

DEPARTMENT OF  
HOUSING AND HUMAN CONCERNS  
COUNTY OF MAUI

ALAN M. ARAKAWA  
Mayor

WILLIAM R. SPENCE  
Acting Director

JAN SHISHIDO  
Deputy Director

RECEIVED

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200 SOUTH HIGH STREET • WAILUKU, HAWAII 96793 • PHONE (808) 270-7805 • FAX 270-7165 • EMAIL [director.hhc@mauicounty.gov](mailto:director.hhc@mauicounty.gov)

OFFICE OF THE MAYOR

July 16, 2018

Honorable Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Chair Stacy Crivello  
Housing, Human Services,  
and Transportation Committee  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL  
*Alan Arakawa* 7/17/18  
Mayor Date

Dear Chair Crivello:

**SUBJECT: FUNDING SOURCES FOR AFFORDABLE HOUSING PROJECTS  
(HHT-31)**

Thank you for your correspondence of June 18, 2018 related to the 2018 Hawaii State Legislature's funding appropriations into the rental housing revolving fund ("RHRF") and the dwelling unit revolving fund ("DURF") as referenced in House Bill 2748, House Draft 2, Senate Draft 2, Conference Draft 1 ("HB 2748"). The questions posed in your letter are listed below in bold and are followed by the Department's responses.

- 1. Does the Department have a strategic plan to utilize RHRF and DURF? Please explain.**

The Hawaii Housing Finance and Development Corporation (HHFDC) is the administrator of these funds, as such we currently do not have a strategic plan to utilize them. Please note that we are currently recruiting for a Development Project Coordinator who will assist in developing such a strategy and will identify properties that can utilize these and other funds. Such as strategy would include a number of funding sources, including those provided by the county, as well as new funding sources and incentives that the county has not used before.

- 2. What are the requirements, deadlines, and milestones that the County or affordable housing developers within the County need to meet in order to be eligible for RHRF and DURF?**

Traditionally it has been the developer who has sought and packaged the different funding sources, therefore we are not currently familiar with the requirements and deadlines of these particular funds. However, as we move forward we intend to

provide general information about these funds at the same time that we procure projects for our Affordable Housing Funds.

We are aware that the Kahului Lani (Catholic Charities) project at Vevau, Kane, and School streets will utilize DURF funds, as well as the future HHFDC project at the corner of Ka'ahumanu Avenue and Kane Street. The Kaiwahine project in North Kihei will be utilizing RHRF and LIHTC funding for both phases of their project. Hale Mahaolu Ewalu at Kulamalu in Pukalani also utilizes LIHTC, RHRF, and GIA funds.

- 3. The Department currently monitors all workforce housing agreements within the County. Has the department advertised the use of RHRF and/or DURF to pending workforce housing project developers or project developers that have recently executed a workforce housing agreement with the County?**

The Department has not advertised the use of the RHRF funds and/or DURF to pending workforce housing projects. As part of an overall strategy we intend to make sure that developers are aware of all of their funding and incentive opportunities.

- 4. Is there an opportunity to use RHRF and DURF to help develop affordable housing on County-owned parcels? Please identify those parcels and the steps required to utilize RHRF and/or DURF to develop each parcel.**

We do not currently have a comprehensive list of properties that could be used for housing purposes, but are aware of possibilities from the Councils' 2016 TIG report and are informally aware of other properties in other areas of the island. While we expect that these funds, as well as others, could be applied to them, we note that the prospect of developing them is fairly complex. Only after conducting an analysis for each and deciding on a specific type of project will we know what funds can be applied.

- 5. Has the County partnered with HHFDC in the past to utilize RHRF and DURF? Please explain.**

The County has not partnered directly with HHFDC on projects, though this is possible. A developer partners with HHFDC to receive various forms of funding (LIHTC, RHRF, DURF, bonds, etc.) for a project. They may also partner with the County for other funding sources which we control (AHF, HOME, HTF).

For example, Hale Mahaolu Ewalu partnered with HHFDC to receive LIHTC, RHRF, and GIA Funds (grant in aide). They also received a Federal Home Loan Bank Grant and have funding from private sources. They partnered with the County and are receiving Affordable Housing Funds.

Another example is Kaiwahine Village, partnered with HHFDC to receive LIHT, RHRF, and are also obtaining private loans. They partnered with the County to receive HOME and HTF funding.

Honorable Chair Stacy Crivello  
Housing, Human Services,  
and Transportation Committee  
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Lastly, we wish to note that the State has a number of programs and funding mechanisms in addition to DURF and RHRF, a list is attached for your convenience. We hope that the County and the state can work together more often to make our housing projects viable.

Thank you for the opportunity to provide this information. Should you have any questions, please feel free to contact me at Ext. 7805.

Sincerely,

A handwritten signature in black ink, appearing to read "William R. Spence". The signature is fluid and cursive, with a long horizontal stroke at the end.

WILLIAM R. SPENCE  
Acting Director of Housing and Human Concerns

Attachment

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
**HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

677 QUEEN STREET, SUITE 300  
HONOLULU, HAWAII 96813  
FAX: (808) 587-0600

17:FIN/1267

December 15, 2017

To All Interested Parties:

**SUBJECT: 2018 CONSOLIDATED APPLICATION  
FINANCING PROGRAMS**

The Hawaii Housing Finance and Development Corporation (the "HHFDC") is pleased to present the 2018 Consolidated Application for HHFDC's financing programs. Please complete this application packet if you are applying for financing from any of the following programs:

- Dwelling Unit Revolving Fund (DURF)
- Hula Mae Multi-Family (HMMF) Revenue Bond Program
- Low Income Housing Tax Credit (LIHTC) Program
- Rental Housing Revolving Fund (RHRF) Project Award Program

Please review the "Instructions" and "Schedule of Important Dates" attachments for program descriptions and program deadlines. The "Schedule of Important Dates" is subject to change; please refer to the HHFDC website at [www.hawaii.gov/dbedt/hhfdc](http://www.hawaii.gov/dbedt/hhfdc) for the most current information. **Carefully review all requirements, schedules, and submittals. Failure to meet application or threshold requirements may result in rejection of a Consolidated Application at HHFDC's sole discretion (see below).**

**FEES**

All application fees shall be in the form of a cashier's check and must be submitted with the completed application by the deadlines set forth herein. Cashier's checks shall be made payable to the "Hawaii Housing Finance and Development Corporation". Only Cashier's Checks are acceptable. HHFDC shall not accept any other check form, including, but not limited to Official, Certified, Treasurer's, Teller's, business, or personal checks or money orders.

**Please note:**

- 1) The HHFDC's receipt of an application does not constitute acceptance of the application.

The HHFDC reserves the right to return an application to the applicant at any time without taking further action on the application due to, but not limited to, the following:

- a. Failure to meet application submittal requirements (e.g., timeliness, correct application fees, cashier's check, correct number of copies).

To All Interested Parties  
December 15, 2017  
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- b. Failure to meet individual program criteria (e.g., income set-aside requirements, minimum periods of affordability, amount of tax credits requested per low income units).
  - c. Failure to disclose in the application any known material defects about the development of the project, any misrepresentation, or fraud.
  - d. Applicant has 10 working days after date of written notification to correct application deficiencies noted by HHFDC. If the deficiencies are not corrected within 10 working days, the application will not be processed.
- 2) Awards are subject to the availability of funds and approval by the Governor of the State of Hawaii.
- 3) HHFDC does not discriminate against any person because of race, color, religion, sex, including gender identity or expression, sexual orientation, disability, familial status, ancestry, age, marital status, or HIV infection.

Some information regarding the specific financing programs and updated reference information may be found on the HHFDC website, [www.hawaii.gov/dbedt/hhfdc](http://www.hawaii.gov/dbedt/hhfdc).

Should you have questions regarding the DURF program, please contact the Development Branch at (808) 587-0529.


Should you have questions regarding the LIHTC, HMMF, or RHRF programs, please contact the Finance Branch at (808) 587-0567.

Applicants may schedule a meeting with the staff to review the application, no later than TWO WEEKS PRIOR to the indicated deadlines. Arrangements for a preliminary review of the application for LIHTC, HMMF, and RHRF programs may be scheduled with Patrick Inouye at (808) 587-0797, Jocelyn Iwamasa at (808) 587-0576, Dean Sakata at (808) 587-0575, or Paige Ishida at (808) 587-0569.

Thank you for your interest in the programs.

Sincerely,

HAWAII HOUSING FINANCE AND  
DEVELOPMENT CORPORATION



Craig K. Hirai  
Executive Director

**STATE OF HAWAII**  
**Hawaii Housing Finance and Development Corporation**

2018 Consolidated Application  
Schedule of Important Events

Program	Application Due Dates	Award Dates	Availability of Funds (Subject to availability of funds)
LIHTC – 9% (From State's Annual Volume Cap)	February 15, 2018 2:00 PM	June/July 2018	Subject to the availability of State's LIHTC volume cap.
LIHTC – 4% (with Private Activity Bond Allocation)	Open, applications accepted throughout the year.	Depends on the date an application is received.	Subject to the issuance of a tax-exempt private activity bond.
RHRF FY2018	February 15, 2018 2:00 PM	To Be Determined <i>Note: RHRF program requires the HHFDC Board to adopt an approved and rejected list prior to award.</i>	Upon Governor's approval and satisfactory completion of required documentation.
HMMF	Open, applications accepted throughout the year	Depends on the date an application is received.	Upon Governor's approval and satisfactory completion of required documentation.
DURF	Open, applications accepted throughout the year.	Depends on the date an application is received.	Upon Governor's approval and satisfactory completion of required documentation.

Applications available: December 15, 2017

*All dates are subject to change*

**STATE OF HAWAII**  
**Hawaii Housing Finance and Development Corporation**

2018 Consolidated Application  
 Fee Schedule

<b>Program</b>	<b>Application Fee</b>	<b>Loan/ Origination Fee and Interest</b>	<b>Administrative Fee</b>	<b>Compliance Monitoring Fee</b>
<b>Low Income Housing Tax Credit</b>	\$1,500	n/a	10% of first year's federal credit amount reserved (one-time)	\$25 per unit per year for all project units excluding the manager unit(s)
<b>Hula Mae Multi-Family</b>	\$500	n/a	\$50,000 payable at bond issuance (one-time) and 1/8% (.125%) of the permanent multi-family loan amount (annual administrative fee)	\$35 per unit per year for all units excluding the manager unit(s)
<b>Rental Housing Revolving Fund</b>	\$500	<u>Interest:</u> Variable depending on project needs.	n/a	\$35 per unit per year for all units excluding manager unit(s)
<b>Dwelling Unit Revolving Fund</b>	\$2,000	<u>Origination Fee:</u> Minimum 1% of loan amount  <u>Interest:</u> Minimum 3% per annum	Up to \$2,500 per unit (one-time)	n/a

## STATE OF HAWAII

### HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION

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This application is to be used in applying for the following financing programs:

#### **DWELLING UNIT REVOLVING FUND PROGRAM**

The revolving funds may be used to provide developers of for-sale housing with below market rate construction financing, particularly in mixed developments that include rental and special needs housing. For Sale projects using DURF shall be subject to the HHFDC's Buy Back and Shared Appreciation Equity requirements.

In general, DURF funds have been used to provide interim construction loans for the development of affordable housing. The DURF program is administered by the Development Branch. Please contact the **Development Branch at (808) 587-0529** for more details.

#### **HULA MAE MULTI-FAMILY REVENUE BOND PROGRAM**

The HMMF Program provides interim and permanent financing through the sale of tax-exempt revenue bonds for the development or rehabilitation of rental housing by private developers and owners. To qualify, projects must reserve at least 20% of their dwelling units for tenants whose incomes are 50% or less of the Area Median Gross Income (AMGI) or at least 40% of the units for tenants whose incomes are 60% or less of the AMGI. The developer/owner must agree to keep the project as an affordable rental for a minimum of 15 years. The HMMF program is administered by the Finance Branch of the HHFDC. Please contact the **Finance Branch at (808) 587-0567** for more details.

#### **LOW-INCOME HOUSING TAX CREDIT PROGRAM**

The LIHTC Program is a financing tool for private developers and non-profit organizations to construct or rehabilitate affordable rental units. Under the program, federal and state tax credits are awarded by the HHFDC, and may be used to obtain a dollar for dollar reduction in income tax liability for 10 years or may be syndicated to generate project equity. To qualify, projects must reserve at least 20% of their dwelling units for tenants whose incomes are 50% or less of the AMGI or at least 40% of the units for tenants whose income are 60% or less of the AMGI. The developer/owner must agree to keep the project as an affordable rental for a minimum of 30 years. The LIHTC program is administered by the Finance Branch of the HHFDC. Please contact the **Finance Branch at (808) 587-0567** for more details.



**RENTAL HOUSING REVOLVING FUND PROGRAM**

The RHRF provides equity-gap low-interest loans to qualified owners and developers providing affordable rental housing.

The RHRF Project Award has the following funding priorities (in order of priority):

- a) Projects awarded tax credits or financing administered by the U.S. Department of Housing and Urban Development (HUD) or the U.S. Department of Agriculture (USDA) Rural Development (RD) maintaining a minimum of:
  - 50% of the units for families or households earning 80% or less of the area median gross income, of which 5% of the units for families or households earning 30% or less of the area median gross income
  - and the remainder of the units for families or households earning 100% or less of the area median gross income.
- b) Mixed income rental projects or units in a mixed-income rental project where all units are for persons and families with incomes below 140% area median gross income.

The RHRF program is administered by the Finance Branch of the HHFDC. Please contact the Finance Branch at (808) 587-0567 for more details.

**The applicant is responsible to review the applicable federal/state laws as they relate to the respective financing programs to ensure compliance with current regulations.**