

State of Hawaii

Hawaii Housing Finance and Development Corporation  
201H Application Form

Summary Sheet

I. INFORMATION:

APPLICANT NAME:	Artspace Projects Inc.
PROJECT NAME:	Ola Ka `Ilima Artspace Lofts

II. Income and Rent Restrictions

Applicant commits to set-aside units based on the following income and rent restrictions. Complete the chart below.

Affordable Units		
Restricted at % of AMGI*	Number of units	Percent of total units
60 % of AMGI	40 units	50 %
50 % of AMGI	39 units	49 %
<b>Total Affordable Units</b>	<b>79 units</b>	<b>99%</b>
Market Rate Units	1 units	1 %
<b>Total Number of Units</b>	<b>80 units</b>	<b>100 %</b>

\*AMGI = Average Median Gross Income

III. Length of Affordability Commitment

How long will your project commit to affordability restrictions and program compliance?

65 Years

IV. Occupancy Type

Indicate the number of units allotted for each of the following:

Family            32                      Elderly\*            \_\_\_\_\_                      Homeless            \_\_\_\_\_

Tenants with Special Housing Needs            \_\_\_\_\_

(please describe the Special Housing Need of the tenants below)

**\*Please refer to the definition of Elder or Elderly Households as defined in Act 64, Session Laws of Hawaii 2002**

# Application Checklist

(To be completed and signed by applicant and returned with application.)

**Project Name:**

**Ola Ka `Ilima Artspace Lofts**

	<b>Done/Enclosed</b>
Cashier's check made payable to the "Hawaii Housing Finance and Development Corporation"	<input checked="" type="checkbox"/>
<b>Correct Application Fee Amount Enclosed</b>	<b>Amount Enclosed:</b>
<input checked="" type="checkbox"/>	<u>\$2,000</u>
<b>Total Due to HHFDC</b>	<b><u>\$2,000</u></b>

Correct number of copies (1 original, 3 copies. 1 electronic version)

## Complete Application

1. Application Checklist (completed and signed)
2. Summary Sheet
3. General Information Section
4. Questions
5. Certifications and Assurances
6. Index of Application Exhibits Included
7. Environmental Questionnaire (completed and signed)
8. Exhibit Worksheets 
  - a. Project Cost Breakdown Worksheet (Exhibit A)
  - b. Estimated Project Revenue (Exhibit)
  - c. Operating Income(Exhibit C)
  - d. Operating Expenses (Exhibit D)
  - e. Operating Proforma (Exhibit E)
9. All Exhibits attached

**HHFDC's receipt of this application, consisting of the documents above-referenced, does not constitute acceptance of this application.**

**Applications must be complete in accordance with this checklist.**

**Incomplete applications and applications that fail to meet individual program criteria, shall be returned to the applicant without further action.**

Applicant: Artspace Projects Inc.

Applicant Representative: Cathryn Vandenbrink, Vice President

Cathryn Vandenbrink 11/14/2012  
(Signature, Date)

**State of Hawaii  
Hawaii Housing Finance and Development Corporation  
201H Application Form**

**Section I - General Information**

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Project Name

**Ola Ka `Ilima Artspace Lofts**

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**1. APPLICANT INFORMATION**

**A) Applicant Information**

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Applicant Name:

Artspace Projects, Inc.

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Applicant Tax ID Number:

41-1350071

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Applicant Contact Name, Title:

Cathryn Vandenberg, Vice President, Properties

Phone Number:

206.271.0380

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Applicant Address:

847 Hiawatha Place South

Seattle, WA 98144

Fax Number:

206.328.6104

E-Mail Address:

[cathryn.vandenberg@artspace.org](mailto:cathryn.vandenberg@artspace.org)

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Fill in the information below if application was prepared by a person or entity different from the applicant.

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Application Preparer Name:

Same as above.

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Application Preparer Contact Name, Title:

Phone Number:

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Applicant Address:

Fax Number:

E-Mail Address:

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**B) Applicant Organization / Entity** (Check the appropriate box)

<input checked="" type="checkbox"/>	<b>Non-profit organization</b> (Qualified, existing 501(c)(3) or (4) organization, as determined by the Internal Revenue Service)
<i>If the applicant is a Non-profit organization include Exhibit 1 and Exhibit 2.</i>	

**Private developer**

<input type="checkbox"/> Limited Partnership	<input type="checkbox"/> General Partnership
<input type="checkbox"/> Corporation	<input type="checkbox"/> Limited Liability Corporation
<input type="checkbox"/> Other: _____	

Government Identify (Level of Government and Department)

County Government: \_\_\_\_\_

State Government: \_\_\_\_\_

Department:	
<i>All applicants must submit Exhibit 3, Exhibit 4, and Exhibit 5 as applicable.</i>	

**C) Applicant Experience**

Check the appropriate box:

- Applicant has no prior experience in developing or owning housing.
- Applicant has prior experience in developing or owning housing.

*If the Applicant has experience in developing or owning housing, please complete Exhibit 6.*

**D) Project Team Information (Complete with name, address and phone number)**

*Complete Exhibit 7 for each Project Team member*

<b>Developer:</b>	Artspace Projects Inc.		
Contact:	Cathryn Vandenbrink, Vice President / Properties		
Address:	847 Hiawatha Place South		
	Seattle, WA 98144		
Phone:	206.271.0380	Fax:	206.328.6104
E: Mail:	<a href="mailto:cathryn.vandenbrink@artspace.org">cathryn.vandenbrink@artspace.org</a>		
Role/ Responsibility:	Non-profit housing developer for Artspace Projects; Cathryn will be the project manager and point of contact throughout development process.		
<i>If the Developer has experience in developing or owning housing, please complete Exhibit 6.</i>			

<b>Consultant:</b>	n/a		
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

<b>General Contractor:</b>	Absher Construction Company		
Contact:	Dan Gallagher		
Address:	1001 Shaw Rd. Puyallup, WA 98372		
Phone:	253-845-9544	Fax:	253.841.0925
E: Mail:	dan.gallagher@absherco.com		
Role/ Responsibility:	Assists in design and value engineering, as well as the role of general contractor.		

<b>Architect:</b>	Urban Works	Weinstein A U
Contact:	Kevin Miyamura	Ed Weinstein
Address:	831 Pohukaina Street Suite E1 Honolulu, HI 96813	121 Stewart Street Suite 200 Seattle, WA 98101
Phone:	808.597.1155	206.443.8606
E: Mail:	kmiyamura@uwarchitects.com	<a href="mailto:edw@weinsteinau.com">edw@weinsteinau.com</a>
Role/ Responsibility:	Urban Works Inc. is the Architect of Record and will be assuming the role of coordinator of the consultant team in developing the project design, producing contract documents, obtaining required permits and approvals, and facilitating communication as necessary with local agencies. The Architect will also be engaging the Design-Assist Contractor in pricing review and contract negotiation to ensure competitive pricing and quality control, and perform construction observation as the project moves into construction phase.	

<b>Management Agent:</b>	TBD		
Contact:			
Address:			
Phone:		Fax:	
E: Mail:			
Role/ Responsibility:			

*If Management Agent is selected or proposed as part of this application, submit Exhibit 8.*

<b>Legal Counsel:</b>	Winthrop and Weinstine		
Contact:	Paul Markwardt		
Address:	225 S 6 <sup>th</sup> St. Suite 3500 Minneapolis, MN 55402		
Phone:	612.604.6643	Fax:	612.604.6800
E: Mail:	pmarkwardt@winthrop.com		
Role/ Responsibility:	General legal council for the project.		

<b>Tax Counsel:</b>	Winthrop and Weinstine		
Contact:	Paul Markwardt		
Address:	225 S 6 <sup>th</sup> St. Suite 3500 Minneapolis, MN 55402		
Phone:	612-604-6643	Fax:	612.604.6800
E: Mail:	pmarkwardt@winthrop.com		
Role/ Responsibility:	Tax credit counsel for all Artspace Projects, Inc. projects.		

<b>Certified Public Accountant:</b>	Eide Bailly, LLP		
Contact:	Aaron Ness		
Address:	1730 Burnt Loop, Suite 100 Bismarck, ND 58502-1914		
Phone:	701.225.8480	Fax:	
E: Mail:	aness@eidebailly.com		
Role/ Responsibility:	Cost Certification, Project Auditor		

**2. SITE INFORMATION**

**A) Location**

Address 1025 Waimanu Street	
City Honolulu	Tax Map Keys (TMK): 23003040:0000
State HI	
Island O`ahu	
Zip Code 96814	
Legislative District (for Neighbor Islands)	Census Tract(s) 003700
Neighborhood Board (for Oahu) Ala Moana/Kaka`ako	
Special design or management districts HCDA	
<i>Submit Exhibit 9, Exhibit 10 and Exhibit 11.</i>	

**B) Site Size**

.69 Acres      30,000 Square Feet

**C) Present legal owner of the project site**

Name Hawaii Community Development Authority		
Address 461 Cooke Street		
City	State	Zip
Honolulu,	HI	96813

**D) Site Control Status**

<input type="checkbox"/>	Own site - fee simple	
<input type="checkbox"/>	Executed ground lease	Expires on:
<input type="checkbox"/>	Option to purchase	Expires on:
<input type="checkbox"/>	Option to lease	Expires on:
<input checked="" type="checkbox"/>	Other	Describe: Exclusive Negotiating Agreement
		Expires on: February 27, 2013, extension pending

*Submit Exhibit 12 and 14. Submit Exhibit 13, if applicable.*

**E) Special Site Classification**

		Identify:
<input checked="" type="checkbox"/>	Flood Zone	100 Year Flood Zone
<input type="checkbox"/>	Tsunami (Intertidal Area)	
<input type="checkbox"/>	Special Management Area	
<input type="checkbox"/>	Special or Historic District	
<input type="checkbox"/>	Shoreline Protection Area	
<input type="checkbox"/>	Other (wetlands, volcano, etc.)	
<i>Submit Exhibit 15, if applicable.</i>		

**F) Zoning**

Current Zoning Designation:	KAKA`AKO COMM. DEV. DISTRICT	
Land Use Classification:	HCDA Jurisdiction, HCDA Mauka Area, Central Kaka`ako Neighborhood	
Will your project conform to the existing zoning for the property?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No*
<p>If no, explain why you are submitting to HHFDC rather than to the county for 210H processing.  <b>*1025 Waimanu lies within HCDA Jurisdiction. City and County defer to HHFDC to process 201-H as per phone conversation with Elizabeth Chin at City of Honolulu.</b>            List the variances and/or special use permits required and attach as Exhibit 17.            Describe your consultation with the surrounding community, particularly in the past six months, and attach as Exhibit 18.</p> <p><b>Site is under HCDA jurisdiction therefore City County of Honolulu refers 201-H to HHFDC for processing.</b></p>		
<i>Submit Exhibits 16, 17 and 18.</i>		

**G) Does this project involve any relocation of tenants or existing homeowners?**

- Yes       No

If yes, please describe any proposed relocation assistance:

**H) Environmental Assessment**

Please check the appropriate box below. HRS Chapter 343 requirements must be followed, if applicable. If an Environmental Assessment (EA) or Environmental Impact Statement (EIS) has been published or will be published please identify the date of publication in the Office of Environmental Quality Control (OEQC) Bulletin. Please identify the accepting agency.

**Accepting Agency:**      Hawaii Community Development Authority

Check if applicable	Date of publication or estimated completion date.
<input type="checkbox"/> No EA or EIS is required	_____
<input checked="" type="checkbox"/> EA In Progress	<u>August 2013</u>
<input type="checkbox"/> EA Published	_____
<input type="checkbox"/> Finding of No Significant Impact Published	_____
<input type="checkbox"/> EIS In Progress	_____
<input checked="" type="checkbox"/> EIS Published	<u>February 15, 2010</u>
<input type="checkbox"/> Federal EA or EIS Required	_____

*Submit Exhibit 19.*

**I) Site Feasibility**

Identify the benefits in use or disclose any potential problems associated with your proposed site.

*Submit Exhibit 20.*

Questions	Yes	No
Will the project utilize gas for cooking or water heating? If yes, is gas service currently available to the site?	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>
Will the project utilize solar water heating?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Is electricity service currently available to the site?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sewer/Septic service is currently available to the site for the number and type of units proposed.	<input checked="" type="checkbox"/> Yes but conditional	<input type="checkbox"/>
Water is currently available for the proposed number of units and type of units for this project.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Does the site have a hook-up to telephone service?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Does the site have a hook-up to cable or internet service?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Are there any environmental concerns associated with site? Is the project located on or near a Brownfield?	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Identify the benefits in use or disclose any potential problems associated with your proposed site.

<p><b>Access to site:</b> The site is equally accessible by car from two main streets, Kawaihahao and Waimanu Streets. The existing roadway has undeveloped edges from the site to the nearest main mauka-makai street, Kamakee St., making pedestrian access challenging. On-site parking will be primarily accessible from Waimanu Street, with 2 segregated parking entrances for retail and housing. Loading dock access will also be from Waimanu Street with truck maneuvering to occur in the public right-of-way.</p>
<p><b>Site improvements:</b> This mixed-use development proposes approximately 6,100 square feet of commercial space at grade which will increase activity along both street frontages. Street landscaping, lighting, curbs and sidewalks will be added and/or improved as part of this development. Parking will also be largely concealed from view from both streets, allowing a more activated street wall. A green roof on the roof of the parking, between the two residential towers, will improve the retention and quantity of site runoff from its existing condition.</p>
<p><b>Availability of utilities</b> <span style="float: right;"><i>(Submit exhibit 20.)</i></span> Please refer to the attached exhibits.</p>
<p><b>Topography and soils</b> The site is currently a parking lot and relatively flat (+/- 6" variation between mauka and makai streets) but has an imported fill crown from the previous development, approximately 3'-0" high, presumably for parking lot drainage; this will be removed.</p> <p>Subsurface soils consists of loose lagoonal deposits and has a category of Soils Classification F, which is prone to liquefiable under seismic event and will require further site-specific analysis for bearing capacity. An Environmental Assessment Phase 2 has been performed for environmental contaminants in the import fill and site history; refer to the attached exhibit of for soil contaminant categories and levels.</p>
<p><b>Environmental Issues</b> <span style="float: right;"><i>(Submit Exhibit 21.)</i></span> Please refer to the attached exhibit of Environmental Assessment Phase 1 &amp; 2.</p>

**J) Off-Site Improvements**

Please provide information on the availability of utilities and site access for the proposed project. Please include information on existing infrastructure capabilities and any planned or potential expansion of infrastructure needed to develop this project.

<b>Water</b>	
Existing:	No existing water on site. Existing water main along both Waimanu and Kawaiahao Streets.
Planned:	No upgrade of water main is proposed. New water connection and meter is proposed to existing water main; street connection location to be determined.
<b>Sewer</b>	
Existing:	No existing sewer connection on site.
Planned:	Approximately 250' linear feet of 15" Ø sewer connection proposed to a connection point near the intersection of Waimanu and Cummins Street.
<b>Drainage</b>	
Existing:	Existing storm drainage infrastructure along both Waimanu and Kawaiahao Streets.
Planned:	No additional off-site storm drainage planned.

<b>Roads</b>	
Existing:	Kawaihahao St. at southwest frontage of property; Waimanu Street to the northeast of the property.
Planned:	No additional roadways planned.
<b>Electrical</b>	
Existing:	Above-grade power lines exist on Kawaihahao Street on the same side of the street as the project site, and on the opposite side of the street on Waimanu Street.
Planned:	No new or modifications to off-site electrical utilities are planned.
<b>Gas</b>	
Existing:	Gas utilities are available on Waimanu Street.
Planned:	None.

<b>Telephone, Television and Data</b>	
Existing:	Phone and cable television available along Waimanu Street.
Planned:	New phone and cable connections proposed.

**3. PROJECT DESCRIPTION**

**A) Project Classification**

What type of project are you planning? (Check all that apply)

- Apartment building
- Garden Style     Mid-rise     High-rise
- Cluster     Single-family dwelling units
- Townhouse     Duplex, triplex, fourplex
- New Construction     Rehabilitation     Acquisition

Type of construction?	The project will be concrete and steel. 9 floors total; 7 residential floors over 2 parking/commercial floors. Commercial is on the perimeter. Parking is embedded in the interior.
Number of Buildings:	1
Building Description:	<b>Ola Ka `Ilima Artspace Lofts</b> will be a mixed-use project in Honolulu that will serve the broader Hawaiian community by developing a traditional Hawaiian cultural center with classroom space, space for teaching and performing Hula music and other traditional practices, as well as 80 units of affordable multi-ethnic artist housing for all of Hawai'i's artists and their families.
<i>Submit Exhibit 22.</i>	

**B) Project Unit Mix**

Fill in the appropriate number in the table below.

No. of Buildings	Studios	1 BR	2 BR	3 BR	4 BR	Total units
1	0	48	24	8	0	80
Gross Building Area in square feet	SF / unit	Gross Residential Area				
		900	1050	1400		79,600
Common Area (in square feet)						46,236
Commercial Space (in square feet)						38,120
<b>Total Area    163,956</b>						<b>163,956</b>

*If you need more space, attach a separate sheet with the information requested above.*

**C) Project Amenities**

The Project will include the following amenities:

- Playground/Tot lot                       Picnic Area                       Swimming Pool
- Community Meeting Room               Elevator                       Transportation
- Laundry Room                       Computer with high-speed internet access
- Other (describe) Pea Patch for Urban Agriculture
  
- Project will utilize solar water heating.
- Project will install Energy Star certified appliances throughout the project.
- Project will install low flow plumbing fixtures which conserve water.

**D) Unit Amenities**

What equipment/furnishings will be available in each unit?

- Range                       Refrigerator                       Air Conditioning               Disposal
- Dishwasher                       Washer                       Dryer                       Carpet
- Drapes                       Furniture                       Heating                       Cable TV
- High speed internet access               Other (describe) High ceilings, through ventilation, extra wide doors and hallways

**E) Parking**

How many parking spaces will be provided at the project site? Please complete the table below.

	Number of spaces	Ratio of Spaces/Units
Tenant	49	49:80
Guest	47	47:80
Handicap Accessible	4 (of 80 tenant spaces, 4 are accessible)	4:80
Commercial	47	47:80
Total	96	96:80

Will a fee be charged to tenants for parking in addition to rent?  Yes     No

**F) Proximity to Services, Schools, Shopping and Recreational Opportunities**

Please identify schools, recreational facilities, and shopping facilities are located in the immediate vicinity of the project site (i.e., within walking distance for occupants or accessible by mass transit).

		<b>Identify</b>	<b>Distance:</b>
<b>Super Market/ Grocery Store</b>		<ol style="list-style-type: none"> <li>1. Marukai Market Place</li> <li>2. Sam's Club</li> <li>3. Safeway</li> <li>4. Foodland</li> <li>5. Times Super Market</li> <li>6. Don Quixote</li> </ol>	0.20 mi 0.71 mi 0.78 mi 0.73 mi 0.79 mi 0.92 mi
<b>Schools: (family project)</b>	Elementary	<ol style="list-style-type: none"> <li>1. Voyager - A Public Charter School</li> <li>2. Kawaiaha`o Church School</li> <li>3. Word of Life</li> <li>4. Myrion B. Thompson Academy</li> <li>5. Queen Kaahumanu Elementary</li> <li>6. Hawaii Mission Academy</li> <li>7. St. Andrews Priory School</li> <li>8. Royal Elementary School</li> </ol>	0.54 mi 0.55 mi 0.58 mi 0.64 mi 0.68 mi 0.82 mi 0.96mi 1.02 mi
	Middle	<ol style="list-style-type: none"> <li>1. Kawaiaha`o Church School</li> <li>2. Word of Life</li> <li>3. Myrion B. Thompson Academy</li> <li>4. Hawai`i Mission Academy</li> </ol>	0.55 mi 0.58 mi 0.64 mi 0.82 mi
	High	<ol style="list-style-type: none"> <li>1. President William McKinley High School</li> <li>2. Kawaiaha`o Church School</li> <li>3. Word of Life</li> <li>4. Myrion B. Thompson Academy</li> <li>5. Hawai`i Mission Academy</li> <li>6. St. Andrews Priory School</li> </ol>	0.42 mi 0.55 mi 0.58 mi 0.64 mi 0.82 mi 0.96 mi
<b>Child care: (family project)</b>		<ol style="list-style-type: none"> <li>1. Stepping Stones Academy</li> <li>2. Muriel Pre-School</li> <li>3. Maikiki Christian Church School</li> <li>4. First Chinese Christian Church</li> <li>5. One Live Ministries</li> <li>6. Ke Aloha Ko`Okahi Preschool</li> <li>7. First United Methodist Church</li> <li>8. Leo O Punana Kawaiaha'o</li> <li>9. Honolulu Preschool – Kama`aina</li> </ol>	0.10 mi 0.11 mi 0.41 mi 0.49 mi 0.52mi 0.52 mi 0.54 mi 0.55 mi 0.68 mi
<b>Public Library:</b>		<ol style="list-style-type: none"> <li>1. Hawaii State Government City &amp; County</li> </ol>	0.72 mi
<b>Healthcare:</b>		<ol style="list-style-type: none"> <li>1. Hawaii Medical College</li> <li>2. Oahu Plastic Surgery Center</li> <li>3. Kaiser Permanente Hospital</li> </ol>	0.34 mi 0.34 mi 0.36 mi

	<ul style="list-style-type: none"> <li>4. Surgicare of Hawaii</li> <li>5. The Queens Medical Center</li> <li>6. Shriners Hospital for Children</li> </ul>	<ul style="list-style-type: none"> <li>0.38 mi</li> <li>0.70 mi</li> <li>0.76 mi</li> </ul>
<b>Community Center/ Activities:</b>	<ul style="list-style-type: none"> <li>1. Iolani Palace</li> <li>2. Friends of The Hawaii State Art Museums</li> <li>3. The Children's Discovery Center</li> </ul>	<ul style="list-style-type: none"> <li>0.78 mi</li> <li>0.90 mi</li> <li>0.90 mi</li> </ul>
<b>Park/Playground:</b>	<ul style="list-style-type: none"> <li>1. Kolowau Park</li> <li>2. Thomas Square</li> <li>3. Mother Waldron Playground</li> <li>4. Ala Moana Beach Park</li> </ul>	<ul style="list-style-type: none"> <li>0.20 mi</li> <li>0.45 mi</li> <li>0.50 mi</li> <li>0.60 mi</li> </ul>
<b>Bank/Financial Services:</b>	<ul style="list-style-type: none"> <li>1. Central Pacific Bank</li> <li>2. American Savings Bank</li> <li>3. HomeStreet Bank</li> <li>4. Bank of Hawaii</li> <li>5. Hawaii National Bank</li> <li>6. The Queen's Federal Credit Union</li> <li>7. Aloha Pacific Federal Credit Union</li> <li>8. Hawaii Central Credit Union</li> <li>9. Kokua Federal Credit Union</li> <li>10. Hawaii Central Credit Union</li> <li>11. Honolulu Federal Credit Union</li> <li>12. Ohana Pacific Bank</li> <li>13. Bank of F S M</li> <li>14. Hawaii State Federal Credit Union</li> </ul>	<ul style="list-style-type: none"> <li>0.11 mi</li> <li>0.15mi</li> <li>0.35mi</li> <li>0.35mi</li> <li>0.45mi</li> <li>0.45mi</li> <li>0.46mi</li> <li>0.46mi</li> <li>0.46mi</li> <li>0.46mi</li> <li>0.48mi</li> <li>0.54mi</li> <li>0.54mi</li> <li>0.59mi</li> <li>0.63m</li> </ul>
<b>Public Transportation:</b>	Excellent Transit connection with immediate access to the 1, 11, 13, 1L, 2 and 3 bus routes. Scores 95 in Walk Score, daily errands do not require a car.	0.05mi
<b>Employment:</b>	Urban area with multiple job opportunities in the area.	0.05mi

### G) Project Schedule

Indicate the approximate dates for the following:

Milestones:	Date
Approval of 201 (G) Variances	April 2013
Projected Building Permit Date:	July 2014
Closing of Construction Financing:	July 2014
Construction Start Date:	July 2014
Projected Occupancy Permit Date:	November 2015
Placed in service date <sup>1</sup> :	May 2016
Achievement of occupancy for 100% of the units <sup>2</sup>	May 2016
Achievement of 95% stabilized occupancy <sup>3</sup>	June 2016
<i>Submit Exhibit 22.</i>	

### H) Market Demand

Please include a justification of market demand in Exhibit 23. HHFDC may, at its discretion, require a market analysis. See Exhibit 23.

### I) Management/Sales Plan –

Provide a detailed description of how the project will be managed, if “Rental Project.” If “For Sale Project” detailed description of sales force and plan. Include anticipated staffing, programs, etc.

Artspace hires a local property management agency experienced in LIHTC reporting and compliance. We have begun conversations with EAH, a company who currently manages several tax credit properties. During initial lease-up, the manager will make preparations, establish waiting lists and utilize news media to inform prospective applicants of availability of rental units with certifications of tenant’s provisions starting ninety (90) days prior to completion of the Projects. As per the plan, all of the marketing of the project will be conducted at the same time to insure all potential applicants are treated equally.

<sup>1</sup> If project consists of multiple buildings or phases, please include the date on which each building or phase will be placed in service.

<sup>2</sup> Date at which the project shall have leased 100% of the units in the project at least once.

<sup>3</sup> Date at which the project shall have 95% of the project occupied for 90 consecutive days.

We anticipate that the project will be Place in Service 6-9 months after a Certificate of Occupancy has been achieved. We further anticipate 100% of units shall have been leased within 6 months of occupancy and we hope to achieve 95% occupancy for 90 consecutive days within the 6-month period following initial occupancy.

Six months prior to completion of the project a postal mailing and an internet mailing will go out to the various mailing lists collected during community outreach. The notice will inform prospective tenants of availability of applications and timeline for submittal. The timeline allows for extended marketing should there be insufficient applicants. Full occupancy is expected within one month of opening. Artspace live/work buildings typically are 100% artist occupied at initial opening.

Ongoing management of the property will be handled by the local property management company in partnership with an Artspace Asset Manager. Working together, the property management staff and the Asset Manager will manage the fiscal responsibilities as outlined in the partnership documents, and work with the artist residents to create a dynamic, creative community.

We expect a small management staff consisting of an on-site property manager, one to two maintenance staff, and one off-site staff member to handle compliance. We expect to contract out janitorial, security, and landscaping services.

While we have not yet chosen a management company, we are in conversation with EAH Housing and Prudential Locations, Property Management.

Artspace is committed to attracting creative individuals and families from diverse artistic and cultural backgrounds. We encourage all people to apply regardless of race, color, creed, religion, national origin, occupation, ethnicity, gender, gender identity, marital status, familial status, sexual orientation, and status with regard to public assistance, or physical disability. We are especially interested in individuals who are committed to building community and will give some of their time and energy toward this goal.

**4. TARGET POPULATION**

**A) Occupancy Type**

Indicate the number of units allotted for each of the following:

Family            32                      Elderly            \_\_\_\_\_                      Handicapped    4  
 Homeless        \_\_\_\_\_                      Mentally Ill     \_\_\_\_\_

**B) Accessible units**

Number of Accessible units	4
Number of Adaptable units	80

**C) Availability**

Will all of the residential units be available to the general public?     Yes     No

If you answered no, please qualify which populations the units will be made available to.

**5. SOURCES AND USES**

**A) Sponsor Equity**

Indicate the TOTAL AMOUNT of funds that your organization is contributing to the project. Only list project resources that will remain permanently in the project.

\$4,000,000	Cash,
\$0	Land, (Please provide an explanation)
\$0	“In kind,” (Please provide an explanation)
\$4,000,000	Total Sponsor Equity

**Land Value**

**In Kind**

**B) Financing Plan**

**Construction Financing: List sources of construction financing.**

Source	Amount	Form (Loan or Equity)	Secured <sup>4</sup> Unsecured	Recourse <sup>5</sup> Non-recourse Related Party	Committed (Yes or No)	Int. Rate/ Term
Construction Loan	21,000,000	Loan	Secured	Recourse during construction period only, Artspace Guarantor	No	
Residential First Mortgage	\$0	Loan	Secured	Non-recourse	No	6.5% / 30 years
Commercial First Mortgage	\$0	Loan	Secured	Non-recourse		7% / 30 years
City HOME	\$2,000,000	Loan	Secured	Non-recourse	No	1% / 30 years
City Affordable Housing Funds	\$1,500,000	Loan	Secured	Non-recourse	No	1% / 30 years
State RHTF	\$4,500,000	Loan	Secured	Non-recourse	No	1% / 30 years
Federal Home Loan Bank AHP	\$1,000,000	Loan	Secured	Non-recourse	No	1% / 30 years
Private Sector Philanthropic/Cultural Facility Funds	\$4,000,000	Loan	Secured	Non-recourse	No	1% / 30 years
NMTC	\$0		Non-secured		No	n/a
LP Equity - State LIHTC	\$487,451	Equity	Non-secured		No	n/a
LP Equity – LIHTC	\$1,852,315	Equity	Non-secured		No	n/a
<b>TOTAL</b>	<b>\$36,339,766</b>					

<sup>4</sup> If the financing is secured by a mortgage, please indicate the position of the mortgage relative to all financing.

<sup>5</sup> If the financing is recourse, identify who the guarantor is and the terms of the guaranty.

**Permanent Financing:** List sources of permanent financing.

Source	Amount	Form (Loan or Equity)	Secured <sup>6</sup> Unsecured	Recourse <sup>7</sup> Non-recourse Related Party	Committed (Yes or No)	Int. Rate/ Term
Residential First Mortgage	\$5,500,000	Loan	Secured	Non-recourse	No	6.5% / 30 years
Commercial First Mortgage	\$1,400,000	Loan	Secured	Non-recourse		7% / 30 years
City HOME	\$2,000,000	Loan	Secured	Non-recourse	No	1% / 30 years
City Affordable Housing Funds	\$1,500,000	Loan	Secured	Non-recourse	No	1% / 30 years
State RHTF	\$4,500,000	Loan	Secured	Non-recourse	No	1% / 30 years
Federal Home Loan Bank AHP	\$1,000,000	Loan	Secured	Non-recourse	No	1% / 30 years
Private Sector Philanthrop ic/Cultural Facility Funds	\$4,000,000	Loan	Secured	Non-recourse	No	1% / 30 Years
NMTC	\$2,000,000	Loan	Secured	Non-recourse	No	n/a
Deferred Developer Fee	\$2,194,864	Loan	Secured	Non-recourse	No	0% / 12 years
LP Equity - State LIHTC	\$3,249,675	Equity	Non secured		No	n/a
LP Equity – LIHTC	\$12,348,765	Equity	Non-secured		No	n/a
<b>TOTAL</b>	<b>39,695,236</b>					

*Note: Total Permanent Sources must equal Total Development Cost*

*Submit Exhibit 24.*

<sup>6</sup> If the financing is secured by a mortgage, please indicate the position of the mortgage relative to all financing.

<sup>7</sup> If the financing is recourse, identify who the guarantor is and the terms of the guaranty.

**C) Operational Subsidies**

Will any low-income units receive Rental Subsidies?       Yes       No

If the Project will receive rental subsidies, please fill out the following chart.

Please summarize each subsidy program that will be utilized by the project. Include the source of the project, terms of the subsidy, the population served and any other pertinent information below. Also include any restrictions imposed on the project by using the subsidy. If the subsidy has not yet been awarded, please provide status on the application including a project award date and a projected date the subsidy will be available.

Subsidy Program	# of Units	Term of Commitment	Status

*If project will be receiving operating subsidy, submit Exhibit 25.*

**6. PLANS, SPECIFICATIONS AND REQUESTED EXEMPTIONS**

**A) Plans and Specifications**

Provide sets of half-size plans and specifications, as described in Exhibit 26.

**B) Required Exemptions**

Provide a comprehensive and detailed list of all exemptions required and citations in Exhibit 19.

7. **QUESTIONS**

**Please address one question per page.**

1. How does the project fit into state, regional, and local housing plans? Where does the project fit in relation to community development, land use, and zoning plans?

Ola Ka `Ilima Artspace Lofts meet goals in many regional and local planning documents, including both the Hawaii Community Development Authority's Mauka Area Plan, and the City of Honolulu's Consolidated Plan 2010 - 2015. Each plan has a strong focus on the creation of mixed-use, multi-ethnic and multi-cultural, affordable, transit oriented development that activates the street the level through retail and community space.

As stated on page 2 of the Hawaii Community Development Authority's Mauka Area Plan: development should be: "located so as to provide primary reliance on public transportation and pedestrian facilities"; development should be "mixed-use horizontal"; development should include "incomes, ages, and family groups, and should "supply housing for residents of low and moderate income." Ola Ka `Ilima Artspace Lofts is in line with each of these recommendations.

Ola Ka `Ilima Artspace Lofts will provide 80 units of housing for artists and their families making 50% - 60% of area medium income (AMI). As stated on page 1 of the City of Honolulu's Consolidated Plan, Honolulu has, "...a pent up demand for housing estimated at 18,013 units for the five-year period from July 1, 2010 – June 30, 2015. Of this demand, the greatest needs are, and will continue to be, low- and moderate-income households, those making less than 80% of median income."

Artspace leads the project in collaboration with the PA'I Foundation, the Hawaii Community Development Authority, and the City and County of Honolulu. Through PA'I Executive Director Vicky Takamine, we are engaging with native Hawaiian artists and arts organizations across Hawai'i Island and O'ahu. An advisory board has been formed comprised of artists and community leaders; it includes a representative from the Bishop Museum and the director of the Arts at Mark's Garage, an arts center in Honolulu's Chinatown. We have developed 30 projects throughout the country, in a diverse array of mixed-income neighborhoods.

Community outreach involves connecting with elected officials from the governor to city council members, discussing how our project meets community development, sustainability, transportation, and affordable housing goals. We presented the project to the Kaka`ako neighborhood community association and received a vote of support from their board. Artspace and PA'I partnered with the City of Honolulu to secure an NEA Our Town grant for the project.

Additionally, the project site is provided by the Hawaii Community Development Authority, a State agency established to supplement traditional community renewal methods by promoting and coordinating public and private sector community development.

2. Describe the design features (i.e., larger bedrooms, wider hallways, etc.) you are including in your project. How will these features address the health and safety concerns of the owners/tenants? How will these features enhance the project's ability to meet the target population's needs?

The project will include 80 one-, two-, and three- bedroom units from 900-1400 square feet of artist live/work housing. Units are designed with high ceilings, large windows, durable surfaces, large doors, and wide hallways to accommodate a variety of creative activities. Each unit will be larger than a typical affordable unit to allow for ample workspace. The live/work space will be available to income-qualifying artists from all cultural backgrounds. Like all Artspace projects, this building will be multi-ethnic, multi-generational, and multi-disciplinary. The open design of Artspace units, including over-sized doorways and hallways, allows easy ADA conversion of units for disabled or senior residents

These features follow many of the recommendations of regional and local urban plans, including, as stated on page 2 of the Hawaii Community Development Authority's Mauka Area Plan, development that includes: "view planes, view corridors, and other environmental elements such as natural light and prevailing winds".

3. Describe any associated community facilities or social or special services that will be provided, if applicable.

There are two large community spaces included in the project, one indoors and one outdoors. The indoor community room provides space for residential events such as community gatherings, celebrations, rehearsals, performances and exhibitions. In many of our buildings this space is used by community groups both inside and outside of the building for meetings and presentations.

The large outdoor courtyard between the residential towers and above the parking garage, serves as community garden with native plants, playground, meeting area and performance/exhibition area for residents and invited public.

The PA'I Foundation, whose mission is to preserve and perpetuate Hawaiian cultural traditions for future generations, will lease 4,000 square feet of ground floor commercial space and be an invaluable part of the Ola Ka `Ilima Artspace Lofts.

4. What are the main contingencies to the project?

All affordable housing projects are at risk until fully funded. If our application for Low Income Housing Tax Credits is not funded in 2013, the project timetable will be set back by a year, and cost may increase. If we are not successful in raising the philanthropic dollars needed to complete the project budget, the project may be delayed or we will value engineer to reduce costs. Fortunately, Artspace has deep experience in this kind of project, having completed 24 low-income housing tax credit projects in 14 states. We are therefore familiar with managing the risks associated with developing affordable artist housing.

## Certifications and Assurances

Whereas, ArtSpace Projects, Inc. (the "Applicant") is applying to the State of Hawaii – Hawaii Housing Finance and Development Corporation (the "Corporation") for assistance in the 201H process.

Whereas, the Applicant understands that it is necessary that certain conditions be satisfied as part of the Application requirements.

Therefore, the Applicant certifies as follows:

1. The Applicant is eligible for assistance under state statute and guidelines for the Program.
2. The Applicant will minimize displacement as a result of activities assisted with the 201H expedited processing and assist persons displaced as a result of such activities.
3. The Applicant will actively market in an ongoing manner all housing units and services expedited through the Program.
4. The Applicant is prepared and has the authority within its charter, bylaws, or through statutory regulations to enter into a development agreement with the Corporation for acceptance and use of 201H expedited processing assistance. The Applicant makes this Application and certification with full cognizance of its governing body.
5. The Applicant agrees that the Corporation will at all times be indemnified and held harmless against all losses, costs, damages, expenses and liabilities whatsoever in nature or kind (including, but not limited to attorney's fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgment, any loss from judgment from the Internal Revenue Service) directly and indirectly resulting from, arising out of, or related to acceptance, consideration and approval or disapproval of such 201H expedited processing request.
6. The Applicant understands and agrees that the Corporation retains the right to contact local government officials, representatives of other funding programs, or other individuals to verify or obtain additional information about Applicant's proposals. The undersigned hereby agrees and allows the release of any and all information to the Corporation in regards to the representations made within this Application. Such information may include credit history and ratings verifications, confirmation of involvement in past developments, and all other information, on the Applicant entity and principals, thereof, as may be required by the Corporation. This information will be used solely by the Corporation to aid in making a determination as to the awarding of financing assistance offered by the Programs to the Applicant and will not be disclosed outside the Corporation, except as required and permitted under law.
7. The Applicant has received, reviewed and accepts all the documents (e.g. Explanation, Instructions, etc.) that are attached to the Application and made a part hereof.
8. The Applicant understands and agrees that the Corporation's receipt of an Application does not constitute acceptance of the Application. The Corporation reserves the right to return an Application 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., correct application fee, cashier's check, correct number of copies).
  - b. Failure to meet 201H program criteria (e.g., applicant eligibility and affordability requirements, etc).
  - c. Failure to disclose in the Application any known material defects about the development of the Project, any misrepresentation or fraud.

9. The Applicant further understands and agrees that:

a. The Corporation reserves the right to reject any Application submitted and may exercise such right without notice and without liability to any Applicant or other parties for their expenses incurred in the preparation of an Application.

b. Applications are prepared at the sole risk and expense of the Applicant. The completion, receipt, or acceptance of an Application does not commit the Corporation to pay any costs incurred in preparation of the Application. The Corporation shall not be responsible for any costs incurred by the Applicant due to the rejection of any Application.

10. The Applicant understands and agrees that the Corporation in no way represents or warrants to any party which may include, but is not limited to, any developer, project owner, investor, or lender that the Project is, in fact, feasible or viable. No director, commissioner, officer, agent, staff or employee shall be personally liable concerning any matters arising out of, or in relation to, the disapproval or the making of awards from the Programs.

11. The Applicant is responsible to review the applicable federal/state laws to ensure compliance with current regulations.

12. That the foregoing information and the statements made in this Application are true, complete, accurate and correct to the best of the Applicant's knowledge, and hereby authorizes the Corporation to obtain further information and to verify any statement made as it deems necessary.

13. The Applicant understands that the completed and accepted Application is subject to Chapter 92F, Hawaii Revised Statutes, the Uniform Information Practices Act of the State of Hawaii.

In Witness Whereof, the Applicant has caused the document to be executed in its name on the 14 day of November, 2012.

Artspace Projects, Inc.  
Applicant

By Cathy Vandenberg  
Its Vice President

By \_\_\_\_\_  
Its \_\_\_\_\_

Witness Kerj...

## INDEX OF APPLICATION EXHIBITS

### ATTACHED

- (Excel Worksheets)
- Exhibit A. Project Cost Breakdown Worksheet
- Exhibit B. Estimated Project Revenues N/A  
*Complete this Exhibit if the proposed Project is a FOR SALE PROJECT.*
- Exhibit C. Operating Income, if applicable
- Exhibit D. Operating Expenses, if applicable
- Exhibit E. Operating Proforma, if applicable
- Exhibit 1. Copy of a current IRS Tax Exemption Letter, if non-profit.
- Exhibit 2. Most recent Treasury Form 990 with all supporting documentation, as filed with the IRS, if non-profit.
- Exhibit 3. Certified copies of the organizational documents of the applicant, including its articles of incorporation and bylaws, declaration of trust, partnership or limited partnership agreement, including any amendments thereto. Include a signature resolution if not encompassed within corporation bylaws.
- Exhibit 4. Copy of applicant's most recent financial statements and reports prepared in accordance with generally accepted accounting principles. In the event the applicant is an entity not yet formed, submit federal and state tax returns and financial statements for the previous year for the developer of the applicant entity. HHFDC may require additional financial information at its discretion.
- Exhibit 5. Copy of an organizational chart for the sponsor and the owner of the project. If the ownership structure will be different at anytime during the development process, provide a separate organizational chart representing the ownership structure at such time.
- Exhibit 6. Housing Development Experience form provided as part of this application, if applicable. Please fill in all information requested on the sheet using the most current information.  
(Sample of Exhibit 8 is attached.)
- Exhibit 7. Resume for each member of the project team.  
Resume for key staff involved in the development ownership of this project from the sponsor and developer.
- In addition, please provide a list of construction projects and contracts completed by the Developer, General Contractor, Consultant, Project Sponsor, and Architect for at least the last five years. The list includes at minimum, the name of the project, address of the project, beginning and ending date of the contract or project, the year project was placed in service, name of owner of project, owner contact information and list of any federal, state or local subsidy used in the project and a brief description of the project.

Letters of reference are welcome in addition to the resumes.

- Exhibit 8 List of affordable housing projects managed by the agent for the past five years. Include name of property, address of property, number of units, name of state, federal and local subsidy program in which the project is participating in and the term of involvement and contact information for property owner.
- Exhibit 9 Location map of the project site. The map should identify the site, parks, schools, public transit routes and stops, shopping and business districts, and competitive developments.
- Exhibit 10 Photographs or renderings of the project and site.
- Exhibit 11 Survey, if available
- Exhibit 12 Evidence of site control for the project, e.g., deed, lease, agreement of sale, option agreement.
- Exhibit 13 Copy of any existing note, mortgage, or loan agreement encumbering the project site. N/A
- Exhibit 14 Preliminary title report.
- Exhibit 15 Documentation regarding the applicable Special Site Classification.
- Exhibit 16 Explanation as to why the developer is requesting 201H processing through HFDC, rather than through the county. If your site is being rezoned, please attach a letter from the appropriate County Planning Office which describes the status of the rezoning process. The site is in the HCDA designated development district, under state jurisdiction rather than the city and county
- Exhibit 17 List of variances and/or special use permits required.
- Exhibit 18 Record of consultation with the surrounding community within the past 6 months.
- Exhibit 19 Copy of the most recent Draft Environmental Assessment, Finding of No Significant Impact or Environmental Impact Statement. If not required, provide explanation.
- Exhibit 20
- Water: Attach a copy of Board of Water Supply or Department of Water Supply letter confirming adequacy of existing water system and availability of water.
- Sewer: Attach a copy of the sewer application indicating adequacy of existing sewer system capacity.
- Electricity: Attach a copy of letter from local electricity provider confirming the availability of electricity to the site.
- Exhibit 21 Complete the attached Environmental Questionnaire and attach a copy of Phase 1 Environmental Site Assessment, if available. Attach a copy of Phase 2 Environmental Site Assessment and any mitigation plan, if necessary.
- Exhibit 22 Proposed construction timetable.

- Exhibit 23 Justification of market demand for the project. HHFDC may, at its discretion, request a market analysis prepared by an independent firm, not affiliated with the developer, as to present and projected demand for the proposed development in the market area.
- Exhibit 24 Terms and conditions of the proposed financing, including commitment letters, from all financing sources and/or tax credit syndicators.
- Exhibit 25 Provide commitment letters or executed contracts for operating subsidy. N/A
- Exhibit 26 Include one half size set of plans for each original or copy of the application under Exhibit 26 of each application.

Plans and specifications to include a) site plan at a minimum scale of 1" = 40' which delineates the building types, common elements and parking (including handicapped designations). Project Data must be included on the site plan sheet: zoning and building code information, both allowable and proposed, under which the project was designed (e.g., parking, height limits, floor area ratio, lot coverage, setbacks, type of construction, etc.); b) floor plans of each building type at a minimum scale of 1/8" = 1'0". Handicapped clear spaces shall be shown dashed on the plans and reference shall be made to the code from which it was derived (e.g., UBC, FFHAA, UFAS, etc.); c) exterior elevations of each building type at a minimum scale of 1/8" = 1'0". Indicate finish materials; and d) unit plans.