

Nanakuli Village Center



August 11, 2011

In Response to Federal Register Request for Comments
CDFI Bond Guarantee Program

Submission

These comments are submitted by email attachment to Jodie Harris, Policy Specialist, CDFI Fund, U.S. Department of the Treasury, 601 13th Street, NW, Suite 200 South, Washington, DC 20005, cdfihelp@cdfi.treas.gov.

Comment Topic

The CDFI Fund has solicited comments regarding the design, implementation, and administration of the CDFI Bond Guarantee Program. Under this program, bonds or notes will support CDFI lending and investment by providing a source of long-term capital to CDFIs for use in the homesteading areas.

HCDB Comments

Hawaiian Community Development Board (HCDB) is a community-based nonprofit development entity incorporated in 2000 with the express mission of facilitating affordable, suitable homeownership opportunities for Hawaiian Homestead beneficiaries and the development of community centers that enhance the community in general. Under the leadership of Kali Watson, the former Director of the Department of Hawaiian Home Lands (DHHL), and with the support of staff and the guidance of a dedicated, knowledgeable Board of Directors comprised of Native Hawaiian community leaders from throughout Hawaii, HCDB has developed an aggressive plan to provide community development projects or opportunities for several Native Hawaiian homestead communities over the next several years. This plan, which involves a partnership with various homestead community associations, service agencies, and

government agencies, will be highly dependent on various funding sources. Obviously, bond financing will be key to the viability of any developments.

Existing difficulties in obtaining financing:

The ***Nanakuli Village Center*** consists of several facilities designed to serve as community resources.

Hale Makana O Nanakuli Rental Housing Project— this 48 unit low-income rental housing project on DHHL lands is being funded using 4% low-income housing tax credits, which requires that one-half of the project costs of \$14.2 million be funded with bond financing. The project has been authorized by the State's Hawaii Housing Finance & Development Corporation for \$7,350,000 of Hula Mae Bond financing. Unfortunately, during the process of looking for an entity to buy the construction and permanent bonds and State/federal tax credits, few entities were interesting in acquiring either. The reasons included the fact that the Project was on DHHL lands in an economically depressed area and concerns about the rental revenue streams to fund the long-term costs for the permanent bond. Obviously, if replacement or substitute bond funds with 100% federal guarantees are made available, this would obviate the aforementioned concerns and encourage more developments like the above. While HCDB was able to find a purchaser of the bonds and tax credits, it's costing a high premium with the developer deferring his fees over a long-term period – making projects like this less attractive and less likely. With over 20,000 native Hawaiians on DHHL's waiting list, and less and less applicants financially qualified to buy homes, rental housing is a needed alternative. Under this bond program, assuming a large enough allocation is made available, many more projects like this can be planned and constructed to address this existing critical housing shortage.

Agnes Kalanihookaha Cope Learning Center – the Nanakuli Hawaiian Homestead Community Association is leading the charge to build this large \$14 million community facility. It will provide area residents with educational, social, health, high technology and economic development services. Various community organizations will be located there. Others may use it for special functions, training, or community meetings. The Center will add a tremendous community resource that will offer lifelong educational experiences, health and wellness services, human services and entrepreneurial opportunities. As a community learning center, it is very difficult, especially in today's economy and with the substantial cutbacks in federal/state funding, to find funds to build these types of facilities. In fact, with the Cope Learning Center, construction is being done in two phases because of the shortage of funds. The classrooms, administrative offices and certified kitchen are in the first phase, with the large assembly hall and stage area in the second phase. The availability of cheaper capital in the form of bonds that are guaranteed by the federal government would make these types of projects more possible. The bonds could be leveraged with the existing grants. In this case, revenue from the Nanakuli Commercial Center would cover the costs of the bonds, rather than using higher commercial bank financing, assuming it's even available.

Nanakuli Retail/Commercial Center - this commercial component will serve as a source of construction and operational funding for the community center. Located a short distance from the Ko'Olina resort area, at the gateway to the Waianae Coast, and fronting the largest Hawaiian Homestead community in the State, it has tremendous commercial potential and value. A mix of retail stores and restaurants will serve the community as well as the flow of tourists from Ko'Olina. But more importantly, it will create jobs and business opportunities for the native Hawaiian communities and leeward coast. Again, obtaining financing for the \$10 million project is a challenge. As is typical with commercial bank loans, a 60-70% tenant base must be established before such funding becomes available. While we have been successful in signing up Longs Drug Store as the anchor tenant, along with Waianae Coast Comprehensive Health Center medical clinic, funding must still be obtained. Without a doubt, low-cost guaranteed bond funding would be of tremendous help. There are really no sources for such funding.

This CDFI Bond Guarantee Program targeting DHHL lands would make a tremendous difference. Working with the Council for Native Hawaiian Advancement (CNHA) as the only certified Native CDFI serving a statewide Native Hawaiian target market makes a whole lot of sense. Its staff is made up of people who are from the homesteading communities that understand the problems and are dedicated to finding solutions. We fully support this program and request implementation as soon as possible.

With Warm Regards,

A handwritten signature in black ink that reads "Kali Watson". The signature is written in a cursive, flowing style.

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