

**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS  
REGULAR MEETING**

**August 8, 2019**

**MINUTES**

The Board of Directors (Board) of the Hawaii Housing Finance and Development Corporation (HHFDC) met for a regular meeting at their office, located at 677 Queen Street, Honolulu, Hawaii, on Thursday, August 8, 2019, at 9:00 a.m.

With a quorum present, Chair Leilani Pulmano called the meeting to order.

Those present and excused were as follows:

Present:        Director Leilani Pulmano, Chair  
                    Director Donn Mende, Vice Chair  
                    Director Rona Fukumoto, Secretary  
                    Director Gary Mackler  
                    Director George Atta  
                    Director Sara Lin (arrived 9:01 a.m.)  
                    Designee Robert Yu for Director Neal Miyahira  
                    Designee Mary Alice Evans for Director Mike McCartney (arrived 9:16 a.m.)

                    Executive Director Craig Hirai

Excused:        Director Melvin Kahele

Staff Present: Sandra Ching, Deputy Attorney General  
                    Janice Takahashi, Chief Planner  
                    Darren Ueki, Finance Manager  
                    Deepak Neupane, Development Branch Chief  
                    Holly Osumi, Chief Financial Officer  
                    Dean Minakami, Development Section Chief  
                    Dean Sakata, Housing Finance Specialist  
                    Albert Palmer, Housing Development Specialist  
                    Kent Miyasaki, Housing Information Specialist  
                    Esa Pablo, Secretary to the Board

Guests:         Randy Hiu, Ikaika Ohana  
                    Gary Furuta, GSF LLC  
                    Andrew Furuta, GSF LLC  
                    Chris Delaunay, PRP

Chair Pulmano noted a correction on page 1, under Roll Call, that “Executive Director Craig Hirai” be removed from those “Excused” and moved to those “Present.”

Vice Chair Mende moved, seconded by Director Yu

                    That the annual meeting minutes of July 11, 2019 be approved, as amended.

The motion was carried unanimously.

Chair Pulmano noted a correction on page 1, under Roll Call, that “Director Sara Lin” be deleted from those “Excused.”

Vice Chair Mende moved, seconded by Designee Yu

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

**II. A.  
APPROVAL  
OF MINUTES**  
Annual  
Meeting  
7/11/19

**II. B.  
APPROVAL  
OF MINUTES**  
Regular

That the regular meeting minutes of July 11, 2019 be approved, as amended.

The motion was carried unanimously.

Vice Chair Mende moved, seconded by Director Mackler

That the executive session meeting minutes of July 11, 2019 be approved.

The motion was carried unanimously.

Housing Finance Branch Manager Darren Ueki presented the For Action, stating staff's recommendation for the Board to approve the following:

- A. Extend the deadline to issue Hula Mae Multi-Family (HMMF) Bonds for the Waikoloa Family Affordable Rental Project to February 28, 2020; and
- B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Vice Chair Mende moved, seconded by Director Kahele

That staff's recommendation be approved.

Ueki noted the chronological events of the project, stating that the requested extension to Inducement Resolution No. 117 was evaluated based on progress made in site control, zoning approvals, and financing commitments.

The Waikoloa Family Affordable LP (Awardee) obtained site control through an Offer to Purchase dated February 14, 2017 and is in a Formerly Used Defense Sites (FUDS) Waikoloa Maneuver Area P, Hawaii, which the State of Hawaii, Department of Health, issued a Conditional No Further Action with Institutional Controls Determination letter on April 15, 2019.

The Awardee continues to work with the First Hawaiian Bank to purchase the bonds and Hawaii Housing Finance LLC on the sale of federal and state Low Income Housing Tax Credits (LIHTC).

Ueki opened for questions, along with Mr. Gary Furuta and Mr. Andrew Furuta on behalf of the project.

Director Lin asked about the average subsidy of Rental Housing Revolving Fund (RHRF) per unit. Ueki stated that he is not aware of the statistics by island; however, the subsidy on a per unit basis is not out of the ordinary.

In reference to the letter in Exhibit B, regarding the last sentence stating: "The project has 100% financing commitments in place," Director Mackler asked if all other financing commitments are in place in rectification of the For Action update with First Hawaiian Bank. Ueki stated that at this point they are. He further explained that its financing commitments is an ongoing process, with the final piece being the actual closing.

There being no further discussion, the motion was carried unanimously.

Chief Planner Janice Takahashi presented the report, summarizing the findings and recommendations of the Qualified Allocation Plan (QAP). If the Board should agree with the proposed recommendations of the QAP Subcommittee, staff would return next month for Board approval.

Meeting  
7/11/19

**II. C.  
APPROVAL  
OF MINUTES**

Executive  
Session  
7/11/19

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

Approve an  
Extension to  
Resolution No.  
117, Which Provides  
for Official Intent  
with Respect to the  
Issuance of Hula  
Mae Multi-Family  
Tax-Exempt  
Revenue Bonds for  
the Waikoloa  
Family Affordable  
Rental Project  
Located in  
Waikoloa, Hawaii,  
TMK No.: (3)  
6-8-037: 060

**IV.  
REPORT BY  
THE QUALIFIED  
ALLOCATION  
PLAN  
SUBCOMMITTEE  
- FINDINGS AND**



Discussion ensued on the recommendations of the QAP Subcommittee pertaining to cost reasonableness and project readiness. Suggestions and comments expressed by the Board and staff were noted as follows:

- Regarding cost reasonableness, Director Lin commented on the complexity of the situation, noting that other states that placed a limited amount of subsidy per unit experienced the unintended consequence of promoting a certain type of unit. Therefore, finding and developing a well-balanced metric for construction and development cost by building type will be challenging.

(Designee Evans arrived at this time – 9:16 a.m.)

- To encourage more shovel-ready projects, the Subcommittee recommends providing qualified nonprofit developers with pre-development loans from the RHRF (an already authorized use of the RHRF). Loans could be made for eligible project expenses, including preliminary architectural and engineering costs, legal, environmental, and certain financing fees, but not to finance land acquisition. The pre-development loan would be secured with a mortgage or other collateral.

Director Lin commented that because not enough money is spent on the pre-development side, developers are still very early in the process. The loan could help them to move that much more ahead in the development process.

Additional input from the public and potential program users will be obtained throughout the rulemaking process for potential loan securities.

Director Fukumoto suggested that such program rules be stringent enough to ensure potential program users are held accountable in carrying out what they propose. Hence, having “qualified” developers with years of experience in Hawaii is imperative.

- Regarding early inducement resolutions, Ueki stated that this would provide another avenue to recapture expenditures to be reimbursed with bond proceeds. Such eligible expenditures were noted to be soft costs relating to planning, environmental, and conceptual design. An early inducement resolution does not necessarily promote project readiness in the sense that program users would still need to go through the application process for HMMF bonds, LIHTC, and RHRF financing.

Ueki confirmed that providing an early inducement resolution does not cost HHFDC anything and that there are other states that do this. However, further education on such a procedural change is needed to ensure understanding among its program users.

- Having a more open RHRF application process could accelerate housing production. 9% LIHTC projects and projects that come in on a funding round would still have priority. However, projects that are not quite ready to make the application deadline or those seeking only RHRF would have the opportunity to apply for funding.

Designee Evans inquired about a possible exception for promising-type-project applications that are received before the deadline but would have to reapply due to a lack of funding. Ueki stated that an amended Approved and Rejected list could be done.

- The recommendation to limit extensions to financing commitments is also intended to accelerate the delivery of rental housing. Developers at a housing roundtable meeting supported this idea.

Vice Chair Mende inquired about possible delays for projects located in Formerly Used Defense Sites (FUDS). Ueki stated that FUDS are usually identified early enough to allow the program user to determine to proceed or withdraw on a project.

- Considerable discussion ensued on the final recommendation that developers convey the fee simple interest in land to the State/HHFDC as a means to preserve housing affordability over the long term. The alternatives for implementation include adding a new minimum threshold to the QAP, adding a new criterion, or amending an existing criterion by increasing the number of points that are awarded if properties are deeded to HHFDC.

Citing a Maui project, Executive Director Hirai suggested recording a deed restriction on the land when HHFDC resources, such as RHRF, are used to acquire the land.

No consensus was reached on this recommendation, as the Board determined that more information was needed by staff.

Director Mackler suggested that a grid of all potential scenarios that may evolve from an awarded application be put together to help in determining possible control measures that may be the most appropriate for each scenario.

There being no further discussion, Chair Pulmano called for a recess.


The Board recessed at 10:28 a.m. and reconvened the meeting at 10:37 a.m.

Executive Director Craig Hirai stated that the Corporation is currently working on getting funding approvals from the Department of Budget and Finance.

There being no further business on the agenda, Vice Chair Mende moved, seconded by Director Mackler:

That the meeting be adjourned at 10:38 a.m.

The motion was carried unanimously.

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

**RECESS**  
10:28 a.m.  
**RECONVENED**  
10:37 a.m.

**V.**  
**REPORT**  
**OF THE**  
**EXECUTIVE**  
**DIRECTOR**

**VI.**  
**ADJOURNMENT**  
10:38 am