

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**  
**MINUTES OF THE SPECIAL MEETING**  
**OF THE HAWAII HOUSING FINANCE AND DEVELOPMENT**  
**CORPORATION**  
**HELD AT THEIR OFFICE AT 677 QUEEN STREET ON**  
**THURSDAY, NOVEMBER 30, 2017,**  
**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 special meeting at their office located at 677 Queen Street, on Thursday, November 30, 2017, at 9:00 a.m.

With a quorum present, the meeting was called to order at 9:00 a.m. by Chair Pulmano.

Those present and excused were as follows:

Present:        Director Leilani Pulmano, Chair  
                 Director Milo Spindt, Vice Chair  
                 Director Rona Fukumoto, Secretary  
                 Director Donn Mende  
                 Director Denise Iseri-Matsubara  
                 Director Luis Salaveria  
                 Director Scott Kami for Director Wesley Machida

                 Executive Director Craig Hirai

Excused:        Director Melvin Kahele

Staff Present: Sandra Ching, Deputy Attorney General  
                 Darren Ueki, Finance Manager  
                 Rick Prahler, Development Branch Chief  
                 Christopher Woodard, Real Estate Portfolio Manager  
                 Jocelyn Iwamasa, Housing Finance Specialist  
                 Kent Miyasaki, Housing Information Specialist  
                 Esa Pablo, Secretary to the Board

Guests:        Monika Mordasini-Rossen, Affordable Housing Development  
                 Hawaii  
                 Stanford Carr, Stanford Carr Development  
                 Liz Char, Michaels Development Company  
                 Makani Maeva, Ahē Group

Director Spindt moved, seconded by Director Fukumoto

                 That the regular meeting minutes of October 12, 2017 be approved as  
                 circulated.

The motion was carried unanimously.

Approval of the executive session meeting minutes of October 12, 2017 was deferred to later in the meeting.

**I.**  
**CALL TO**  
**ORDER/**  
**ROLL CALL**

**II. A.**  
**APPROVAL**  
**OF MINUTES**  
Regular  
Meeting  
10/12/17

**II. B.**  
**APPROVAL**  
**OF MINUTES**  
Executive  
Session  
10/12/17

HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

Finance Branch Darren Ueki presented staff’s recommendation:

That the HHFDC Board of Directors approves the following:

- A. The application cycle for the Fiscal Year (FY) 2018 Low Income Housing Tax Credit (LIHTC) program as noted in Section III (A), of the For Action;
- B. The application cycle for the FY2018 Rental Housing Revolving Fund (RHRF) Project Award program as noted in Section III (B), of the For Action. All requests will be subject to the availability of funds in the RHRF program;
- C. Authorize staff to begin marketing of the FY2018 RHRF Project Award application cycle;
- D. Authorize the Executive Director to approve an additional FY2018 application cycle for the RHRF Project Award program subject to the availability of funds and resources; and
- E. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Mr. Ueki thanked everyone for their time on this procedural item, stating that approval would allow staff to proceed with the distribution of its applications and help keep the funding rounds on schedule.

Programmatic background on the LIHTC and RHRF programs were noted.

The total availability of funds for the RHRF program was stated to be a negative \$53,562,263 (as of October 31, 2017). Mr. Ueki cautioned the Board not to be alarmed by the negative amount, as it is based on what the Corporation has in hand and does not include prior appropriations made by the Legislature. Funds are only released as the Corporation is ready for disbursement, and therefore, the net base amount is approximately \$48 million, plus additional conveyance taxes collected over time.

The proposed FY2018 Funding Rounds for the LIHTC and RHRF programs are anticipated to be as follows:

Availability of Application:	December 15, 2017
Application Deadline:	February 15, 2018
Recommendations:	June/July 2018

Requests for the LIHTC and RHRF awards are submitted through the Consolidated Application, which combines an applicant’s entire funding request (i.e., LIHTC, RHRF, Hula Mae Multi-Family Bonds, DURF) into one application.

Director Iseri-Matsubara asked for further clarification on the total RHRF balance stated within the For Action. For clarification purposes, Director Salaveria suggested that the net amount be reflected within the For Action, showing the true balance of funds allocated/committed, but not yet expended.

Mr. Ueki noted that the RHRF Capacity Building Grant and Predevelopment Loan programs were indefinitely suspended on June 19, 2003, by the Housing and Community Development Corporation of Hawaii, predecessor agency to HHFDC, due to a lack of program funds and its desire to focus on the production

III. A.  
DISCUSSION  
AND/OR  
DECISION  
MAKING  
Approve the Fiscal  
Year 2018 Application  
Cycle for the Low  
Income Housing Tax  
Credit Program and  
the Rental Housing  
Revolving Fund  
Program and Authorize  
the Executive Director  
to Approve an  
Additional Cycle for  
the Rental Housing  
Revolving Fund  
Program



## HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

of affordable rental units. Reinstatement of the two programs may be considered in the future, should funding become available.

Staff plans to meet its Hawaii Administrative Rules (HAR) outreach marketing program requirement by publishing a notice of funding availability (NOFA) on December 15, 2018, subject to the approval of this For Action.

Mr. Ueki opened for questions.

Vice Chair Spindt suggested that if it is the Board's desire to continue fostering relationships and build more development capacity, then allocating funds to the RHRF Capacity Building Grant and Predevelopment Loan programs may want to be considered to help with the educational process for those interested in affordable housing developments, thus, creating greater capacity for competitiveness to acquire the best products.

Mr. Ueki explained that although there is merit behind the intent of the program, being established during a time when affordable developers and funding was scarce, the program lacked the inability to measure the return for the monies invested. However, since then, the pool of affordable developers have expanded, and while more competition is good, there is not enough funds to satisfy everyone on an annual basis. Guidance from the Board would be needed, should the desire be to reinstate the programs.

Director Iseri-Matsubara suggested that best practices be researched if guidance is needed and further suggested that discussions on reinstating the RHRF Capacity Building Grant and Predevelopment Loan programs be put on hold until details of the tax reform are determined.

Chair Pulmano suggested that community meetings could be held by neighbor island Board representatives and County housing directors in providing information on state funding programs available for those interested in the development of affordable housing.

Chair Pulmano opened the floor for public comments.

Ms. Monika Mordasini-Rossen, AHDH; Ms. Elizabeth Char, Michaels Development Company; Mr. Stanford Carr, of Stanford Carr Development; and Ms. Makani Maeva, Ahē Group, offered the following commentary:

- Information on application rounds be provided to the affordable housing developers before submitted to the Board for approval.
- RHRF is a critical component to making deals feasible, and therefore, additional funding rounds are needed within a calendar year.
- A predevelopment-type program could be helpful in expanding partnerships, as well as provide incentives for affordable housing developers by mitigating the risk capital involved by assisting with costs associated with entitlement, acquisition, and due diligence.
- Predevelopment funding could be expended as eligible cost to allow for reimbursement to developers through an inducement resolution.
- Such funding was suggested to be in the form of a lease or loan, as opposed to a grant, in order to recycle the working capital. Underwriting capabilities could be administered by the Corporation and may require more staffing.

## HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

- Collaboration is key to addressing the housing need as well as alignment of the State's resources to ensure the most impact at the right time.
- Rentals versus Homeownership. There has always been a demand for rentals. Opportunity for homeownership is desired, but in a supply constrained market, median home prices are out of reach of most incomes and down payment restrictions often discourage potential homebuyers.
- In light of the proposed tax reform, the Administration, developers, and housing agencies have been actively advocating for housing funds with the congressional delegation.
- A funding round in August could compel a strong case for more Legislature appropriations by showing the true demand by developers.

Director Iseri-Matsubara thanked all for coming and providing their feedback, stating that it is sometimes hard to recognize things we consider procedural and routine.

In response to comments made, Mr. Ueki noted that the proposed schedule has always been the goal, but there has been delays in certain years for valid reasons. Furthermore, the RHRF funding is often depleted within in the first funding round, and therefore, only one funding round is held. However, should additional funding become available, another round could be considered.

Executive Director Hirai questioned whether more stringent requirements are needed in order to obtain more project-ready applicants for its limited resources.

In terms of Legislation appropriations, Mr. Ueki stated that although knowing the available amount could help developers gage the size of potential projects, funding could remain idle and not be expended in a timely manner.

Mr. Ueki further stated that Executive Director Hirai has directed staff to continue looking at the remaining applications made in October 2017 (that have been affected by the decrease in tax credit rates), which would deplete remaining funds appropriated, except for funds appropriated last Spring.

Director Kami asked for the estimated total of available RHRF funds with conveyance tax revenues. Mr. Ueki stated that currently the available RHRF funds balance is approximately \$48 million (does not include the pending applications made in October 2017), plus conveyance tax (7-8 months), would bring the total to approximately \$65 - \$70 million. It was noted that the \$65 - \$70 million amount would be stated with in the NOFA today.

With no further discussion, the motion was carried unanimously.

Vice Chair Spindt stated that a QAP Subcommittee was formed to discuss these issues further. However, the Subcommittee will hold off on discussions until the details of the tax reform are determined.

The Board recessed the meeting at 10:06 a.m. (Director Salaveria left at this time.)

Chair Pulmano reconvened the meeting at 10:13 a.m. and proceeded to approve the executive session meeting minutes of October 12, 2017.

**RECESS**  
10:06 a.m.

**RECONVENED**  
10:13 a.m.

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

Director Mende moved, seconded by Vice Chair Spindt

That the executive session meeting minutes of October 12, 2017 be approved as circulated.

The motion was carried unanimously.

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

Vice Chair Spindt moved, seconded by Director Mende,

That the meeting be adjourned at 10:14 a.m.

The motion was carried unanimously.

**II. B.**  
**APPROVAL**  
**OF MINUTES**  
Executive  
Session  
10/12/17

**IV.**  
**ADJOURNMENT**  
10:14 a.m.

  
\_\_\_\_\_  
RONA FUKUMOTO  
Secretary