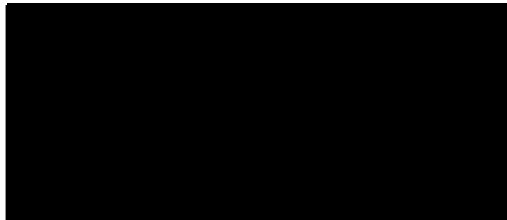




January 30, 2014

Senate Committee on Ways and Means  
State Capitol, Room 208  
Attn: Rod Becker

Attached is a legislative grant request prepared by Housing Solutions Incorporated.



( 808-222-5510  
terry@hsiservices.net

House District 26  
Senate District 13

THE TWENTY-SEVENTH LEGISLATURE  
APPLICATION FOR GRANTS AND SUBSIDIES  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

- GRANT REQUEST – OPERATING       GRANT REQUEST – CAPITAL       SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):  
Department of Human Services — Benefit, Employment and Support Services Division  
STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): \_\_\_\_\_

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:  
Db/a: Housing Solutions, Incorporated  
Street Address: 2734 S. King Street #100  
Honolulu, HI 96826  
Mailing Address:  
(same as above)

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name Terry Brooks  
Title President  
Phone # 808-222-5510  
Fax # 808-973-0605  
e-mail terry@hsiservices.net

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION  
 FOR PROFIT CORPORATION  
 LIMITED LIABILITY COMPANY  
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

**THOMAS BUILDING RESTORATION**

*Renovations to this historic Downtown Honolulu structure include:*

1. Two floors of transitional elderly housing totaling 28 rooms, plus four common-area resident rest rooms with showers.
2. Ground floor dining room and kitchen to serve residents as well as customers from the nearby community. (The dining facility will also provide employment for individuals living in other Housing Solutions' transitional shelters.)
3. Ground floor rest rooms serving staff and visitors. (Construction is currently underway on this portion of the project, using private funding as indicated in item 8 below.)
4. Basement office space and storage facilities.

4. FEDERAL TAX ID #: [REDACTED]  
5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ 750,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)  
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ \_\_\_\_\_  
FEDERAL \$ \_\_\_\_\_  
COUNTY \$ \_\_\_\_\_  
PRIVATE/OTHER \$ 200,000

Terry Brooks, President

NAME & TITLE

1-30-14

DATE SIGNED

## **CAPITAL GRANT REQUEST FOR THOMAS BUILDING RESTORATION**

This is the first time Housing Solutions has come to Hawaii's legislature for financial help, but our classically-designed Thomas Building in downtown Honolulu that has housed homeless persons for the past twenty years urgently needs substantial repairs and upgrades to continue its mission. Please partner with us in helping solve one of Oahu's greatest social problems.

### **I. Background & Summary**

#### **1. Brief description of applicant's background**

Housing Solutions Incorporated (HSI) was chartered in 1986 as a tax-exempt 501-c3 nonprofit organization for the purpose of developing and managing transitional homeless shelters and long-term affordable housing as a powerful means to raise individuals and families from poverty.

A leading non-profit agency for over a quarter century, HSI has grown from a single family shelter in Kaka'ako to a housing and social services network of 8 properties containing nearly 700 apartments stretching from Mo'ili'ili to Wai'anae.

HSI is known for professional practices in its property management, social services and financial operations, and was recently recognized as "Nonprofit of the Year" by Pacific Business News. The agency's income is derived primarily from tenant rents, along with additional operating support from State of Hawaii, City & County of Honolulu and U.S. Department of Housing and Urban Development. Approximately 94 percent of HSI's income goes directly to tenant housing and services.

#### **2. Goals and objectives related to the request**

HSI's goal is the restoration of the **Thomas Building**, its flagship transitional facility at 41 S. Beretania Street, to insure the property continues to fulfill its role as a major housing and social services asset for both Chinatown and Downtown Honolulu. For twenty years the property has served homeless individuals including, at various times, the elderly and the mentally ill.

HSI plans to return its homeless elderly transitional program to the property. Elderly individuals constitute a steadily growing portion of the homeless population, as demonstrated by the expanding waitlist at Kulaokahua, HSI's transitional elderly program on Ward Avenue.

#### **3. Public purpose and need to be served**

Because Hawaii's homeless problem is a major focus of federal, state and city governments, it is a huge advantage when we can either maintain current homeless facilities at their peak effectiveness or develop new ones.

Thomas Building's current tenant, Safe Haven, is moving to new downtown quarters in late 2014, making this an opportune time for HSI to perform major repairs and reconstruction. Upon completion of the renovation, metropolitan Honolulu will end up with two transitional facilities, totaling at least 50 rooms, to serve the homeless.

#### **4. Target population to be served**

Elderly homeless individuals are massively concentrated in Chinatown and downtown Honolulu, and it is this growing and needful population we intend to once again serve at our historic Thomas Building. The property has a heritage of helping others; a century ago it served as Territorial Headquarters for the Salvation Army. With help from Hawaii's legislature, HSI is determined to maintain that tradition of public service.

#### **5. Geographic coverage**

Based on HSI's previous experience serving elderly homeless persons at the Thomas Building, we expect the majority of our clientele to be from an area encompassing Kaka'ako through Kalihi.

**II . Service Summary and Outcomes**

**1. Scope of work, tasks and responsibilities**

Restoring the Thomas Building is essentially a development project, a scope of work that HSI has accomplished several times in property renovation work as well as new development. Our latest completed facility is Harry & Jeanette Weinberg Sea Winds Apartments, an affordable gated community that opened two years ago in Wai'anae. Cost of the project was \$15,000,000, completely paid for by grants. Sea Winds Apartments opened debt free, and it requires no government funding for operations.

**2. Timeline for completing project**

Thomas Building restoration work is already underway using \$200,000 cash from HSI to renovate ground floor restrooms and bring them up to ADA specifications. If grant in aid money is awarded, HSI will begin major reconstruction and repairs in November of 2014. Note that Safe Haven expects to vacate the property by the end of October, 2014.

Work on the property's two residential floors is planned to be complete by December 31, 2014. Basement office renovations should also be complete by this date, and we currently have several potential tenants interested in leasing portions or all of the basement. HSI expects to begin taking in transitional elderly homeless tenants in January, 2015.

Ground floor renovation is expected to be complete no later than March 31, 2015, with the dining room open to residents and the general public shortly thereafter.

**3. Quality assurance & measures of effectiveness (items 3 & 4 combined)**

HSI controls its projects with detailed development budgets, as well as critical path construction progress charts, and both are regularly provided to grant agencies along with funding draw requests.

**III . Financial**

**1. Budget**

See attached budget forms.

**2. Quarterly funding requests for fiscal year 2015**

Quarter 1	\$187,500
Quarter 2	187,500
Quarter 3	187,500
Quarter 4	<u>187,500</u>
Total Grant	\$750,000

**3. Other sources of funding**

HSI is providing \$200,000 of its own funds to kick off the Thomas Building restoration project.

**4. State and federal tax credits**

HSI has had no state or federal tax credits awarded it during the prior three years.

## 5. Unrestricted Assets

HSI's unrestricted assets as of December 31, 2013, are:

Undesignated	\$ 95,237
Invested in property & equipment	<u>14,968,752</u>
Total unrestricted net assets	\$15,063,989

## IV. Experience and capability

### A. Necessary skills and experience

HSI has been developing, renovating and managing transitional and long-term affordable housing projects for over 25 years. Our major development in the last three years is Harry & Jeanette Weinberg Sea Winds Apartments, a gated affordable community on 4.3 acres in Wai`anae. An enormously popular residential community, Sea Winds received over 450 applications for its 30 townhomes and 20 studios when the facility first opened in July, 2012.

HSI is also a licensed real estate brokerage serving both for-profit and non-profit building owners who agree to keep their apartments at rents appropriate for low-income tenants. Principal broker is HSI President & CEO, Terry Brooks. Brooks has over 40 years' experience in real estate development and property management in shopping centers, office buildings, theme parks and apartments.

### B. Facilities

This capital grant request is for restoration work at HSI's Thomas Building in downtown Honolulu. The facility consists of a basement with office space, a ground floor with dining room and visitor restrooms, and two floors of residential rooms with common area restrooms and community event areas. Twenty-eight rooms will be used for elderly transitional housing, two rooms will be used for program services, and two rooms shall be combined as housing for a resident manager.

Note that HSI's \$200,000 contribution is allocated to renovating ground floor restrooms that are being brought up to current ADA standards.

*Total facilities operated by HSI include:*

<u>Name</u>	<u>Units</u>	<u>Location</u>
Thomas Building <i>(to be elderly transitional)</i>	28 <i>(rooms)</i>	Downtown
Vancouver House <i>(family transitional)</i>	33 <i>(1&amp;2 BR)</i>	Manoa
Loliana Apartments <i>(family transitional)</i>	43 <i>(studios)</i>	Kaka`ako
Kulaokahua <i>(elderly transitional)</i>	29 <i>(studios &amp; 1BR)</i>	Mid-town
Na Kolea Rooming House <i>(individual transitional)</i>	65 <i>(rooms)</i>	Mo`ili`ili
Harry & Jeanette Weinberg Hale <i>(long-term)</i>	60 <i>(studios)</i>	Mo`ili`ili
Island-West Apartments <i>(long-term)</i>	400 <i>(studios)</i>	Kalihi
Sea Winds Apartments <i>(long-term &amp; transitional)</i>	50 <i>(low-rise Apts.)</i>	Wai`anae

**V. Personnel**

**A. Proposed staffing**

Development Phase Staffing

From the points of view of design, construction management and financial control, the Thomas Building restoration project is being administered by the following HSI employees.

***Design & construction management:*** Terry Brooks, HSI President & Principal Broker / 40 years' experience in development & property management / 20 years at HSI

***Financial project management:*** Gaye Johnston, CPA, HSI Vice President / 10 years at HSI

Operations Staffing

Once renovated, the Thomas Building residential operation will be staffed as follows:

General Manager (*to be hired – 3-5 yrs experience.*)

Resident Manager (*security & safety, nights & weekends*)

Operations management support – Vice President, Gaye Johnston, CPA / 10 years at HSI

Program management support – Director of Programs, Keala Sousa, MS / 12 years at HSI

Building services support – Director of Building Services, Michael Hong / 4 years at HSI

**B. Organization chart (*see attached*)**

Taking cues from successful companies like Google and Apple, HSI has developed an organization chart that emphasizes support rather than domination. The prime charted responsibility of each board member and each employee is to be supportive of those for whom they are responsible.

The Thomas Building restoration project is managed by HSI President & Principal Broker, Terry Brooks.

When operational, the Thomas Building will managed by an onsite General Manager, who is directly supported by HSI's Vice President, Gaye Johnston. Additional operations support will be provided by HSI's Director of Building Services, Michael Hong, and HSI's Director of Programs, Keala Souza.

**C. Compensation**

Annual salaries paid to HSI's highest paid employees by position are:

President & Principal Broker ( <i>chief executive officer</i> )	\$ 125,000
Vice President ( <i>facility operations, legal &amp; finance</i> )	100,000
Director of Administration ( <i>accounting &amp; human resources</i> )	77,000
Director of Programs ( <i>social services</i> )	72,000

***Note: HSI Board members serve unpaid***

**V. Other**

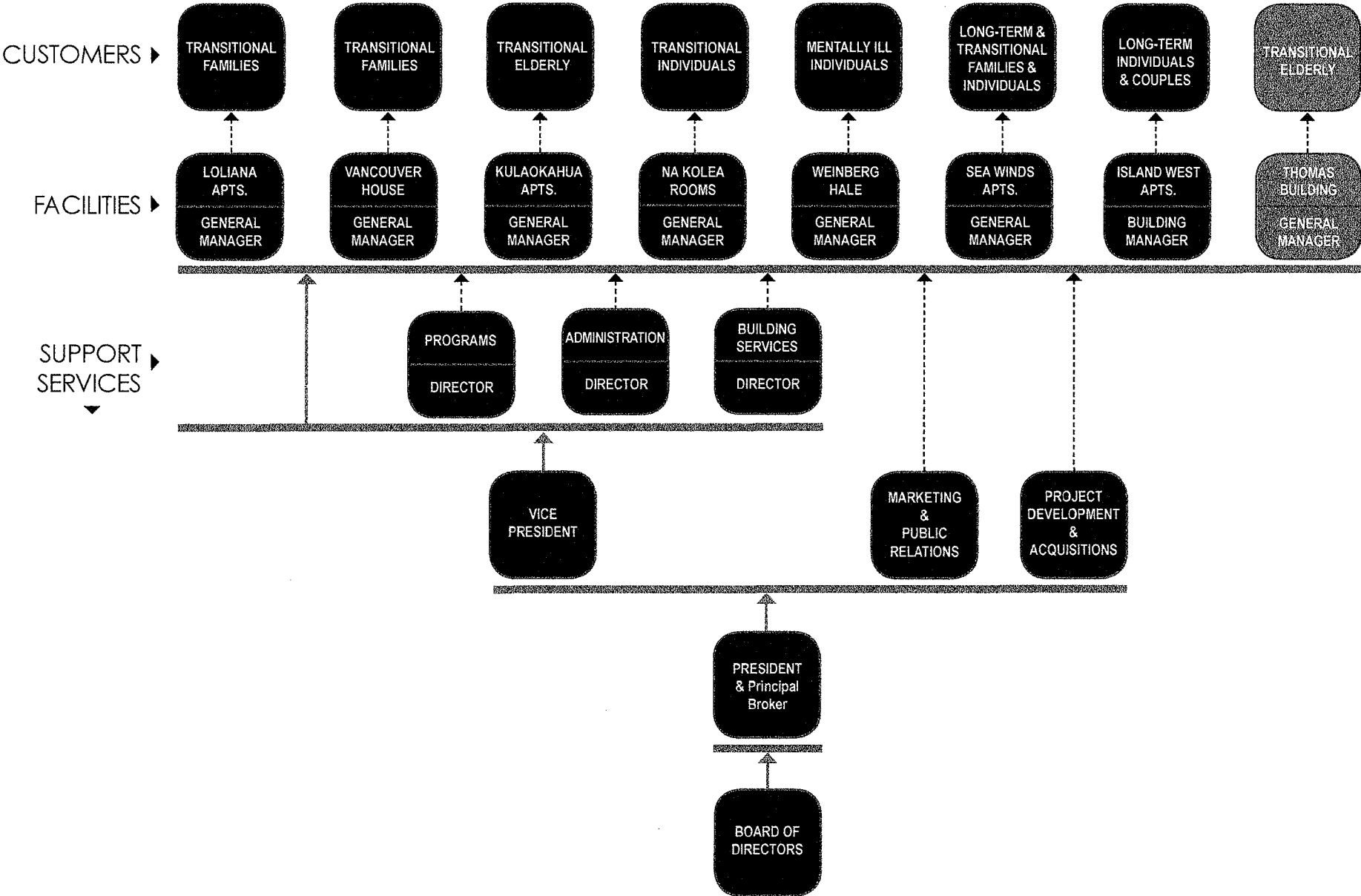
**A. Litigation**

With nearly 700 apartments to manage, HSI routinely refers delinquent tenants to our attorney for rent collection. HSI has no other pending litigation to which it is a party, or any outstanding judgments.

**B. Licensure or Accreditation**

Insofar as HSI provides sales, leasing and property management services for others, it is licensed in Hawaii as a real estate brokerage. HSI's President, Terry Brooks, is the non-profit corporation's Principal Broker, and HSI Sea Winds Apartments general manager, Andy Kress, is licensed as our sales representative.

# HSI Organization Support Chart





## BUDGET REQUEST BY SOURCE OF FUNDS

(Period: July 1, 2014 to June 30, 2015)

Applicant: Housing Solutions, Incorporated

BUDGET CATEGORIES	Total State Funds Requested (a)	Housing Solutions Funds Available (b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST	0	0		
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	0	0		
C. EQUIPMENT PURCHASES	175,000	0		
D. MOTOR VEHICLE PURCHASES	0	0		
E. CAPITAL	575,000	200,000		
<b>TOTAL (A+B+C+D+E)</b>	<b>750,000</b>	<b>200,000</b>		
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	750,000	Terry Brooks, President                      808-222-5510		
(b) Housing Solutions, Incorporated	200,000	[REDACTED]		
(c)				
(d)				
<b>TOTAL BUDGET</b>	<b>950,000</b>	Terry Brooks, President                      808-222-5510 Name and Title (Please type or print)		

**BUDGET JUSTIFICATION  
PERSONNEL - SALARIES AND WAGES**

Applicant: Housing Solutions, Incorporated

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
<b>TOTAL:</b>				0.00
<b>JUSTIFICATION/COMMENTS:</b>				
No personnel salaries & wages required				

### BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Housing Solutions, Incorporated

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Gas-fired stone oven	1		\$ 50,000-	50,000
Fryers & cook tops	3		\$ 25,000-	25,000
Work tables, sinks, Hood & Fire Suppression	7		\$ 40,000-	40,000
Walk-in refrigerator/freezer	1		\$ 45,000-	45,000
Prep tables with refrigeration	3		\$ 15,000-	15,000
<b>TOTAL:</b>			175,000	175,000
<b>JUSTIFICATION/COMMENTS:</b>				
Required for kitchen & dining facility				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
<b>TOTAL:</b>			0.00	
<b>JUSTIFICATION/COMMENTS:</b>				
No vehicles required				

**BUDGET JUSTIFICATION  
CAPITAL PROJECT DETAILS**

Applicant: Housing Solutions, Incorporated

Period: July 1, 2014 to June 30, 2015

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2012-2013	FY: 2013-2014	FY:2014-2015	FY:2014-2015	FY:2015-2016	FY:2016-2017
PLANS			75,000	40,000		
LAND ACQUISITION						
DESIGN			25,000	15,000		
CONSTRUCTION			475,000	145,000		
EQUIPMENT			175,000			
<b>TOTAL:</b>			750,000	200,000		
<b>JUSTIFICATION/COMMENTS:</b> It has been 20 years since Housing Solutions acquired the Thomas Building and rebuilt it to house homeless individuals. After two decades of hard use, however, the facility cannot continue to function without substantial renovation. To counter rising operating costs, Housing Solutions intends to expand the property's food and beverage capability to serve both residents and the nearby community, as well as provide employment opportunities for individuals in its four other transitional shelters. HSI is investing \$200,000 cash of its own in the Thomas Building restoration, but will be unable to complete the project without outside financial support.						

**DECLARATION STATEMENT OF  
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO  
CHAPTER 42F, HAWAI'I REVISED STATUTES**

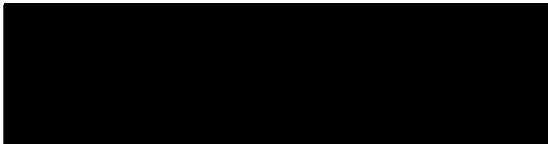
The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
  - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
  - c) Agrees not to use state funds for entertainment or lobbying activities; and
  - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is incorporated under the laws of the State; and
  - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
  - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
  - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawai'i Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Housing Solutions, Incorporated



Terry Brooks  
(Typed Name)

1-30-14  
(Date)

President  
(Title)