

GM282/283



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

**TESTIMONY OF
LINDA L. SMITH**
Senior Policy Advisor to the Governor

Before the
SENATE COMMITTEE ON EDUCATION AND HOUSING

Friday, March 13, 2009, 2:00 p.m.
Room 225, State Capitol

in consideration of
GM 282 and GM 283
Gubernatorial Nominee Francis L. Jung

Chair Sakamoto and Members of the Committee:

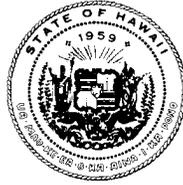
My name is Linda L. Smith and I serve as Governor Lingle's Senior Policy Advisor. It is my pleasure to submit testimony in support of Mr. Francis L. Jung to serve as a member of the Hawaii Housing Finance and Development Corporation. Mr. Jung's name is before you both to complete the term of a vacant position that expires on June 30, 2009 as well as to continue to fill that position for a full term that would expire on June 30, 2013.

I had the opportunity to work with Mr. Jung when we served as members of our predecessor Board, the Housing and Community Development Corporation of Hawaii. During that time, he helped guide the agency through a very challenging period when we had to dismiss the entire former Board for malfeasance and replace the former executive director. HCDCH had become a troubled agency and needed substantial restructuring—a process that was successful after 18 months of concentrated effort. Frank was a key Board member during this period, providing wise counsel and common sense suggestions.

Mr. Jung brings a breadth of experience to the Board, both as a practicing attorney as well as someone who is knowledgeable in the development arena. Additionally, he provides the Board with an important neighbor island perspective, essential as we look to ensure that we identify successful potential projects on the Big Island of Hawaii.

Frank's dedication to serve the public is evidenced by the fact that he volunteers to give up nearly a full day each month to fly to Honolulu to attend our Board meetings and participate in HHFDC activities. I hope you will confirm him for both the interim vacant position, as well as allow him to continue to serve the community as a member of this Board for a full term.

Linda Lingle
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO

Statement of
Karen Seddon
Hawaii Housing Finance and Development Corporation
Before the
SENATE COMMITTEE ON EDUCATION AND HOUSING

March 13, 2009 2:00 p.m.
Room 225, State Capitol

In consideration of
G.M. 282/G.M. 283
GUBERNATORIAL NOMINEE, FRANCIS L. JUNG
TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

The HHFDC **strongly supports** the nomination of Francis L. Jung to serve as the County of Hawai'i representative on its Board of Directors. Mr. Jung is well-qualified to serve in this capacity, and will be an asset to the HHFDC.

Mr. Jung has over 30 years of experience as a practicing attorney and real estate developer. He also has ample experience with affordable housing financing and development issues, having previously served on the Board of Directors of the Housing and Community Development Corporation of Hawaii, a predecessor of the HHFDC.

The HHFDC respectfully requests that the Committee recommend confirmation of Mr. Jung's nomination. Thank you for the opportunity to testify.

William P. Keno
Mayor



Stephen J. Arnett
Housing Administrator

County of Hawaii
OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT
50 Wailuku Drive • Hilo, Hawai'i 96720-2456
V/TT (808) 961-8379 • FAX (808) 961-8685

March 10, 2009

The Honorable Norman Sakamoto, Chair
The Honorable Michelle Kidani, Vice Chair
and Committee Members
Committee on Education and Housing

Twenty-Fifth Legislature
Regular Session of 2009

**SUBJECT: G.M. 282/G.M. 283 Nomination of Francis L. Jung to
The Hawaii Housing and Finance Development Corp (HHFDC)
Hearing Date: 03-13-09
Time: 2:00 PM
Conference Room: 225**

I am writing in strong support of Francis L. Jung to the Board of the Hawaii Housing Finance and Development Corporation (HHFDC).

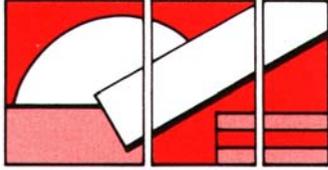
I have known Frank for over 15 years and believe he will be an asset to the HHFDC. Frank is very familiar with state housing programs, having previously served on the Board of the Housing and Community Development Corporation of Hawaii, predecessor to the HHFDC. I believe he will be a motivating force in guiding the HHFDC with his extensive background as a real estate attorney and developer.

Frank Jung is committed to helping the people of Hawaii by increasing opportunities for safe, decent and affordable housing. I respectfully request that the Senate confirm Francis L. Jung to the Hawaii Housing Finance and Development Corporation.

Thank you for your careful consideration of this appointment.

Stephen J. Arnett
Housing Administrator





PACIFIC HOUSING ASSISTANCE CORPORATION

677 ALA MOANA BOULEVARD • SUITE 712 • HONOLULU, HAWAII 96813 • (808) 523-5681

March 10, 2009

**TESTIMONY ON G.M. 282/G.M. 283, FRANCIS L. JUNG
TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

Before the Senate Committee on Education and Housing

Friday, March 13, 2009; 2:00 p.m.

State Capitol, Conference Room 225

Submitted by: Marvin B. Awaya, Executive Director

I am writing in **support** of the nomination of Mr. Francis L. Jung to the Hawaii Housing Finance and Development Corporation (HHFDC). Frank currently serves as an interim member of the HHFDC and previously served on the Board of the Housing and Community Development Corporation of Hawaii, a predecessor of the HHFDC.

Mr. Jung's participation on the HHFDC board is critical because of the history and knowledge that he will bring to the Board and staff of the agency. He has the necessary expertise, with over 34 years of experience as a practicing attorney and developer. Frank is open to innovative ways to lower housing costs so as to make housing truly affordable to Hawaii's hard working families.

As Executive Director of the Pacific Housing Assistance Corporation, a Hawaii non-profit housing developer, and a frequent attendee of HHFDC Board meetings, I have had the opportunity to witness its public deliberations and am impressed with the way that Mr. Jung conducts himself. He does not ask questions for the sake of asking questions and when receiving an answer is able to "process" it in a fair and consistent manner and in the best interests of the people of Hawaii.

I urge that the Senate confirm Francis L. Jung to the Hawaii Housing Finance and Development Corporation.

Thank you for the opportunity to provide written testimony.

March 6, 2009

The Honorable Norman Sakamoto, Chair
Senate Committee on Education and Housing
State Capitol, Room 230
Honolulu, Hawaii 96813

Dear Senator Sakamoto:

Re: GM 282/283- Nomination of Francis L. Jung to the Board of Directors of the Hawaii Housing Finance and Development Corporation

Thank you for the opportunity to provide a written statement in support of my nomination to the Board of the Hawaii Housing Finance and Development Corporation (HHFDC).

If I may be permitted to introduce myself, before addressing the questions in your letter dated February 27, 2009, my name is Francis L. Jung and I have been a resident of Kailua-Kona, Hawaii for the past 19 years.

I am a graduate of the New England School of Law and Harvard Law School, licensed to practice law in the District of Columbia and the States of New Jersey and Hawaii, a senior member of the Kailua-Kona law firm of Jung & Vassar, P.C. and have over 34 years of experience as a practicing attorney and developer.

I previously served on the Board of Directors of the Housing and Community Development Corporation of Hawaii, predecessor to the HHFDC. I am grateful to Governor Linda Lingle for her confidence in me to again serve the people of Hawaii.

a. Why do you wish to be a member of the HHFDC?

I am deeply concerned about the shortage of affordable housing opportunities for Hawaii's working families and lower income households. The HHFDC was established by the Legislature to specifically focus on the financing and development of affordable housing. As a member of the HHFDC, I can take an active role in helping to guide the Corporation to address the housing shortage.

b. What do you perceive are the role and responsibilities of a member of the HHFDC?

The HHFDC Board of Directors establishes policies and strategic direction for the Corporation. The Board is responsible for approving programs and actions to be undertaken by the Corporation, as well as administrative rules and procedures for its various programs.

c. Given your understanding of the role and responsibilities of a member of the HHFDC, why do you believe that you are qualified for the position? Please include a brief statement of your skills, expertise, or knowledge that would aid in your decision-making ability as a member of this Board?

The HHFDC Board is comprised of nine members. Pursuant to section 201H-3, Hawaii Revised Statutes, at least four of the public members must have knowledge and expertise in public or private financing and development of affordable housing. I have experience in all facets of land acquisition, pre-development planning, construction, finance, negotiation and drafting and review of commercial leases, land leases, real estate contracts and DROAs, and real estate and construction finance agreements. I will be able to draw on this experience as the Board deliberates and makes decisions on housing projects and programs.

d. Name three qualities that best describe you and that would make you stand out. How would these qualities benefit the HHFDC?

The three qualities that best describe me are: I am committed to the cause; I have a sound understanding of the local community and real estate market; and I have integrity.

Commitment. My role as a member of the HHFDC Board of Directors means more than showing up for meetings or voting to approve staff recommendations and minutes. It is my responsibility to be prepared for the meetings, to fully participate in the discussions, to ask the right questions, and to become educated on issues the HHFDC is involved in.

Understanding/knowledge. My extensive legal and real estate development experience prepares me well to be a fully contributing member of the HHFDC Board. I understand the intricacies of housing finance and development and will represent that viewpoint on the Board. As a resident of Kailua-Kona, I also see first-hand, the challenges faced by working families to find suitable housing.

Integrity. As an attorney licensed to practice in New Jersey, the District of Columbia and Hawaii, I have held a Martindale-Hubbell AV rating since 1983. This highest rating is a reflection of my expertise, integrity, and overall professional excellence. I believe that integrity is one of the most crucial qualities a board member must possess particularly because the HHFDC Board must make hard decisions regarding the allocation of the Corporation's limited resources.

- e. **Can you foresee any possible conflicts of interests that could arise during your service on the HHFDC? How would you overcome any possible conflicts of interest?**

There is a possibility that a conflict of interest could arise during my service on the HHFDC Board. If so, I would disclose the perceived or potential conflict and recuse myself from participating in discussions and decision making in the area of possible conflict.

- f. **What are three ways that the HHFDC should/must help meet the housing needs in Hawaii?**

HHFDC's mission is *"to increase the supply of workforce and affordable housing by providing tools and resources to facilitate housing development."* The three ways that HHFDC should help to meet the housing needs in Hawaii are:

1. **Provide development incentives and financing tools to assist for-profit and nonprofit developers to increase or preserve the supply of workforce and affordable housing.**

This would include using every tool in Chapter 201H such as expediting land use and zoning approvals and financing housing projects by issuing tax-exempt revenue bonds, allocating low-income housing tax credits, and providing equity gap financing through the Rental Housing Trust Fund.

2. **Maximize federal partnerships and funding.** Recognizing that our state resources are limited, HHFDC should make every effort to seek federal funds. I understand the recently enacted American Recovery and Reinvestment Act will make grants available to state tax credit allocating agencies, such as HHFDC. The Corporation must seize the opportunity to assist stalled rental housing projects.

3. **Explore ways to reduce housing costs.** The Governor's Regulatory Barriers Task Force identified a number of strategies to expedite the development of affordable housing including placing time limits on the county issuance of ministerial permits and acceptance of dedication of public infrastructure. Implementing these strategies would significantly reduce housing costs. Other cost reduction strategies could include utilizing new construction techniques and more compact, mixed-use development.

- g. **What goals should the HHFDC set and how would you propose to measure them?**

The end goal is housing production. HHFDC should (and does) set housing production goals. Its five-year goal is 5,000 new or preserved housing units.

HHFDC prepares a Yearly Activity Plan (YAP) which is based on the W.K. Kellogg Foundation Logic Model. The YAP identifies planned activities to be conducted and measurable outputs that the Corporation aims to produce. At the end of the fiscal year, the Corporation compares the planned and actual outputs. I believe this is an effective way to measure our progress in meeting the Corporation's goals.

h. What is your vision of “finishing the job” regarding government’s role in helping to supply affordable housing?

Government should facilitate private sector efforts to supply affordable housing. Private for profit and nonprofit developers have the expertise to develop affordable housing, as well as own and manage affordable rental housing. Government needs to continuously understand the needs of our private sector partners to ensure that we are assisting in (and not hindering) the provision of affordable housing.

i. What are your thoughts on single room occupancy as related to resolving Hawaii’s affordable housing crisis?

I believe single room occupancy units (SROs), particularly in urban areas, are part of the housing solution. In the late nineteenth century, SROs provided inexpensive housing for single, poor adults. They were a source of very basic shelter to a large transient workforce. Of course, urban renewal and redevelopment eliminated much of this housing. There may be opportunities to rehabilitate and convert aging motels or apartment buildings into SROs.

j. What are your thoughts on Transit Oriented Development as related to housing?

Transit Oriented Development (TOD) is compact, mixed-use development centered around transit stations. TOD has gained popularity as a means of remedying many urban problems including urban sprawl and traffic congestion. With careful planning, TODs can contribute to more affordable housing by providing lower-cost and accessible housing, and by reducing household transportation expenditures. Housing costs for land and structures can be significantly reduced through more compact development.

I am scheduled to meet with you at 9:00 a.m. on Friday, March 13th. I look forward to this opportunity to respond to any further questions that you may have. As requested, a copy of my resume is also attached herewith.

Sincerely,

Francis L. Jung