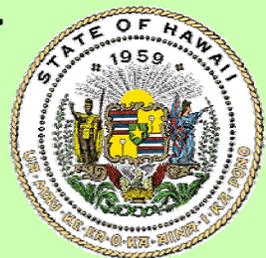


# Housing and Community Development Corporation of Hawaii



Annual Report  
July 1, 2005—June 30, 2006



# LETTER TO THE GOVERNOR

---

The Honorable Linda Lingle  
Governor  
State of Hawaii

Dear Governor Lingle:

It is with great pleasure that we present the Housing and Community Development Corporation's (HCDCH) Annual Report for the 2005-2006 Fiscal Year. This, the final report of the HCDCH, describes the Corporation's activities and accomplishments in carrying out its mission to serve as a catalyst to provide Hawaii's residents with affordable housing and shelter opportunities in a balanced and supportive environment.

Respectfully yours,



Charles A. Sted  
Chairman

## HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII BOARD OF DIRECTORS

---



**Charles A. Sted**  
*Chair (Oahu)*



**Charles King**  
*Vice-Chair (Kauai)*



**Francis L. Jung, Esq.**  
*(Hawaii)*



**Travis O. Thompson**  
*(Maui)*



**Betty Lou Larson**  
*(Continuum of Care Systems)*



**Linda Smith**  
*(Ex-Officio member, Office of the Governor)*



**Lillian Koller**  
*Ex-Officio member, Director, Dept. of Human Services*



**Theodore E. Liu**  
*(Ex-Officio member, Director, Dept. of Business, Economic Development and Tourism)*

# HELPING THE HOMELESS

---

The Homeless Programs Branch provides persons who are homeless with shelter and supportive services, empowers the homeless to attain permanent housing, and implements homeless prevention programs. The program's objectives are to comprehensively address the needs of the homeless in Hawaii and provide opportunity for homeless people to help themselves to achieve improved living situations.

Functionally, the program consists of three basic components: 1) Facilitate the development of programs, strategic planning efforts, and affordable housing and transitional living facilities; 2) Contract with private entities for the delivery of shelter and services to mitigate and eliminate homelessness; and 3) Manage programs and property to maximize the State's homeless resources.

During FY 2005-06, HCDCH contracted with 26 nonprofit agencies to provide emergency and transitional housing coupled with health and social services as well as provide outreach services to the unsheltered homeless. These agencies assisted a total of 15,563 unduplicated homeless persons. In the fiscal year, 1532 persons were transitioned to permanent housing and 143 persons avoided homelessness through the State grant program.



The highly successful housing placement program has also been expanded from two counties to all four counties. The Department of Human Services has made TANF funds available to help low income families receive assistance in finding affordable rental units, mentoring on the responsibility of being renters, and assistance with first month's rent or rental deposit. Housing placement provides the linkage between landlords and Section-8 voucher holders and homeless persons transitioning to permanent housing. Landlords are solicited to take a chance on the low income client who does not have a good credit record, because that client will have a case manager who will work to foster responsible tenancy.

HCDCH requested and received an increase in budget appropriation for the State Homeless Programs in FY 2006. The budget increase of \$1.65 million provided increased access to program staffing that is so vital to helping families repair their lives.

In May 2006, a new emergency-transitional shelter was opened in Kakaako in response to the homeless displaced by the nightly closing of Ala Moana Beach Park. The Next Step Shelter was constructed within a warehouse at Pier 1 and shelters 318 persons each night.



# PROVIDING AND IMPROVING PUBLIC HOUSING



Federally-assisted and state- assisted public housing developments provide homes for more than 14,000 residents statewide. The HCDCH manages more than 5,300 units of federal public housing and 860 units of state public housing in 81 developments on the islands of Oahu, Hawaii, Maui, Kauai and Molokai.

## **Physical Improvements.**

The HCDCH completed the following major projects:

### Lanakila Homes, Phase IIb, Hilo, Hawaii:

This phase involved the demolition of 10 deteriorated duplexes and the construction of 5 four-plexes consisting of 20 units. The construction cost was \$5.2 million. Completed in November 2005.

### Kalihi Valley Homes, Phase 3A, Kalihi, Oahu:

This phase involved modernizing five buildings that contain 9 units each, together with related site work improvements. The construction cost was \$9.6 million. Completed in July 2005.

Kalanihua, Honolulu, Oahu: This project involved the physical improvements of a 151-unit elderly, high rise. The work consisted of spalling concrete repair on the exterior walls of the building, the replacement of balcony railings and exterior painting. The construction cost was \$4.7 million. Completed in May 2006.

Waimaha-Sunflower, Phase 2, Waianae, Oahu: This phase involved modernizing two

buildings containing 48 units and an adjacent laundry building, together with related site work improvements at this family project. The construction cost was \$3.3 million. Completed in July 2005.

Pumehana, Honolulu, Oahu: This project involved the structural investigation and improvements of a 139-unit elderly, high-rise project. The work consisted of the structural repairs of the roof, the replacement of the roof parapet and reroofing. The construction cost was \$2.2 million. Completed September in 2005.

Pahala Elderly, Pahala, Hawaii: The large capacity cesspools project was started in June 2006 and is scheduled to be completed in March 2007. This work involves the replacement of 3 existing cesspools with the installation of 3 new septic tanks. The construction cost is \$375,362.

Kawailehua State, Kauai: The project, completed in May 2006, involved repairs at this 26-unit family project, including new windows, appliances, interior the painting and exterior landscaping. The project cost was \$307, 071.

Kahale Mua State, Molokai: This project, which began in May 2005, involved exterior painting of the buildings in this 25-unit family project. Interior painting was completed in November 2005 and cost \$106,144.

# STRENGTHENING FAMILIES AND COMMUNITIES

---

To foster economic self-sufficiency and promote healthy families and strong communities, the HCDCH collaborates with federal, state, and county agencies, and non-profit organizations to link public housing residents to appropriate services.

## **Social and Economic Self-Sufficiency**

### Educational Opportunities

The HCDCH continues to offer adults on Oahu an avenue to obtain a high school certificate through the Competency Based High School Diploma (CBASE) program. HCDCH worked in partnership with the Department of Education's Adult Community Schools where evening classes were provided at two different locations throughout the year including the windward and Kalihi area.

### Transportation Support

The HCDCH continued to provide monthly bus passes for residents participating in training, educational activities or volunteering for community service activities.

### Neighborhood Networks

June 2006 marked the final year of a three-year, \$250,000 HUD Resident Opportunities and Self-Sufficiency Program (ROSS) grant to provide educational and vocational training at Kuhio Park Terrace and Kuhio Homes. The HCDCH contracted with the Samoan Service Providers Association (SSPA) to provide remediation and essential skills, acculturation and basic computer skills and accredited computer training to further education, increase earnings and/or attain employment. Over the course of the three years, SSPA's program included over 37 participants with 9 either increasing their earnings or gainfully employed.

### Elderly Services

The HCDCH received another three-year grant from the HUD Resident Opportunities and Self-Sufficiency (ROSS) Program in the amount of \$450,000 to continue to provide

case management, congregate and translation services to residents of Kalakaua Homes, Makua Alii, and Paoakalani elderly housing complexes. The HCDCH previously received two 3-year grants from the HUD that provided identical supportive services for the elderly and disabled at Punchbowl Homes, Pumehana Homes, Kalanihuia and Makamae. The HCDCH continues to work with Child and Family Services to enable elderly and disabled individuals to lead independent lives. Over the course of the fiscal year, 111 residents received case management services and over 250 residents participating in congregate activities.

## **Safety and Crime Prevention**

### Community Action Seminar

In March 2006, three teams from Kalihi and Kauai consisting of public housing residents, community members, and law enforcement members were sponsored by HCDCH to attend the Community Action Seminar (CAS). The seminar "Making a Difference," was a two-day workshop focused on the development and implementation of action plans to address underage drinking, drugs and/or youth gangs in their communities.

A CAS Follow-Up workshop was scheduled for October 2006 where team leaders are given the opportunity to share their success and challenges in implementing their action plans created in March. Team members were also provided community mobilization skills such as developing leadership styles and youth empowerment.

# STRENGTHENING FAMILIES AND COMMUNITIES

---

## National Night Out

The HCDCH participated in the National Association of Town Watch's National Night Out held on August 18, 2005. This year's event was hosted by the Kuhio Community Coalition, a coalition of community members in Kuhio Park Terrace/Kuhio Homes. As part of the national event, members of voluntary resident patrols joined forces with other community members and law enforcement to send the message to criminals that the community is taking a stand against crime. Activities included information booths, a mini-patrol walk, on food and entertainment with a guest appearance from U.S. District Attorney, Ed Kubo. Participating resident patrols were Kaahumanu Homes, Kalakaua Homes, Kalanihuia, Kalihi Valley Homes, Kamehameha Homes, Kuhio Homes, Kuhio Park Terrace, Mayor Wright Homes, Palolo Valley Homes, Punchbowl Homes, Puuwai Momi, and Spencer House, Waimaha/



Sunflower.

## Neighborhood Watch and Voluntary Tenant Patrols

The HCDCH continues to support neighborhood watch programs in 9 sites and voluntary tenant patrols in 18 public housing sites across the state. These programs play an essential part of the HCDCH's efforts to reduce crime in and around public housing.

The watch and patrol programs received ongoing support from the HCDCH by providing equipment such as flashlights, safety vests and two-way radios. Training by the local police departments provided members with basic skills and techniques to patrol safely and effectively.

## **Resident Leadership**

### Resident Advisory Board

Section 511 of the federal Quality Housing and Work Responsibility Act of 1998 requires public housing agencies to establish a Resident Advisory Board (RAB) whose membership adequately reflects and represents the residents assisted by the Public Housing Agency (PHA). The purpose of the RAB is to assist and make recommendations regarding the development of the HCDCH's Five-year and Annual PHA Plan.

Starting with an orientation in August, the HCDCH proceeded to meet with the RAB over the next six months to prepare the PHA Plan. Facilitated by HCDCH staff, topics discussed at the meetings varied from the rent determination policy to capital improvement needs to the pet policy.

### Resident Associations

The HCDCH continued to provide technical assistance in forming duly-elected resident associations at federal and state public housing communities. Starting with creation of association by-laws and ending with the election of officers HCDCH staff ensures that the association is following the correct procedures. Over the course of the fiscal year, the HCDCH recognized 7 federal resident associations and 1 state resident association. The total number of officially recognized resident association is 52 of which 47 are federal resident associations and 5 are state resident associations.

## PROVIDING RENTAL ASSISTANCE

---

HCDCH assists families and elderly persons to obtain housing through rent subsidy programs such as the Federal Housing Choice Voucher and the State Rent Supplement Program. These programs help families or individuals find housing in communities of their choice by supplementing their monthly rent payments.

Through the federal Housing Choice Voucher Program, the HCDCH administered rental vouchers for 1,958 families. Those receiving assistance in the Housing Choice Voucher program pay 10% of their gross family income, or 30% of their adjusted income for rent, whichever is higher. The HCDCH pays the balance of the approved rent based on HUD rental limits directly to the landlords. The HCDCH paid out \$14,474,089 in rent during FY 2005-2006.

In 1967, the State of Hawaii began its own Rent Supplement Program. The program was originally designed for families with incomes over the limits for public housing that were paying more rent than they can afford in the private market. The program now targets very low-income families. Rent supplement participants pay a minimum of 30% of their adjusted income for rent; the HCDCH pays the balance, up to \$160 per month. Currently, the HCDCH assists 400 households through the Rent Supplement Program, making direct rental payments to landlords in the amount of \$673,436.

## LAND PROGRAMS

---

The Land Reform Act of 1967 was enacted to encourage widespread ownership of fee simple lands among Hawaii's people. The Act enables lessees of single family homes to purchase the leased fee interest in their houselots by petitioning the State to facilitate a lease-to-fee conversion through its use of eminent domain powers. Since the inception of the Land Reform Program, HCDCH has assisted over 14,600 lessees to acquire the leased fee interest in their residential houselots. During the fiscal year, HCDCH continued to provide assistance and information on the lease-to-fee conversion process, as well as promoted negotiated settlements to reduce conversion costs.

Chapter 519, Hawaii Revised Statutes, provides the framework within which renegotiation of ground lease rents for one- or two-family residential leasehold lots and cooperative housing corporations can be fairly arbitrated and ensures that increases do not exceed the ceiling prescribed by law. The law applies when lessees and lessors are unable to agree on the amount of the new lease rent upon expiration of the fixed term on the lease.

# FACILITATING THE DEVELOPMENT OF AFFORDABLE HOUSING

## **Low Income Housing Tax Credit (LIHTC):**

The Low Income Housing Tax Credit Program provides financing for private developers and nonprofit agencies to construct or rehabilitate affordable rental units. The HCDCH awards federal and state tax credits which may be used to provide a dollar for dollar reduction in income tax liability for 10 years or syndicated to generate substantial project equity. Since 1988, the HCDCH allocated approximately \$350,000,000 in federal and state tax credits, resulting in the production or preservation of 4,866 units.

In Fiscal Year 2005-2006, the HCDCH awarded 5 projects \$3,594,026 in federal and \$1,712,013 in state LIHTC, for the development or preservation of 274 affordable rentals. In addition, one project of 62 units that received LIHTC in a previous year was placed in service in Fiscal Year 2005-2006.



## **Rental Housing Trust Fund (RHTF):**

The Rental Housing Trust Fund provides equity-gap low-interest loans to qualified owners and developers to construct or rehabilitate affordable rental units. To date, the Rental Housing Trust Fund has awarded over \$67 million to assist in the

development of 2,605 affordable rental units. In Fiscal Year 2005-2006, the HCDCH awarded three project awards totaling \$6,500,000 for the development or rehabilitation of 214 affordable units. Of that total, one 84-unit project received both LIHTC and RHTF awards.

# FACILITATING THE DEVELOPMENT OF AFFORDABLE HOUSING

---

## Rental Assistance Program (RAP):

The Rental Assistance Program provides qualified owners of rental development with project-based rent subsidies for units that are affordable to families who earn 80% or less of the area median gross income. During the fiscal year, a total of 1,437 families in 17 developments were assisted under the program. In Fiscal Year 2005-2006, the HCDCH Board of Directors approved a one year extension of the Rental Assistance Contract to the Hilo Hale Ohana I, II and III project.

The Rental Assistance Revolving Fund also provides developers with low-interest rate construction loans. To date, the HCDCH has provided more than \$50 million to facilitate the development of 886 new rental units. In Fiscal Year 2005-2006, the HCDCH closed RARF loans of \$3,250,000 for the 2020 Kinole Senior Residence and the \$3,000,000 to the Hualalai Elderly Apartments Phase 3 projects. Both projects are on the Big Island, with total units of 60.

## Hula Mae Multi-family Bond program (“HMMF”):

The Hula Mae Multi-Family Revenue Bond program provides interim and permanent financing at below-market interest rates through the sale of tax-exempt revenue bonds. The program has strong developer interest due to the ability to secure low-income housing tax credits in conjunction with the Hula Mae Multi-family bond financing. To date, the HCDCH has provided \$80.88 million in financing to stimulate the development or rehabilitation of 744 rental units. In Fiscal Year 2005-2006, \$6,165,000 in tax-exempt bonds were issued to finance the acquisition and rehabilitation of the 124-unit Kauhale Olu I, II and III project.

## Hawaii Rental Housing System Revenue Bonds:

To date, the HCDCH has utilized the Hawaii

Rental Housing System Revenue Bond program (formerly the Rental Housing System and the State of Hawaii Affordable Rental Housing Program) to develop 6 rental projects consisting of 1,220 units. The HRHSRB is financially secured by the rental housing projects that have been acquired or constructed, then owned by the HCDCH. The tax-exempt revenue bonds are payable from net revenues from all projects.

(Note: In 1995, \$17,680,000 of bond authorization was used to finance the construction of the University of Hawaii’s Faculty Housing Project. This project consists of 143 units and is **not** part of the HRHSR Bond Program.)

## Housing Development

Plantation Town Apartments – 330-unit affordable for sale condominium project on approximately 6 acres at HHFDC’s Kau’olu Properties Development, TMK (1) 9-4-17: por. 58. August 15, 2005 – HCDCH issued RFP. December 15, 2005 – HCDCH Board approved selection of project.

Mokuola Vista – 70-unit affordable for sale condominium project on approximately 1.4 acres at HHFDC’s Kau’olu Properties Development, TMK (1) 9-4-17: 53 & 54. August 15, 2005 – HCDCH issued RFP.



# FACILITATING THE DEVELOPMENT OF AFFORDABLE HOUSING

---

December 15, 2005 – HCDCH Board approved selection of project. June 15, 2006 – HCDCH Board approved zoning exemptions for project pursuant to Section 201G-118, HRS

Kahikolu Ohana Hale O Waianae Project – May 18, 2006, unconditionally approved developer and project, and \$400,000 in DURF funds for the 72-unit, 40-bed dormitory, emergency, transitional and affordable rental housing project.

Kona Non-ceded Lands – 272 acres of non-ceded land on Palani Road in Keahuolu, Kailua-Kona, Hawaii, TMK (3) 7-4-8: por. 56. October 14, 2005 – Obtained BLNR approval of conveyance of fee title to HHFDC for affordable housing, subject to DHHL and subdivision approval. May 2, 2006 – Executed First Amendment of Transfer Agreement with DHHL excluding the non-ceded lands of the Villages of La'i'opua from conveyance to DHHL.

Kauhale Aupuni O Kuliouou – September and October 2005, sold 17 vacant lots that were repurchased by HFDC between 1988 to 1992 due to ground movement.

Senior Residence at Iwilei – 160-unit senior project in Iwilei, Oahu, Hawaii. October 24, 2005 – Governor approved Executive Order No. 4130 setting aside the project site to HCDCH. April 28, 2006 – Board of Land and

Natural Resources approved Easement U over adjacent DAGS' site.

Kapolei Interceptor Sewer Construction (12/03 to 12/05) - Completed construction

of Kapolei Interceptor Sewer and submitted dedication documents to the City on December 16, 2005.

Transfer of Village 8 property to the Department of Hawaiian Home Lands was completed in FY 2004-05. In FY 2005-06, HCDCH staff continued to support DHHL in the processing of subdivision documents and permit drawings for the development of the 326 unit single family residential development. HCDCH also assisted DHHL with off-site infrastructure issues. HCDCH also collaborated with DHHL in processing a loan agreement for \$10 million which was not executed due to DHHL seeking other financing options.

Solicited Request for Proposals on 2/07/05 in FY 2004-05 to develop approximately 20 acres of apartment-zoned parcels within the Villages of Kapolei. The selection committee deemed Castle and Cooke Homes Hawaii Inc. (CCHHI) to be the successful offeror with a proposal to develop approximately 272 multi-family dwellings to be marketed to households with incomes at or below 140% of the HUD median income guidelines. Subsequently HCDCH awarded contract to CCHHI on 12/01/05. HCDCH continued to assist CCHHI with subdivision and infrastructure related issues during this period.

Kapolei High School was substantially completed in 5/19/05 with the issuance of the notice of completion of the building permit. However, due to modifications authorized by the Department of Education, HCDCH provided contract and budget

# FACILITATING THE DEVELOPMENT OF AFFORDABLE HOUSING

---



assistance to the DOE for FY 05-06. At the end of FY 05-06, HCDCH's final obligation is to transfer the Kapolei High School property to the Department of Land and Natural Resources.

During this period, HCDCH staff also awarded various maintenance contracts and consultant contracts for the Villages of Kapolei, Waiahole Valley subdivision and other vacant properties purchased with Dwelling Unit Revolving Fund proceeds.

HCDCH also collaborated with the Villages of Kapolei Association to develop an exit plan for the Villages of Kapolei. The exit plan outlined the goals and responsibilities of

both parties, as HCDCH required VOK Association to take over landscaped areas and common area properties, while the VOK Association required a continuing source of revenue to fund the upkeep of such landscaped areas and common area properties, including land to be set aside for a maintenance yard and a second recreation center. Due to key issues that were not resolved, the exit plan was placed on hold prior to the bifurcation of HCDCH into two separate agencies.

# HOUSING LEGISLATION PASSED IN 2006

---

## Act 24, Session Laws of Hawaii 2006 (Senate Bill 2332) Relating to Housing

This Act is an Administration bill that:

- Amends the statutes addressing evictions from public housing to limit the federal eviction process to tenants (not licensees or permittees) of federal public housing.
- Amends §201G-52(e) and (f), HRS, regarding termination and eviction, to conform time periods for tenants to request a grievance hearing, to cure violations of the lease agreement, and to proceed with an eviction hearing to the administrative rules (30 days to 10 business days).
- Amends the Residential Landlord-Tenant Code to exempt only the federal low rent public housing program from Code provisions.

## Act 100, Session Laws of Hawaii 2006 (House Bill 2176) Relating to Housing

This Act was an omnibus affordable housing bill. Key provisions include:

### **State Rent Supplement Program**

- Allows the Hawaii Public Housing Authority to be considered an eligible housing owner to receive the rent supplement program payment, and allows welfare recipients to participate in the program.

### **Vacant Public Housing Units**

- Appropriates \$10,000,000 to the Hawaii Public Housing Authority to repair and modernize existing federal and state buildings for transitional shelters and emergency shelters.

### **Homeless Assistance**

- Directs the Hawaii Public Housing Authority to develop, in consultation with the counties, a procedure to identify

locations for temporary emergency shelters; and specifically directs the agency to pursue private, county, and state lands and federal lands at Kalaeloa, and appropriates funds to the counties for this purpose. Appropriates \$5,000,000 to the Hawaii Public Housing Authority to renovate homeless shelters and transitional housing, and to provide homeless services.

### **Grants-in-Aid**

- Appropriates \$13,038,581 in Grants-in-Aid to various homeless, affordable housing, and self-help housing nonprofit organizations.

### **Rental Housing Trust Fund**

- Amends 201G-432 to extend from 6/30/07 to 6/30/09 the period in which RHTF may provide grants for units set aside for those at or below 30% MFI.
- Amends 247-7 to increase amount of conveyance tax for RHTF from 30% to 50% for FY 06-07.

### **Miscellaneous**

- Directs the Hawaii Housing Finance and Development Corporation to make available, without competitive award, public financing resources to assist a potential buyer of Kulana Nani Apartments to purchase the land owned by Kamehameha Schools; provided that 100% of units therein are retained in perpetuity as affordable at or below current restrictions. Appropriates \$1,500,000 for the acquisition of Kulana Nani.

## Act 101, Session Laws of Hawaii 2006 (House Bill 2964) Relating to Affordable Housing

This Act authorizes HCDCH to lease land for 99 years at \$1.00 per year to qualified non-

# HOUSING LEGISLATION PASSED IN 2006

---

profit organizations to provide affordable housing (140% and below of median family income) through long-term, renewable, and transferable leases.

## Act 179, Session Laws of Hawaii 2006 (Senate Bill 2958) Relating to Housing

This Act is an omnibus housing bill that does the following:

Create 11-member board for the Hawaii Public Housing Authority with 10 public members, including 1 resident or Section 8 recipient, 1 advocate for low-income families or the homeless, 1 person with disability or an advocate for persons with disabilities, and the Director of Human Services as ex officio member. It also establishes a 7 member quorum for the Board.

### **State Low-Rent Public Housing**

Makes mandatory a provision authorizing the Hawaii Public Housing Authority to offer decommissioned state public housing projects to nonprofits, for profits, or government agencies. Deletes a requirement that the Authority must determine that project no longer suitable for its original use prior to decommissioning the units.

### **Affordable Housing**

Requires the DLNR to initiate the transfer of land identified as suitable for development in Appendix F of the Joint Legislative Affordable Housing and Homeless Task Force by December 1, 2006 to the Hawaii Housing Finance and Development Corporation.

### **Self Help Housing**

Authorizes the Hawaii Housing Finance and Development Corporation to lease parcels at \$1 per year for up to 50 years to organizations or community trusts to develop self-help housing.

## Act 180, Session Laws of Hawaii 2006

## (House Bill 2966) Relating to Housing

This Act further effectuated the bifurcation of the Housing and Community Development Corporation into the Hawaii Public Housing Authority and the Hawaii Housing Finance and Development Corporation. It established and completed new chapters in the Hawaii Revised Statutes for the Hawaii Public Housing Authority and the Hawaii Housing Finance and Development Corporation (chapters 359D and 201H, respectively) separating housing functions among the new agencies, and makes needed housekeeping amendments to Act 179, Session Laws of Hawaii 2005.

## Act 288, Session Laws of Hawaii 2006 (House Bill 2239) Relating to Land Acquisition

This Act directs the Hawaii Housing Finance and Development Corporation to initiate negotiations with Kukui Gardens Corporation or its successor to either (1) make available, without competitive award, public financing resources to extend affordable rents through at least 2016 provided at least 50% of units remain affordable for families at 80% of median family income (MFI), of which 5% of units are at 30% MFI; or (2) acquire the property provided that 80% of units are at 140% MFI in partnership with a nonprofit or for-profit entity. It further provides that if an agreement to extend affordable rents to at least 2016 or acquire property is not reached within a reasonable time, the Hawaii Housing Finance and Development Corporation is authorized to exercise its power of eminent domain to acquire the property, and exempts this exercise of eminent domain from legislative disapproval. The Act also appropriates \$200,000 for purposes of these negotiations, and requires the Corporation to submit a report to the

# HOUSING LEGISLATION PASSED IN 2006

---

Legislature on the status of the negotiations.

House Concurrent Resolution 202 (2006) Requesting The Housing And Community Development Corporation Of Hawaii, In Consultation With The Department Of Land And Natural Resources, The Department Of Hawaiian Home Lands, The Office Of Hawaiian Affairs, The Land Use Commission, The Office Of Planning, The Office Of Environmental Quality Control, The United States Armed Forces In Hawaii, The Counties, And The Affordable Housing And Homeless Alliance To Study The Use Of Mobile Home Parks As A Possible Option For Solving Hawaii's Affordable Housing Crisis  
This resolution requested the HCDCH to consult with the named entities to study the potential use of mobile home parks as affordable housing.



# SPECIAL ACKNOWLEDGEMENTS

---



**HCDCH would like to thank former Executive Director Stephanie Aveiro and former Chair of the Board of Directors Charles A. Sted for their contributions to the State of Hawaii. Their tireless efforts to improve public housing, increase the development of affordable housing, and to improve the HCDCH were critical to the accomplishments cited in this report.**

# FINANCIALS

---

Housing and Community Development Corporation of Hawaii

FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006

	<u>Private Purpose Trusts</u>
ASSETS	
Cash	\$ 288,364
<b>TOTAL ASSETS</b>	<b><u>\$ 288,364</u></b>
LIABILITIES AND NET ASSETS	
Liabilities -	
Accounts payable	<u>\$ 232,833</u>
Total liabilities	232,833
Net Assets -	
Held in trust	<u>55,531</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 288,364</u></b>

# FINANCIALS

---

Housing and Community Development Corporation of Hawaii

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year ended June 30, 2006

	<u>Private Purpose Trusts</u>
Additions - Interest	\$ 1,203
Deductions - Capital Outlays	<u>268,454</u>
CHANGE IN NET ASSETS	(267,251)
Net Assets at July 1, 2005	<u>322,782</u>
Net Assets at June 30, 2006	<u>\$ 55,531</u>

# FINANCIALS

Housing and Community Development Corporation of Hawaii

GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS

June 30, 2006

ASSETS

	Governmental Activities	Business-type Activities	Total
Current Assets			
Cash (notes A7 and C)	\$ 17,687,933	\$ 169,834,676	\$ 187,522,609
Receivables			
Mortgage loans (note E)	-	1,296,440	1,296,440
Accrued interest	-	8,106,152	8,106,152
Tenant receivables, less allowance for doubtful receivables of \$5,796,911	-	744,765	744,765
Other	118,379	1,877,331	1,995,710
	<u>118,379</u>	<u>12,024,688</u>	<u>12,143,067</u>
Internal balances	2,537,566	(2,537,566)	-
Due from other State of Hawaii Departments	-	23,821,045	23,821,045
Due from HUD	665,591	3,825,734	4,491,325
Inventory (note A9 and M)	-	20,916,442	20,916,442
Developments in progress and dwelling units	-	825,317	825,317
Materials and supplies	-	499,184	499,184
Net investment in direct financing lease (note F)	1,349,042	228,081	1,577,123
Prepaid expenses and other assets	-	99,586	99,586
Deposits held in trust	-	141,872	141,872
Deferred bond discount and issuance costs (note A12)	-	-	-
	<u>22,358,511</u>	<u>229,679,059</u>	<u>252,037,570</u>
Total current assets			
Assets Held by Trustees Under Revenue Bond Programs			
Cash	-	2,956,113	2,956,113
Investments (notes A8, D, G and K)	-	326,593,930	326,593,930
	<u>-</u>	<u>329,550,043</u>	<u>329,550,043</u>
Investments (notes A8 and D)	-	6,380,627	6,380,627
Mortgage Loans, net of current portion (note E)	-	72,173,149	72,173,149
Notes and Loans, net of current portion (note E)	-	426,100	426,100
Other Receivables	-	517,712	517,712
Restricted Deposits and Funded Reserves	-	8,506,200	8,506,200
Net Investment in Financing Lease, net of current portion (note F)	-	15,863,896	15,863,896
Deferred Bond Issuance Costs (note A12)	-	2,221,210	2,221,210
Capital Assets, less accumulated depreciation (notes A5, H and L)	39,075,011	354,442,595	393,517,606
	<u>\$ 61,433,522</u>	<u>\$ 1,019,760,591</u>	<u>\$ 1,081,194,113</u>
TOTAL ASSETS			

# FINANCIALS

Housing and Community Development Corporation of Hawaii

GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS (continued)

June 30, 2006

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 1,368,580	\$ 5,807,875	\$ 7,176,455
Accrued expenses	-	8,616,865	8,616,865
Interest (notes I and J)	1,551,248	5,513,032	7,064,280
Other	2,473,456	(2,473,456)	-
Internal balances	-	5,598,604	5,598,604
Due to State of Hawaii, including Office of Hawaiian Affairs (note M)	12,781	9,712	22,493
Due to HUD	-	2,325,411	2,325,411
Security deposits	-	39,019	39,019
Note payable (note I)	-	131,639	131,639
Mortgage payable (note I)	-	9,565,779	9,565,779
Revenue bonds payable, less deferred refunding cost (notes J and K)	2,193,652	66,415	2,260,067
Deferred income	-	567,161	567,161
Deferred commitment fees	-	198,876	198,876
Deferred gain on sale of units and land	-	30,016,452	30,016,452
Estimated future costs of land sold (note M)	-	-	-
<b>Total current liabilities</b>	<u>7,599,717</u>	<u>65,983,384</u>	<u>73,583,101</u>
Deferred Commitment Fees, net of current portion	-	1,764,353	1,764,353
Arbitrage Rebate Payable (note J)	-	3,015,012	3,015,012
Note Payable, net of current portion (note I)	-	472,437	472,437
Mortgage Payable, net of current portion (note I)	-	6,088,180	6,088,180
Revenue Bonds Payable, less deferred refunding costs, net of current portion (notes J and K)	-	379,036,104	379,036,104
<b>Commitments and Contingencies (notes L, M, N, O and P)</b>			
Net Assets			
Invested in capital assets, net of related debt	39,075,011	245,631,893	284,706,904
Restricted by legislation and contractual agreements	14,758,794	338,056,243	338,056,243
Unrestricted	-	(20,287,015)	(5,528,221)
<b>Total net assets</b>	<u>53,833,805</u>	<u>563,401,121</u>	<u>617,234,926</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 61,433,522</u>	<u>\$ 1,019,760,591</u>	<u>\$ 1,081,194,113</u>

# FINANCIALS

Housing and Community Development Corporation of Hawaii

## GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

June 30, 2006

Functions/Programs	Program Revenues			Net (expense) revenue and changes in net assets			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Governmental activities</b>							
Homeless service and assistance program	\$ 8,043,937	\$ -	\$ 786,515	\$ -	\$ (7,257,422)	\$ -	\$ (7,257,422)
Rental housing and assistance program	40,142,231	-	36,320,485	-	(3,721,746)	-	(3,721,746)
<b>Total governmental activities</b>	<b>48,186,168</b>	<b>-</b>	<b>37,207,000</b>	<b>-</b>	<b>(10,979,168)</b>	<b>-</b>	<b>(10,979,168)</b>
<b>Business-type activities</b>							
Rental assistance program	47,119,597	14,411,031	14,027,877	12,533,377	-	(6,147,312)	(6,147,312)
Housing development program	5,353,369	4,648,640	2,863,181	-	-	2,178,452	2,178,452
Multi-family mortgage loan programs	3,278,791	19,252,537	1,113,098	-	-	17,086,844	17,086,844
Single-family mortgage loan program	15,849,045	10,012,409	(1,180,856)	-	-	(7,017,492)	(7,017,492)
Rental housing program	23,824,431	19,364,495	1,495,333	-	-	(3,064,603)	(3,064,603)
Others	5,149,418	4,584,808	120,209	-	-	(444,401)	(444,401)
<b>Total business-type activities</b>	<b>100,574,651</b>	<b>72,193,920</b>	<b>18,438,842</b>	<b>12,533,377</b>	<b>-</b>	<b>2,591,488</b>	<b>2,591,488</b>
<b>Total government-wide</b>	<b>\$ 148,760,819</b>	<b>\$ 72,193,920</b>	<b>\$ 55,645,842</b>	<b>\$ 12,533,377</b>	<b>(10,979,168)</b>	<b>2,591,488</b>	<b>(8,387,680)</b>
State Allocated Appropriations, net of lapses					19,852,729		19,852,729
Net Transfers					(2,174,941)	2,149,434	(25,507)
<b>Total general revenues and transfers</b>					<b>17,677,788</b>	<b>2,149,434</b>	<b>19,827,222</b>
Change in net assets					6,698,620	4,740,922	11,439,542
Net Assets at July 1, 2005					47,135,185	538,660,199	605,795,384
Net Assets at June 30, 2006					\$ 53,833,805	\$ 543,401,121	\$ 617,234,926

# FINANCIALS

---

## Housing and Community Development Corporation of Hawaii

### FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006

	<u>Private Purpose Trusts</u>
<b>ASSETS</b>	
Cash	\$ 288,364
<b>TOTAL ASSETS</b>	<b>\$ 288,364</b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities -	
Accounts payable	\$ 232,833
<b>Total liabilities</b>	<b>232,833</b>
Net Assets -	
Held in trust	55,531
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 288,364</b>

# FINANCIALS

---

Housing and Community Development Corporation of Hawaii

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Year ended June 30, 2006

	<u>Private Purpose Trusts</u>
Additions - Interest	\$ 1,203
Deductions - Capital Outlays	<u>268,454</u>
CHANGE IN NET ASSETS	(267,251)
Net Assets at July 1, 2005	<u>322,782</u>
Net Assets at June 30, 2006	<u>\$ 55,531</u>

# FINANCIALS

Housing and Community Development Corporation of Hawaii

GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS

June 30, 2006

ASSETS

	Governmental Activities	Business-type Activities	Total
Current Assets			
Cash (notes A7 and C)	\$ 17,687,933	\$ 169,834,676	\$ 187,522,609
Receivables			
Mortgage loans (note E)	-	1,296,440	1,296,440
Accrued interest	-	8,106,152	8,106,152
Tenant receivables, less allowance for doubtful receivables of \$5,796,911	-	744,765	744,765
Other	118,379	1,877,331	1,995,710
	<u>118,379</u>	<u>12,024,688</u>	<u>12,143,067</u>
Internal balances	2,537,566	(2,537,566)	-
Due from other State of Hawaii Departments	-	23,821,045	23,821,045
Due from HUD	665,591	3,825,734	4,491,325
Inventories (note A9 and M)			
Developments in progress and dwelling units	-	20,916,442	20,916,442
Materials and supplies	-	825,317	825,317
Net investment in direct financing lease (note F)	-	499,184	499,184
Prepaid expenses and other assets	1,349,042	228,081	1,577,123
Deposits held in trust	-	99,586	99,586
Deferred bond discount and issuance costs (note A12)	-	141,872	141,872
	<u>22,358,511</u>	<u>229,679,059</u>	<u>252,037,570</u>
Total current assets			
Assets Held by Trustees Under Revenue Bond Programs			
Cash	-	2,956,113	2,956,113
Investments (notes A8, D, G and K)	-	326,593,930	326,593,930
	<u>-</u>	<u>329,550,043</u>	<u>329,550,043</u>
Investments (notes A8 and D)	-	6,380,627	6,380,627
Mortgage Loans, net of current portion (note E)	-	72,173,149	72,173,149
Notes and Loans, net of current portion (note E)	-	426,100	426,100
Other Receivables	-	517,712	517,712
Restricted Deposits and Funded Reserves	-	8,506,200	8,506,200
Net Investment in Financing Lease, net of current portion (note F)	-	15,863,896	15,863,896
Deferred Bond Issuance Costs (note A12)	-	2,221,210	2,221,210
Capital Assets, less accumulated depreciation (notes A5, H and L)	<u>39,075,011</u>	<u>354,442,595</u>	<u>393,517,606</u>
TOTAL ASSETS	<u>\$ 61,433,522</u>	<u>\$ 1,019,760,591</u>	<u>\$ 1,081,194,113</u>

# FINANCIALS

Housing and Community Development Corporation of Hawaii

GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS (continued)

June 30, 2006

	Governmental Activities	Business-type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities	\$ 1,368,580	\$ 5,807,875	\$ 7,176,455
Accounts payable	-	8,616,865	8,616,865
Accrued expenses	1,551,248	5,513,032	7,064,280
Interest (notes I and J)	2,473,456	(2,473,456)	-
Other	-	5,598,604	5,598,604
Internal balances	12,781	9,712	22,493
Due to State of Hawaii, including Office of Hawaiian Affairs (note M)	-	2,325,411	2,325,411
Due to HUD	-	39,019	39,019
Security deposits	-	131,639	131,639
Note payable (note I)	-	9,565,779	9,565,779
Mortgage payable (note I)	-	66,415	66,415
Revenue bonds payable, less deferred refunding cost (notes J and K)	2,193,652	567,161	2,260,067
Deferred income	-	198,876	198,876
Deferred commitment fees	-	-	-
Deferred gain on sale of units and land	-	-	-
Deferred gain on sale of units and land	-	-	-
Estimated future costs of land sold (note M)	-	30,016,452	30,016,452
Total current liabilities	7,599,717	65,983,384	73,583,101
Deferred Commitment Fees, net of current portion	-	1,764,353	1,764,353
Advantage Rebate Payable (note J)	-	3,015,012	3,015,012
Note Payable, net of current portion (note I)	-	472,437	472,437
Mortgage Payable, net of current portion (note I)	-	6,088,180	6,088,180
Revenue Bonds Payable, less deferred refunding costs, net of current portion (notes J and K)	-	379,036,104	379,036,104
Commitments and Contingencies (notes L, M, N, O and P)	-	-	-
Net Assets	39,075,011	245,631,895	284,706,904
Invested in capital assets, net of related debt	-	338,056,243	338,056,243
Restricted by legislation and contractual agreements	14,758,794	(20,287,015)	(5,528,221)
Unrestricted	53,833,005	563,401,121	617,234,926
Total net assets	\$ 61,433,522	\$ 1,019,760,591	\$ 1,081,194,113
TOTAL LIABILITIES AND NET ASSETS			

# FINANCIALS

Housing and Community Development Corporation of Hawaii

## GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

June 30, 2006

Functions/Programs	Program Revenues			Net (expense) revenue and changes in net assets			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<b>Governmental activities</b>							
Homesite service and assistance program	\$ 8,043,937	\$ -	\$ 706,515	\$ -	\$ (7,257,422)	\$ -	\$ (7,257,422)
Rental housing and assistance program	401,622,231	-	36,208,485	-	(3,721,746)	-	(3,721,746)
<b>Total governmental activities</b>	<b>48,186,168</b>	<b>-</b>	<b>37,287,000</b>	<b>-</b>	<b>(10,979,168)</b>	<b>-</b>	<b>(10,979,168)</b>
<b>Business-type activities</b>							
Rental assistance program	47,119,397	14,411,031	14,027,877	12,533,377	-	(6,147,312)	(6,147,312)
Housing development program	5,353,309	4,648,640	2,853,181	-	-	2,176,452	2,176,452
Multi-family mortgage loan programs	3,278,791	19,252,537	1,113,098	-	-	17,086,844	17,086,844
Single-family mortgage loan program	15,849,045	10,012,409	(1,189,854)	-	-	(7,017,492)	(7,017,492)
Rental housing program	23,824,451	19,384,495	1,495,333	-	-	(3,084,603)	(3,084,603)
Others	5,129,418	4,584,028	128,279	-	-	(644,401)	(644,401)
<b>Total business-type activities</b>	<b>108,574,651</b>	<b>72,193,920</b>	<b>18,438,842</b>	<b>12,533,377</b>	<b>-</b>	<b>2,591,488</b>	<b>2,591,488</b>
<b>Total government-wide</b>	<b>\$ 148,760,819</b>	<b>\$ 72,193,920</b>	<b>\$ 55,645,842</b>	<b>\$ 12,533,377</b>	<b>(10,979,168)</b>	<b>2,591,488</b>	<b>(8,307,680)</b>
State Allocated Appropriations, net of lapses					19,852,729		19,852,729
Net Transfers					(2,174,943)	2,149,434	(25,507)
<b>Total general revenues and transfers</b>					<b>17,677,786</b>	<b>2,149,434</b>	<b>19,827,222</b>
<b>Change in net assets</b>					<b>6,698,620</b>	<b>4,740,922</b>	<b>11,439,542</b>
Net Assets at July 1, 2005					<b>47,135,185</b>	<b>536,660,195</b>	<b>605,795,384</b>
Net Assets at June 30, 2006					<b>\$ 53,833,805</b>	<b>\$ 541,401,121</b>	<b>\$ 617,234,926</b>