the Hawaii Community Development Authority (HCDA). The project was completed in 1992 and conveyed in fee simple to

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

Approve Assignment of Planned Development Permit No. PD 4-89 for the Kakaako Mixed-Use Elderly Rental Project from the Hawaii Community Development Authority (HCDA) to the Hawaii Housing Finance and Development Corporation and Consultation with HCDA Pursuant to Section 206E-13, Hawaii Revised Statutes Regarding Activity in the Kakaako Community Development District at 620 Coral Street, Kakaako, Oahu Tax Map Key No. (1) 2-1-051: 018

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HFDC subject to a non-conforming structure located at 620 Coral Street that was at the time leased to Anekona, Inc. and which is currently occupied by Reesign Builders, Inc. and Fiddlesticks Too, Inc.

Pursuant to HCDA's Planned Development Permit No. PD 4-89 (the Permit), the non-conforming structure was to be demolished and converted into an open space after the original Anekona lease expiration of July 1998.

In 2011, HHFDC requested that HCDA amend the Permit to postpone demolition of 620 Coral Street until after June 30, 2016 to allow redevelopment options involving adjacent properties to be explored.

On May 16, 2016, HCDA approved HHFDC's open space plan, and in November 2016, HHFDC obtained a proposal by Belt Collins to provide various construction services for the anticipated demolition and redevelopment of 620 Coral Street.

In late November 2016, HHFDC issued notices terminating month-to-month tenancies of both Reesign Builders and Fiddlesticks Too and to vacate the premises by December 31, 2016.

It was noted that Reesign Builders requested an extension to the Notice to Vacate deadline, citing its inability to move its entire inventory and find a replacement space in a timely manner.

Mr. Woodard next presented information on the Kakaako food pantry located at 615 Keawe Street and operated by Feeding Hawaii Together.org (FHT).

In August 2016, the food pantry's landlord, Kam Development Corporation informed FHT, a non-profit corporation, that it had reached an agreement to sell 615 Keawe Street and needed the tenant to vacate the premises by December 31, 2016. FHT conducted an extensive search for a new food pantry location, having no success in finding a suitable and affordable space that will meet its needs.

On November 23, 2016, HHFDC requested in writing that the Permit be assigned from HCDA to HHFDC, citing its ownership of the property and possible plans to sell the property in leasehold. HHFDC's request was approved at the December 7, 2016 HCDA Board meeting.

As the permittee under the Permit, HHFDC would remain obligated to demolish 620 Coral Street and subsequently improve the property to meet the open space requirements. However, pursuant to Section 206E-13, Hawaii Revised Statutes (HRS), HHFDC may request a consultation with HCDA on public projects within the Kakaako Community Development District. Under Section 206E-13, HRS, it is the understanding of staff that HHFDC may temporarily use 620 Coral Street as a location for the FHT to lease for approximately two years, ending on December 31, 2018. FHT agreed to pay lease rent of approximately \$2,300 per month.

In the event that HHFDC sells its leasehold interest to a private party, then the lease could be immediately terminated upon written notice from landlord to tenant. No religious activities or discrimination would be allowed, and the tenant would prepare crowd control and a rubbish control plan for HHFDC's approval. Execution of the lease proposed would be contingent upon HCDA and HHFDC approval of the permit assignment and consultation of the temporary use of 620 Coral Street with the HCDA Board of Directors.

Copies of the planned development permit and the open space plan were noted to be available for the Board's review.

Mr. Woodard opened for questions and indicated that Mr. Charlie Lorenz, Executive Director of FHT, and FHT supporters were in attendance.

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Upon Chair Pulmano's request, copies of the open space plan were distributed. Mr. Woodard stated that the open space plan would allow for better flow of the pick-up and drop-off area at Pohulani.

Director Abe asked about the condition of the building and who had the repairs and maintenance responsibility. Director Abe also inquired about any requirements that the building be leased at market rent.

Mr. Woodard stated that he was unaware of the condition of the building as he has not seen building interior; however, had been informed there are roof leak issues. Under the existing arrangement, tenants are responsible for the maintenance and repair of the building, as would be the same under the proposed lease with FHT. One of the current tenants is a general contractor that has been making repairs as needed.

As far as lease rents, the HHFDC operates within a broad range from a dollar per year for a ground lease for affordable housing to market rate rents for commercial spaces. Revenues generated from the building do not flow to the Hawaii Rental Housing System Revenue Bond Fund.

Director Abe asked what would be the market rent amount for the building. Mr. Woodard stated that no investigation had been done at this point to determine the market value of the property.

Chair Pulmano asked if anyone from the audience wanted to provide testimony.

Mr. Tim Reed, owner of Reedesign Builders, stated that he appreciated the opportunity of being a tenant of the building and although he tried to extend its lease at a more marketable rate, his understanding was that HCDA would not allow such extension. Mr. Reed expressed concern about the hardship of completing year-end projects and finding a place that was economically feasible within the allotted timeframe. In addition, as a general contractor, Mr. Reed expressed concern about the building's structure and electrical and plumbing systems. He further asked for extra time to move out to avoid hardship on his company.

Director Kahele asked how much time was needed. Mr. Reed stated that to the end of February would be ideal.

Mr. Woodard commented that under normal circumstances staff would not have sent out termination notices to vacate with the given timeframe. However, by law, HHFDC does have the right to demand a 30-day notice to vacate for a month-to-month tenancy.

Director Kahele questioned on a location that would suit the needs of the tenants.

Mr. Lorenz stated that FHT's current building abuts 620 Coral Street and that the organization is familiar with the same issues described by Mr. Reed. FHT has been able to address building repairs through a pool of contractors utilized over its 15 years of occupancy on Keawe Street and that building maintenance is critical in order to continue distribution of food to people that are impoverished.

Director Kahele stated that he firmly believed in the FHT cause and strongly supported their efforts and asked whether the FHT was still in operation. Mr. Lorenz stated that FHT had shut down as of December 2 and is currently in the process of packing. He further added that FHT is responding to a Request for Proposals with the City and County of Honolulu in the hopes of securing a new building.

Director Kahele asked what would be the ramifications if Reedesign is unable to vacate within the given timeframe. Mr. Woodard stated that HHFDC staff has spoken with a realtor who is assisting Mr. Reed with his space search. However,

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if Reesign is unable to vacate within the given time allotted, one option that is not preferred, would be to file for summary possession in court with the removal and/or storage of remaining inventory and equipment to be paid at the expense of HHFDC. Should the Board choose to proceed with a lease with FHT, a “swing space” (the former World Gym) at Kamakee Vista could be utilized for storing FHT’s fixtures and equipment on a temporary basis. The former World Gym space is vacant and measures approximately 15,000 square feet.

Chair Pulmano asked if anyone else wanted to provide testimony.

In terms of the building conditions, Mr. Kelly Logo, a volunteer at FHT, commented that a group of people could be rallied to help improve the conditions of the Reesign building and bring it up to code.

Mr. Reed stated that the repair costs of the building are estimated to be \$800,000. Notwithstanding a potential mold infestation and power surges, Mr. Reed stated that Reesign has been able to keep it up to fire standards.

Chair Pulmano asked if anyone else wanted to provide testimony.

Mr. Gerald Shintaku, president of the Hawaii Food Bank, expressed his support in finding a place for FHT to reopen, stating that in its dealings with over 125 agencies across Oahu, there has not been another agency that operates as efficiently and as organized as FHT.

Ms. Sharon Moriwaki, Kakaako United and Kakaako resident, expressed her support for FHT and small businesses within the area, stating that perhaps the proposed Kamakee Vista space could be shared to address both FHT and Reesign needs.

Suggestions by both Reesign and FHT were provided. Chair Pulmano thanked both parties for their suggestions, stated that such details would need to be coordinated once a decision is made.

Mr. Woodard clarified that should the former World Gym space be offered as a temporary solution for FHT, it would only be for storage purposes only. Secondly, should the Board choose not to proceed with a lease to FHT, HHFDC will proceed with the demolition of the 620 Coral Street property and Reesign and Fiddlesticks will need to vacate, reiterating to the Board that HHFDC is in violation of the Permit.

Chair Pulmano asked how will the violation be rectified. Mr. Woodard restated that HHFDC has a proposal from Belt Collins and is ready to proceed with the demolition.

Chair Pulmano asked about potential fines in part of the Permit violation. Mr. Woodard stated that to date, the HHFDC has not received a notice of violation or made aware of any related fines generated.

Director Salaveria did not agree with staff’s recommendation of a possible lease, predicated on a notion that the HHFDC would continue to be in violation of an existing agreement.

Although not clear to staff, Mr. Woodard stated that the HCDA Planning Department, along with their Deputy Attorney General, proposed the solution of Section 206E-13, HRS, to allow for the temporary use.

Chair Pulmano asked if there was anyone from HCDA present to help explain the connection. Director Kami responded in the negative.

Discussion ensued on the permit violation and the Board’s legal rights on the matter.

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Chair Pulmano entertained a motion to go in to Executive Session.

Vice Chair Taira moved, seconded by Director Kami

To convened in Executive Session pursuant to Section 92-5(a)(4) to consult with the Board’s attorney on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities.

By unanimous vote, the motion was carried.

The Board convened in Executive Session at 10:12 a.m.

The Board reconvened in Regular Session at 10:59 a.m.

Director Salaveria moved to amend the motion to read:

Approve the assignment of the Planned Development Permit No. PD 4-89 for the Kakaako mixed-use elderly rental project from the Hawaii Community Development Authority to the Hawaii Housing Finance and Development Corporation.

Vice Chair Taira seconded the motion.

By unanimous vote, the amended motion was carried.

Director Spindt stated that although the FHT serves a very important community service, the Board is concerned with the health and safety of the building’s condition that was brought to their attention by Reedesign Building, Inc. Therefore, the Board has decided to move forward with the demolition of the building.

In addition to Director Spindt’s comment, Chair Pulmano stated that the Board feels it would be very irresponsible for the Board to lease the building out to someone else, being in violation of its Permit, which should have been rectified.

Although everyone can agree that there is a community service that is being provided, Director Salaveria stated that the Board must be good stewards of the public trust.

Chair Pulmano addressed FHT, stating that the Board recommends staff to continue to work on finding a temporary solution.

With no further discussion, the motion was carried, as amended.

Staff’s recommendation was presented as follows:

That the HHFDC Board of Directors:

- A. Authorize the HHFDC Executive Director to provide input and/or testimony in the role as a mandated or statutorily designated member of any existing or subsequently-established intergovernmental council, committee, or task force in accordance with the position that is approved by the specific council, committee, or task force; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Taira moved, seconded by Director Fukumoto

That staff’s recommendation be approved.

EXECUTIVE SESSION
10:12 a.m.

RECONVENED
10:59 a.m.

III. D. DISCUSSION AND/OR DECISION MAKING
To Authorize the Hawaii Housing Finance and Development Corporation (HHFDC) Executive Director to Provide Input and/or Testimony in the Role as a Mandated or Statutorily Designated Member of an Intergovernmental Council, Committee or Task Force in Accordance with the Position that is

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Chief Planner Janice Takahashi stated that staff is requesting that the Executive Director be authorized to provide testimony and input as a statutorily mandated member of another Board, Commission, Council, or Task Force. Specifically, the Special Action Team on Affordable Rental Housing (Special Action Team) and the Hawaii Interagency Council for Transit Oriented Development (TOD Council).

Approved by the
Specific Council,
Committee or Task
Force

Vice Chair Taira asked for further clarification on staff's request. Ms. Takahashi further explained that approval of this For Action would allow the Executive Director to provide testimony at the Legislature on specific legislation that would include the TOD Council, and/or the Special Action Team.

Chair Pulmano asked whether this would include testimony on behalf of HHFDC. Executive Director Hirai stated that there may be times in which HHFDC's position may be independent of the TOD Council.

Chair Pulmano inquired about the potential conflicts between the TOD Council and HHFDC and how the Board would have knowledge of such conflicting positions. Executive Director Hirai stated that he would imagine such conflicts would be obvious (as the Board would have taken a position) and they would be few and far between.

Discussion ensued on possible conflicts including HHFDC's dealings with mixed-use development projects in collaboration with other agencies.

Vice Chair Taira expressed concern on future legislative funding conflicts with the possibility of TOD requests being greater than state allocations, especially during down cycles within the economy.

Director Iseri-Matsubara clarified that where there would be conflict, the executive director would need to indicate HHFDC's position and anything under the TOD Council would be advisory. Executive Director Hirai concurred.

In respond to Vice Chair Taira's concern, Executive Director Hirai stated that legislative funding would be allocated statewide, anticipated to shift on an annual basis.

Director Abe inquired on the Executive Director's role legislatively to the TOD Council. Executive Director Hirai explained that he would be presenting the position of the TOD Council, it being advisory, as well as possible recommendations for CIP funding. HHFDC's role on the TOD Council would be to advocate for affordable housing. HHFDC is there for coordination and implementation which goes hand in hand with our mixed-use authority and DURF state regional infrastructure financing authority.

Director Fukumoto asked whether authority given to the Executive Director would be transferred to the next executive director and be of concern. Executive Director Hirai stated that whoever the executive director, he or she would need to carry out the same mission.

In response to Chair Pulmano, Executive Director Hirai stated that the TOD Council is permanent.

Director Kami asked whether the Executive Director's position on the TOD Council would require the use of HHFDC staff and/or resources from its primary mission of housing. Executive Director Hirai stated that Ms. Jayna Oshiro, the TOD Coordinator, was a legislatively authorized position for the purposes of administrative support to the TOD Council.

Chair Pulmano asked that the Board be kept apprised of any potential overreach and whether additional resources would be needed.

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With no further discussion, the motion was unanimously carried.

Pursuant to Section 201H-2(c) and 201H-202(f), Hawaii Revised Statutes (HRS), Ms. Takahashi stated that HHFDC is required to submit two reports to the Legislature relating to the adjustment of salary of the executive director and the RHRF Project Awards for Calendar Year 2016.

Ms. Takahashi noted the following corrections:

- 1) In Exhibit B, page 1, under the “30% MFI Units” column, first row, should read: 8; not 16;
- 2) In Exhibit B, page 1, under the “Location” column, second row, should read: Kakaako, Oahu; not Kapolei;
- 3) In Exhibit B, page 1, under the “30% MFI Units” column, last row, should read: 30; not 38; and
- 4) In Exhibit B, page 2, second to the last paragraph, last sentence, should read: Applications are [~~now anticipated to be made~~] available and will be due [~~to the public~~] in February 2017.

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

Executive Director Hirai stated that discussion at the National Council of State Housing Agency Executive Directors’ Forum he attended in Washington, D.C., and in his meeting with Senator Brian Schatz’ staff, infrastructure financing, TOD, and funding programs under the President-elect Donald Trump’s Administration were of topics of discussion. Also included in his discussions was the discounted pricing of Low Income Housing Tax Credits (LIHTC).

Mr. Ueki stated that with the discounted pricing of the LIHTC, gaps are being created that will require a change in the policies of HHFDC and that future discussions with the Board are needed.

Until the tax reform is in place, Executive Director Hirai stated that impacts on those programs and projects, like Hale Kewalo, are uncertain.

Mr. Ueki stated that currently HHFDC has a 9% LIHTC project on the books that has been directly impacted by the withdrawal of its tax credit syndicator. Staff is working with the senior lender in efforts to obtain resolution.

Executive Director Hirai stated that attentiveness to the types of infrastructure financing and investment programs that come out of Congress will be essential in the plans of HHFDC moving forward.

With possible reduction in benefits of the LIHTC, Director Kami asked whether staff is looking at proposing new financing programs. Executive Director Hirai stated that the consensus at the NCSHA Executive Directors’ Forum appeared to be bipartisan support for the 9% LIHTC program. Mr. Ueki further stated that he believes there is enough merit in the current housing programs as opposed to starting new programs.

Director Iseri-Matsubara asked whether staff anticipates an increase in demand for the Rental Housing Revolving Fund with the discounted pricing of the LIHTC. Mr. Ueki concurred, reiterating that policy guidelines that are provided by the Board will be fundamental to addressing the gaps of the current projects approved.

Discussion was had in depth on possible restructuring of RHRF deals of the HHFDC. It was decided that the Board would establish a Loan Subcommittee to

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

Information on Reports to the 2017 Hawaii State Legislature Pursuant to Sections 201H-2(c), and 201H-202(f), Hawaii Revised Statutes, Relating to the Adjustment of Salary of the Executive Director, and Rental Housing Revolving Fund Project Awards for Calendar Year 2016, Respectively

**IV.
REPORT
OF THE
EXECUTIVE
DIRECTOR**

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

investigate and recommend policies and parameters for underwriting loans from the RHRF.

Faced with the substantial housing shortage and the significant resources of RHRF legislatively appropriated to address this shortage, Chair Pulmano suggested that as stewards of the RHRF, HHFDC must balance the need to maintain responsible underwriting guidelines, but not limited to, the inclusion of repayment terms, ratios and debt coverage and loan-to-value, and creditworthiness of the borrower, to expeditiously award funds to increase the housing supply.

Members of the Loan Subcommittee were identified to be Directors Scott Kami, Audrey Abe, Milo Spindt, and Leilani Pulmano, as the Subcommittee Chair.

The proposed timeline of the Loan Subcommittee was noted as follows:

- January 12, 2017 – Findings and Recommendations of the Subcommittee to be presented to the Board.
- February 9, 2017 – Full Board deliberation and possible decision making on proposed policy guidelines.

Director Abe asked whether an outline of current guidelines and goals/objectives would be provided. Chair Pulmano concurred, stating that such guidance will be provided by the Finance Branch staff.

With no further discussion, the two sets of meeting minutes of the October 13, 2016 Executive Sessions were distributed for Board review and consideration.

Vice Chair Taira moved, seconded by Director Fukumoto

That the minutes of the Executive Session held on October 13, 2016 at 9:43 a.m. be approved.

By unanimous vote, the motion was carried.

Vice Chair Taira moved, seconded by Director Fukumoto

That the minutes of the Executive Session held on October 13, 2016 at 12:25 p.m. be approved.

By unanimous vote, the motion was carried.

With no further items on the agenda, Chair Pulmano asked for a motion to adjourn.

Vice Chair Taira moved, seconded by Director Spindt

The adjourn the meeting at 11: 54 a.m.

By unanimous vote, the motion was carried.



 RONA FUKUMOTO
 Secretary

II. B.
APPROVAL
OF MINUTES
10/13/16
Executive
Session

II. C.
APPROVAL
OF MINUTES
10/13/16
Executive
Session

V.
ADJOURNMENT
11:54 a.m.