

THE CARROLL COX SHOW  
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January 7, 2014

Mayor Kirk Caldwell or  
City Acting Mayor Ember Shinn  
City and County of Honolulu  
Honolulu, HI

**RE: City's Sale of Affordable Housing**

Dear Mr. Caldwell or Ms. Shinn;

This Sunday, January 12, 2014, I will be discussing the city's upcoming sale of their Affordable Housing on my radio talk show, *The Carroll Cox Show*, airing 9 to 11 a.m. on KWAH 1080 AM. To help clarify some of the issues, can you please provide answers to the following questions regarding the sale of the Affordable Housing by this Friday, January 10, so I can include the information in my discussion.

If the buyer can't find a lender why would the city loan them the money?

If the city loans the buyer the money to buy the city's housing what are the conditions of the loan? What measures is the city incorporating in the financing agreement to protect the city? What happens if the buyer defaults in its repayment of the loan?

What interest rate will the city charge the buyer for the loan?

Did the buyer seek a loan from a private or independent financial institution to finance the purchase? Was the buyer accepted or rejected by the private or independent financial institution?

Did the city ascertain the ability of the buyer to obtain financing of the purchase of the city's Affordable Housing? If yes, what was the determination?

If the city did not ascertain the ability of the buyer to obtain financing of the purchase of the city's Affordable Housing, why not?

Is the city offering to finance the buyer's purchase because the buyer could not obtain financing for its purchase of the Affordable Housing?

If the buyer could not find a private or independent financial institution, why did the city continue to give consideration to the buyer?

If an independent financial institution or private lender would not loan the money, why would the city lend the buyer money to purchase city property?

What financial institutions or private lenders did the buyer claim it sought a loan from for the Affordable Housing purchase?

What steps did the city take to confirm the claim that no financial institutions or other private lenders would loan the buyer the money to purchase the affordable housing?

What steps has the city taken to address the possibilities that the buyer may default on the loan and file bankruptcy or foreclosure? If either occurs how will the city recover the property and money owed by the buyer?

What funding source will the city rely on to fund the city's effort to recover money owed to the city by the buyer if the buyer defaults?

Did the city consider issuing bonds for the sale of the Affordable Housing? If yes, what were the results?

If the city did not consider issuing bonds for the sale of the Affordable Housing, was it not done because the bonds would receive a poor rating by Standard and Poor's and Moody?

Has the mayor formerly consulted with The United States Housing and Urban Development on the sale of the city's Affordable Housing? If yes, when and what is HUD's position on the sale?

If HUD has not been consulted, does the city intend to consult with HUD before the sale?

How much money did the city receive from HUD in July, 2012? How much of the money received in the 2012 budget has been spent?

How much money did the city receive from HUD in July, 2013? How much of the money received in the 2013 budget has been spent?

Did the city's spending of the money received in 2012 and 2013 meet the "Action Timeliness Test"?

Is it true that the city failed to spend timely and failed to meet HUD's "Action Timeliness Test"?

Is it true that the city must spend a certain portion of the money received from HUD by May of each year.

Is there any truth to the claim that the city has entered into a "workout agreement" with HUD because the city failed to spend money it received from HUD consistent with the "Action Timeliness Test"?

Is there any truth to the claims that city has determined its employees are not properly managing the Affordable Housing properties? If yes, what steps did it take to improve their management of the properties?

Why were city employees retained if the city determined employees were unable to manage or improve their efforts to manage the Affordable Housing properties?

Did the city consider hiring a professional property management company to manage the property prior to selling the properties?

Is there any truth to the claim that the city is selling the Affordable Housing because they are not making a profit? If yes, what other city projects are not making a profit and will your administration sell those services or programs to private interest?

What city programs are making a profit?

Has the city offered the other potential buyers that competed in the bidding process to purchase the Affordable Housing been given the same opportunity to purchase the properties with the city lending them money to purchase the properties? If yes, what was the outcome?

What are the names of the other potential buyers that bid for the purchase of the city properties?

What is the names of the private realtors that are being paid commissions to broker the sale?

How much money is being paid, when will they be paid for their services, and at what percentage will the brokers be paid?

Thank you for your help and consideration in taking the time to answer these questions.

Sincerely

Carroll Cox