



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

REQUEST FOR PROPOSALS

SOLICITATION No. RFP-22-005-REC

KULIA I KA NUU MIXED-USE RENTAL HOUSING PROJECT RESTRUCTURING AND PRESERVATION

ALL PERSONS INTERESTED IN THIS REQUEST FOR PROPOSALS (THIS “RFP”) MUST REGISTER WITH CBRE, INC. (THE “ADVISOR”) TO RECEIVE ACCESS TO THIS RFP, ACCESS TO THE ASSOCIATED OFFERING MEMORANDUM (EXHIBIT A TO THIS RFP), AND NOTICE OF ANY CHANGES OR UPDATES TO THE SOLICITATION. PLEASE VISIT WWW.KULIAIKANUUCBRE.COM FOR REGISTRATION INSTRUCTIONS.

OFFERS ARE DUE NO LATER THAN 4:00 PM HAWAII-ALEUTIAN STANDARD TIME (“HST”) ON

APRIL 1, 2022

(or such later date as may be established by the State of Hawaii by an Addendum to this RFP)

BY SUBMISSION TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION (“HHFDC”)

DIRECT ALL QUESTIONS REGARDING THIS RFP, QUESTIONS OR ISSUES RELATING TO THE ACCESSIBILITY OF THIS RFP (INCLUDING THE ATTACHMENTS AND EXHIBITS AND ANY OTHER DOCUMENT RELATED TO THIS RFP) AND REQUESTS FOR ACCOMMODATIONS FOR PERSONS WITH DISABILITIES IN CONNECTION WITH THIS RFP, TO BOTH THE RFP CONTACT AND THE ADVISOR CONTACT:

RFP Contact

Chris Woodard, Acting Chief Planner
EMAIL: christopher.j.woodard@hawaii.gov
PHONE: (808) 587-0588

Advisor Contact

Andrew Reenders, Vice President
EMAIL: andrew.reenders@cbre.com
PHONE: (808) 541-5146

NOTICE TO INTERESTED PARTIES

Solicitation No. RFP-22-005-REC

KULIA I KA NUU MIXED-USE RENTAL HOUSING PROJECT RESTRUCTURING AND PRESERVATION

Proposals will be received electronically through email to both the RFP Contact and the Advisor Contact for the acquisition of a long-term leasehold interest in the Kulia I Ka Nuu mixed-use rental housing project located in Waianae, Oahu (the "Property"). CBRE, Inc. is serving as the exclusive advisor to HHFDC regarding the contemplated leasehold sale transaction. **Proposals must be received no later than April 1, 2022 at 4:00 PM HST.**

Beginning on February 8, 2022, this Request for Proposals shall be made available online at the CBRE deal website: www.kuliaikanuuCBRE.com. Interested parties must go to the solicitation notice at www.kuliaikanuuCBRE.com and download the RFP documents. **Parties are strongly encouraged to register by e-mail to both** the RFP Contact and the Advisor Contact below to receive courtesy notifications about this RFP. Addenda and other information and materials shall be provided by the State through www.kuliaikanuuCBRE.com, including additions or changes with respect to the dates in Section 1.3 Solicitation Schedule. Regardless of registration, HHFDC, the State of Hawaii, and the Advisor are not responsible for any delay or failure of any party to receive any materials updated during the RFP process on a timely basis.

The Advisor will hold on-site property tours on March 3, 2022 and March 10, 2022.

Direct all questions, requests or discoveries relating to this solicitation to both contacts below no later than **March 18, 2022 at 4:00 PM HST**:

RFP Contact

Chris Woodard, Acting Chief Planner
EMAIL: christopher.j.woodard@hawaii.gov
PHONE: (808) 587-0588

Advisor Contact

Andrew Reenders, Vice President
EMAIL: andrew.reenders@cbre.com
PHONE: (808) 541-5146



Francis Paul Keeno, Executive Assistant
Hawaii Housing Finance and Development Corporation

Release Date: February 8, 2022

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ATTACHMENT & EXHIBITS

Attachment 1: OFFER FORM, OF-1

- Exhibit A: Offering Memorandum
- Exhibit B: Form of Ground Lease (to be provided later)
- Exhibit C: Form of Regulatory Agreement (to be provided later)

SECTION ONE

INTRODUCTION AND KEY INFORMATION

1.1 DEFINITIONS

Advisor	= CBRE, Inc.
Authorized Contacts	= The sole points of contact for this solicitation.
BAFO	= Best-and-final offer.
Contract	= The PSA, the Lease, the Regulatory Agreement, and all other documents governing Successful Offeror's acquisition, ownership, and operation of the Property.
DBEDT	= The State of Hawaii, Department of Business, Economic Development and Tourism.
Evaluation Committee	= The committee appointed by the Executive Director to evaluate the proposals in accordance with the evaluation criteria specified in this RFP.
Executive Director	= The head of the Hawaii Housing Finance and Development Corporation.
HAR	= Hawaii Administrative Rules.
HHFDC	= Hawaii Housing Finance and Development Corporation, a public body and a body corporate and politic of the State of Hawaii.
HRS	= Hawaii Revised Statutes.
Lease	= The ground lease that transfers the leasehold interest in the Property from HHFDC to the Successful Offeror for the specified period of time and compensation subject to the terms and conditions therein.
Letter of Intent	= Offeror's formal acquisition proposal relating to the leasehold interest in the Property, as is customary of transactions of this nature.

Offeror	= A party submitting a proposal in response to this RFP.
OM	= The Offering Memorandum prepared by CBRE, Inc.
Property	= The Kulia I Ka Nuu mixed-use rental housing project located at 85-233 Ala Akau Street and 85-296 Ala Hema Street, Waianae, HI 96792 (Tax Map Key Nos.: (1) 8-5-027: parcels 71, 72, and 73).
Property Tours	= The official tours of the Properties to be led by the Advisor.
Priority-Listed Offerors	= A priority list of responsible Offerors submitting acceptable and potentially acceptable proposals in response to this RFP.
Procurement Code	= Chapter 103D, HRS.
PSA	= The Purchase and Sale Agreement for the leasehold interest in the Property.
RFP	= This Request for Proposals.
RFP Timeline	= The key dates and times for this solicitation.
State	= The State of Hawaii, including all departments, attached agencies, and political subdivisions.
Successful Offeror	= The Offeror selected by HHFDC with which it will enter into a PSA for the leasehold interest in the Property.

1.2 INTRODUCTION

Hawaii Housing Finance and Development Corporation, with the assistance and advice of CBRE, Inc., is requesting proposals from qualified owner-operators of affordable rental housing that are interested to purchase a long-term leasehold interest in the Kulia I Ka Nuu mixed-use rental housing project located in Waianae, Oahu (the “Property”).

The Property is described in summary in Section Two and in more detail in the Offering Memorandum (the “OM”), which is attached as Exhibit A to this RFP.¹

1.3 RFP TIMELINE

The below timeline (the “RFP Timeline”) is based on approximate dates. If a component of the RFP Timeline is changed, such as the Proposals Due date, then the RFP Timeline will be adjusted accordingly. All times indicated herein are in Hawaii Standard Time (“HST”).

Publish Request for Proposals	February 8, 2022
Property Tour #1	March 3, 2022
Property Tour #2	March 10, 2022
Deadline for Questions and Clarifications	March 18, 2022
State Response to Questions and Clarifications	March 25, 2022
Proposals Due	April 1, 2022 No later than 4:00 p.m. HST
Priority-Listed Offerors Selected for Interviews	April 15, 2022
Best-and-Final Offers Due	April 22, 2022
HHFDC Board Approval of Selected Offeror	May 13, 2022
Purchase and Sale Agreement Executed	June 3, 2022

NOTE: HHFDC reserves the right to deviate from the RFP Timeline for any reason at its sole discretion.

1.4 PROPERTY TOURS

Property Tours will be held by the Advisor at the Property on the dates and times indicated in the RFP Timeline. Prior to submittal of a proposal, it is recommended that Offerors familiarize themselves with the Property and RFP documents.

1.5 QUESTIONS, CLARIFICATIONS, OR CHANGES

Any Offeror that has questions or requires clarification of the information provided in this RFP must submit specific questions or requests **in writing via email** to the RFP Contact and simultaneously to the Advisor Contact listed on the cover of this RFP. The

¹ In the event of conflicts between: 1) the OM; and 2) this RFP exclusive of the OM, the latter will always take precedence.

Deadline for Questions and Clarifications is indicated in the RFP Timeline above, as amended by any addenda.

a. Addenda

If HHFDC determines that additional information or interpretation is necessary, or that a change is needed regarding this RFP, then such information will be supplied in addenda and distributed to all persons or firms who registered for this solicitation. Addenda shall have the same binding effect as though contained in this RFP. The Executive Director will issue all addenda no later than the date indicated in the RFP Timeline, unless otherwise amended.

Up to the date and time that proposals are due, it is the responsibility of all parties interested in this RFP to refer frequently back to the Advisor's website to check for any addenda that have been issued for this RFP. Interested parties who have registered with the Advisor for this RFP will receive courtesy notices of any addenda that has been issued for this RFP; however, interested parties are ultimately responsible for being aware of any addenda issued by HHFDC and modifying their proposals accordingly.

b. Statements by HHFDC Representatives or Advisor Representatives

Statements made by HHFDC representatives or Advisor representatives during the Property Tours or otherwise during the solicitation process shall not be binding on HHFDC or the Advisor unless confirmed by written addenda.

For an official response, offerors shall submit all questions **in writing by email** to the RFP Contact and simultaneously to the Advisor Contact.

c. Required Review

Offeror shall carefully review this solicitation for defects and questionable or objectionable matter. **Comments concerning defects and questionable or objectionable matter must be made in writing and should be received by HHFDC and the Advisor prior to the Deadline for Questions and Clarifications stated in the RFP Timeline, as amended by any addenda to this RFP.** This will allow issuance of any necessary corrections and/or amendments to this RFP.

If an Offeror takes exception to any terms, conditions, specifications, or other requirements described herein, Offeror initially should seek an informal resolution with the RFP Contact. If unresolved at the time that offers are received, any exceptions taken to the terms, conditions, specifications, or other requirements described herein may be listed in the "Exceptions" section of Offeror's proposal.

1.6 UNAUTHORIZED COMMUNICATIONS

The sole points of contact for this solicitation are the RFP Contact and the Advisor Contact, as listed on the front cover of this RFP, and the following Advisor subject-matter consultants:

- a. Tim Flint, Vice Chairman, CBRE Affordable Housing
- b. Taylor Froland, Vice President, CBRE Affordable Housing
- c. Joey Padon, Associate, CBRE Affordable Housing

(collectively the “Authorized Contacts”).

All questions and communications regarding this RFP must be directed to an Authorized Contact. Offerors must not communicate about this RFP with members of the Evaluation Committee, members of the HHFDC Board of Directors, or any HHFDC or Advisor employee not specifically named in this RFP, except upon invitation by HHFDC as part of discussions or best-and-final offers. Doing so may be cause for proposal rejection in HHFDC’s sole discretion.

1.8 GOVERNING LAWS AND RULES; COST OF LITIGATION

The validity of this RFP and any of its terms or provisions, as well as the rights and duties of the State, HHFDC, and any party submitting a response to this RFP, shall be governed by the laws of the State of Hawaii. All matters not specifically addressed in this RFP, or a subsequent Purchase and Sale Agreement (“PSA”) entered into, will be governed by the Hawaii Revised Statutes (“HRS”) as well as applicable Hawaii Administrative Rules (“HAR”) and any other local, State, and Federal rules, laws, and regulations pertaining to the sale of real estate. As this RFP pertains to a real estate transaction, it is not subject to Chapter 103D, HRS (the “Procurement Code”) or any related rules and regulations.

Any action at law or in equity to enforce or interpret the provisions of this RFP shall be brought in a State court or competent jurisdiction in Honolulu, Hawaii.

a. Cost of Litigation

In case the State or HHFDC shall, without any fault on its part, be made a part to any litigation commenced by or against an Offeror in connection with this RFP, the Offeror shall pay all costs and expenses incurred by or imposed on the State or HHFDC, including attorneys’ fees.

1.9 RESERVATION OF RIGHTS

HHFDC, in its sole discretion, reserves the right to:

- a. Change or cancel this RFP;
- b. Reject any or all proposals received in response to this RFP;
- c. Determine whether a proposal submitted in response to this RFP fails to meet the requirements of the RFP in some material respect;
- d. Obtain modification or clarification necessary to properly evaluate a proposal;
- e. Obtain references regarding any Offeror's past performance from any source; and
- f. Execute a PSA with Successful Offeror.

Neither issuance of this RFP nor evaluation of any proposal(s) obligates HHFDC to execute a PSA as a result of this RFP.

1.10 DOWNLOADED SOLICITATION

Offerors must **register** with the Advisor to download the solicitation documents online. If an Offeror does not register, then that Offeror will not receive notification of any changes or addenda to the RFP.

1.11 OFFEROR QUALIFICATIONS

Offeror must meet all the qualification requirements in this RFP. Failure to meet the qualifications as specified in this RFP will likely have an adverse affect on Offeror's proposal evaluation and may be grounds for non-selection of a proposal.

1.12 SUBMISSION OF PROPOSAL

By submission of a proposal, Offerors warrant and represent that they have read and are familiar with the contractual requirements set forth in this RFP and its attachments and exhibits, the provisions of which are expressly incorporated into this RFP by reference as though fully set forth in its entirety herein.

Furthermore, the submission of a proposal shall constitute an incontrovertible representation by Offeror of compliance with every requirement of this RFP, and that the RFP documents are sufficient in scope and detail to indicate and convey reasonable understanding of all terms and conditions of performance of the work.

Before submitting a proposal, each Offeror must:

- a. Examine the solicitation documents thoroughly. Solicitation documents include this RFP; any attachments, exhibits (including the OM), and plans referred to herein; and any other relevant documents; and
- b. Be familiar with State, local, and Federal laws, statutes, ordinances, rules, and regulations that may, in any manner, affect the Property.

All submitted proposals shall become the property of HHFDC and may be subject to public disclosure in accordance with Chapter 92F, HRS.

1.13 CONFIDENTIAL INFORMATION

If a person believes that any portion of a proposal, offer, specification, submittal, or correspondence contains information that should be withheld as confidential, then the RFP Contact named on the cover of this RFP should be so advised in writing and provided with legal justification to support the confidentiality claim. Price is not considered to be confidential and will not be withheld.

An Offeror shall request in writing nondisclosure of designated trade secrets or other proprietary data considered confidential by law. Such data shall accompany the proposal, be clearly marked, and shall be readily separable from the proposal in order to facilitate eventual public inspection of the non-confidential portion of the proposal.

Offerors may not mark an entire proposal confidential. Should a proposal be submitted in this manner, the HHFDC reserves the right to hold no portion of the proposal as confidential, unless such a portion is determined by the Department of the Attorney General to be subject to non-disclosure pursuant to Chapter 92F, HRS.

If a request is made to inspect the confidential material, the inspection shall be subject to written determination by the Department of the Attorney General for confidentiality in accordance with Chapter 92F, HRS. If it is determined that the material designated as confidential is subject to disclosure, the material shall be open to public inspection, unless Offeror requests the Office of Information Practices to review and rule on such disclosure pursuant to Section 92F-42(1), HRS. If the request to inspect the confidential material is denied, a person denied access may appeal the decision to the Office of Information Practices in accordance with Section 92F-15.5, HRS.

1.14 RESERVED

1.15 PROPOSAL AS PART OF THE CONTRACT

This RFP and Successful Offeror's proposal, as accepted by HHFDC, will be incorporated into the resulting Contract (as hereinafter defined). In the event of conflicts

between this RFP and Successful Offeror's proposal, this RFP will always take precedence. Successful Offeror is required to identify conflicting or omitted sections of the RFP requirements in its proposal.

1.16 ADDITIONAL TERMS AND CONDITIONS

Approvals. Any agreement arising out of this offer shall be subject to the approval of the Department of the Attorney General as to form and is subject to all further approvals required by statute, regulation, rule, order, or other directive. Award of the leasehold interest in the Property and execution of a PSA with Successful Offeror is subject to the prior approval of the Executive Director and the HHFDC Board of Directors.

Confidentiality of Material. All material given to or made available to Successful Offeror by virtue of the Contract, which is identified as proprietary or confidential information, will be safeguarded by Successful Offeror and shall not be disclosed to any individual or organization without the prior written approval of HHFDC.

Nondiscrimination. No person performing work under the Contract, including any subcontractor, employee, or agency of Successful Offeror, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

Competency of Offeror. The Executive Director or the Evaluation Committee shall determine whether Successful Offeror has the financial ability, resources, skills, capability, and business integrity necessary to fulfill the terms of the PSA, the Lease, the regulatory Agreement, and all other documents governing Successful Offeror's acquisition, ownership, and operation of the Properties (collectively the "Contract"). For this purpose, either before or after the deadline for an offer, HHFDC may require Offeror to submit answers to questions regarding facilities, equipment, experience, personnel, financial status, or any other factors relating to the ability of Offeror to satisfactorily fulfill the Contract. Whenever it appears from answers to the questionnaire or otherwise that Successful Offeror is not fully qualified and able to fulfill the Contract, a written determination of non-responsibility of Offeror shall be made. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to such Offeror.

Preparation of Proposal. An Offeror may submit only one proposal in response to this RFP. If an Offeror submits more than one proposal in response to this RFP, then all such proposals shall be rejected.

1.17 CANCELLATION

HHFDC reserves the right to cancel this RFP without liability when it is determined by HHFDC, at its sole discretion, to be in the best interests of the State. In no event shall HHFDC have or incur any liability to any Offeror due to a cancellation of this RFP.

Offeror assumes the sole risk and responsibility for all expenses connected with the preparation of its proposal.

1.18 REJECTION OF PROPOSALS

HHFDC reserves the right to reject any or all proposals, in whole or in part, without liability, at its sole discretion. Offeror assumes the sole risk and responsibility for all expenses connected with the preparation of its proposal.

1.19 COSTS OF PROPOSAL PREPARATION

Costs for developing the proposal are solely the responsibility of Offeror, whether or not any award results from this solicitation. Neither HHFDC nor the State of Hawaii will reimburse any costs relating to the preparation of a proposal.

SECTION TWO

PROJECT DESCRIPTION AND REQUIREMENTS

2.1 ABOUT HHFDC

The mission of Hawaii Housing Finance and Development Corporation is to increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development. HHFDC is administratively attached to the State of Hawaii, Department of Business, Economic Development and Tourism (“DBEDT”) and is governed by a nine-member Board of Directors which establishes policies and executive direction for the corporation.

2.2 THE PROPERTY

Through its Dwelling Unit Revolving Fund, HHFDC owns in fee simple the Kulia I Ka Nuu mixed-use rental project located at 85-233 Ala Akau Street and 85-296 Ala Hema Street, Waianae, HI 96792 and further identified by Tax Map Key Nos. (1) 8-5-027: parcels 71, 72, and 73. For additional information on the Property, please refer to the OM.

2.3 RESTRUCTURING GOALS

Ownership and management of affordable rental housing is not a core function of HHFDC, and the HHFDC Board of Directors has determined that the long-term affordability of the Property—and the long-term sustainability of the building improvements—should be preserved through a restructuring in partnership with the private sector.

The purpose of this RFP is to identify a Successful Offeror that will:

- a. Participate in a restructuring of the Property’s ownership by entering into a 75-year ground lease for the Property (the “Ground Lease”);
- b. Preserve the Property’s long-term affordability by operating it in accordance with rent and household-income restrictions mandated by HHFDC as documented in a Regulatory Agreement encumbering the leasehold interest;
- c. Preserve the Property’s building improvements for the long-term by investing capital in the Property for building system replacements, residential unit upgrades, common-area renovations, and the like;
- d. Improve the Property’s amenities, utilizing the vacant parcel and repurposing the former dormitory building; and
- e. Enhance the Property’s tenants’ lives by providing education and counseling services to help them maintain financial stability.

2.4 SCOPE OF THIS RFP

Through this RFP, HHFDC will select the Offeror with which it will enter into a PSA for the leasehold interest in the Property (the “Successful Offeror”). The PSA will contain forms of transaction documents to be executed at the closing, such as the Lease and the Regulatory Agreement.

SECTION THREE

PROPOSAL REQUIREMENTS AND EVALUATION CRITERIA

Offeror's proposal shall describe in detail Offeror's ability to meet the goals of this RFP. Proposals submitted in response to this RFP will be evaluated in accordance with the following Proposal Requirements and Evaluation Criteria.

All proposal requirements listed as a "Mandatory Requirement" in this section must be addressed in sufficient detail to demonstrate Offeror's understanding of the requirements described in this RFP. **Proposals that do not address all mandatory requirements will be deemed non-responsive to this RFP and will not be considered for award.** Failure to address any other proposal requirements may also result in a determination of non-responsiveness and the rejection of Offeror's proposal.

SUMMARY OF PROPOSAL REQUIREMENTS AND EVALUATION CRITERIA	
EVALUATION CRITERIA	MAX POINTS PER CRITERION
<input type="checkbox"/> Minimum Qualifications	Pass/Fail
<input type="checkbox"/> Ownership and Management Experience	40 Points
<input type="checkbox"/> Management Plan	20 Points
<input type="checkbox"/> Acquisition and Pricing Proposal	100 Points
<input type="checkbox"/> Capital Improvement Plan and Vacant Parcel Plan	20 Points
<input type="checkbox"/> Education and Counseling Services Plan	40 Points
Total Available Points	220 Points
PROPOSAL REQUIREMENTS	
<input type="checkbox"/> Transmittal Letter	Not Scored
<input type="checkbox"/> Offer Form OF-1 (Attachment 1)	Not Scored
<input type="checkbox"/> Responses to Evaluation Criteria	Scored
<input type="checkbox"/> Confidential Information, if applicable	Not Scored
<input type="checkbox"/> Exceptions, if applicable	Not Scored
<input type="checkbox"/> Additional Information, as required or requested	Not Scored

Offeror must include a "Table of Contents" and organize its proposal in the following order, as addressed in this Section Three:

- 3.1 Transmittal Letter
- 3.2 Offer Form
- 3.3 Minimum Qualifications
- 3.4 Ownership and Management Experience
- 3.5 Management Plan
- 3.6 Acquisition and Pricing Proposal
- 3.7 Financing Plan
- 3.8 Capital Improvement Plan and Vacant Parcel Plan
- 3.9 Education and Counseling Services Plan Acquisition and Pricing Proposal

- 3.10 Confidential Information
- 3.11 Exceptions
- 3.12 Additional Information

3.1 TRANSMITTAL LETTER (Proposal Requirement)

Provide a one- to two-page transmittal letter that summarizes Offeror's proposal and confirms that Offeror shall comply with the requirements, provisions, terms, and conditions specified in this RFP. The transmittal letter should be in the form of a standard business cover letter on official business letterhead and shall be signed by an authorized representative of Offeror.

If one or more joint-venture partner(s) are involved, append a statement to the transmittal letter from each joint-venture partner, signed by an individual authorized to legally bind the joint-venture partner.

3.2 OFFER FORM (Proposal Requirement)

Provide a signed Attachment 1, Offer Form OF-1, with the complete name and address of Offeror's firm and the name, mailing address, telephone numbers, email address and fax number of the person that HHFDC should contact regarding Offeror's proposal.

3.3 MINIMUM QUALIFICATIONS (Mandatory Requirement – *pass/fail*)

To qualify to be Successful Offeror, Offeror must submit documentation demonstrating that Offeror meets each of the following minimum qualifications as of the time of the submission of proposals:

- a. Offeror must be registered as a business in the United States of America, and possess a current Federal Tax Identification Number.
- b. Offeror must be current on all Federal and State taxes as evidenced by a Tax Clearance Certificate(s) current to within 30 days of the Proposal Due Date.
- c. Offeror must not be in arrears on the payment of taxes, rents, or other obligations owing to the State of Hawaii.
- d. Offeror must not be a party to any current or pending litigation against HHFDC or the State of Hawaii.
- e. Offeror must have a minimum of seven (7) years of experience in the ownership and operation of affordable rental housing in the United States of America.

- f. Offeror must own and operate a minimum of 500 affordable rental housing units in the United States of America.

3.4 OWNERSHIP AND MANAGEMENT EXPERIENCE

(Mandatory Requirement – 40 points)

HHFDC seeks a Successful Offeror that has extensive experience in the ownership and operation of affordable rental multifamily properties that are substantially similar to the Property, including such properties located in the State of Hawaii.

- Successful Offeror must also have a track record of successfully managing (or partnering with third parties that manage) properties that are substantially similar to the Property, including such properties located in the State of Hawaii.

Provide background information on Offeror, including its corporate history, organizational structure, management team, office locations, and major lines of business. Provide Offeror's audited financial statements for its three (3) most recent fiscal years.

Describe Offeror's experience in the ownership and operation of affordable rental multifamily properties that are substantially similar to the Property. Provide a listing of affordable rental housing projects currently under ownership and/or management of Offeror. The listing should be itemized by project name and type (family, senior, special needs, etc.); location; affordability program(s) utilized (LIHTC, project-based Section 8, etc.); number of units by unit type (studio, one-bedroom, etc.); number of units by affordability restriction (50% of HUD AMI, 60% of HUD AMI, etc.); project type (townhouse, garden apartment, high rise, etc.); and the estimated current market value of the project.

- If Offeror proposes to use a third-party firm to provide property management services to the Property, provide information (including background information substantially similar to that outlined immediately above) on the firm that Offeror intends to engage to manage the Property. Describe the process that Offeror uses to select and contract with such third-party property management firms. Describe the level of discussions that Offeror has had with the third-party property management firm that it intends to contract to manage the Property.

Provide detailed information on Offeror's key personnel that would be responsible for fulfilling its obligations under the Contract, including at a minimum the following:

- a. Name, title and office location;
- b. Role or responsibilities;
- c. Professional licensing information, if applicable;
- d. Employment history and academic qualifications;

- e. Pertinent areas of expertise and past experience; and
- f. Resume or curriculum vitae.

Provide a minimum of three (3) professional references that have direct knowledge of Offeror's skills, abilities, and track record relating to the ownership and management of properties that are substantially similar to the Property, including such properties located in the State of Hawaii. Include all relevant project details and the primary client contact's firm name, title, email address, and phone number.

3.5 MANAGEMENT PLAN

(Mandatory Requirement – 20 points)

HHFDC seeks a Successful Offeror that will implement a plan to effectively manage the Property, whether through direct management or the utilization of a third-party manager.

Provide a summary of the property management plan. Suggested topics to include in the plan include staffing, delegation of authority, office hours, tenant relations, marketing, tenant selection, staff training, preventative maintenance, rent collection, affordability compliance, and recordkeeping.

3.6 ACQUISITION AND PRICING PROPOSAL

(Mandatory Requirement – 100 points)

HHFDC seeks a Successful Offeror that will pay a competitive Property lease premium to HHFDC and finance such lease premium in a manner that is fiscally responsible. The financing should come from reliable and reputable sources with experience in financing transactions similar to the one described in this RFP. HHFDC seeks a Successful Offeror acquisition and pricing proposal that is highly likely to be completed on originally agreed terms, including terms such as price and the durations of due diligence and closing periods.

Provide a narrative summary of Offeror's experience in the acquisition of properties that are substantially similar to the Property. Describe the composition and experience of Offeror's acquisitions team. Describe in detail the properties acquired, the sellers of such properties, the properties' acquisition costs and financing structures; and the closing dates. For each transaction, indicate whether the closing was completed on originally agreed terms and, if not, the reasons for the change(s) in such terms.

- Provide a minimum of three (3) professional references that have direct knowledge of Offeror's skills, abilities, and track record relating to such property acquisitions. Include all relevant project details and the primary client contact's firm name, title, email address, and phone number.

Submit a formal acquisition proposal (a “Letter of Intent”) that is customary of transactions of this nature. At a minimum, such Letter of Intent must include the following information:

a. Purchase Price

Indicate the price that Offeror is willing to pay to purchase the leasehold interest in the Property.

b. Deposits

1. Initial Deposit

Indicate the initial deposit to be made within three (3) business days after the execution of the PSA. Such deposit must be no less than two and one-half percent (2.5%) of the Purchase Price.

2. Additional Deposit

Indicate the additional deposit to be made within three (3) business days of the satisfactory completion of Due Diligence. Such deposit must be no less than two and one-half percent (2.5%) of the Purchase Price. Upon payment of the Additional Deposit, the Initial Deposit and the Additional Deposit (collectively the “Deposit”) shall become non-refundable. The Deposit will be credited toward the Purchase Price at the closing.

Deposit amounts that are greater than the minimum requirements will be viewed favorably. **In the event that Successful Offeror defaults on the PSA, then HHFDC shall retain the Deposit as liquidated damages.**

c. Financing Structure

Describe how the leasehold purchase transaction will be financed, including equity and debt sources. Include descriptions of any commitments from, or discussions with, such sources. Describe the equity and debt participants’ experience in financing transactions similar to the one described in this RFP.

d. Due Diligence and Closing

Describe the period (in number of calendar days) required to complete Due Diligence on the Property. Provide detail on the Due Diligence plan, including the types (and names, if firms have already been identified) of consultants to be used. Provide information on the number of residential units to be inspected during Due Diligence and the scope of such inspections.

Describe the period (in number of calendar days) required to close the transaction after the expiration of the Due Diligence period.

Successful Offeror shall pay all closing costs, including the State of Hawaii conveyance tax, title insurance premiums, escrow fees, recording fees, and the like.

e. Conditions Precedent to Closing

Describe the key conditions that must be satisfied in order for Offeror to be obligated to consummate its purchase of the Property.

3.7 CAPITAL IMPROVEMENT PLAN AND VACANT PARCEL PLAN
(Mandatory Requirement – 20 points)

HHFDC seeks a Successful Offeror that will invest capital in the Property for building system improvements/replacements, unit interior upgrades, common-area upgrades, energy-efficiency projects, and the like. Additionally, HHFDC seeks a Successful Offeror add to the Property's amenities by utilizing the vacant parcel and repurposing the former dormitory building.

Describe Offeror's planned capital expenditures to improve the Property during the first three years of ownership and the justification of the need for such expenditures. Describe how the planned capital expenditures will be financed. In a table, provide a line-item summary of planned capital expenditures, indicating the proposed timing and estimated cost of such expenditures.

3.8 EDUCATION AND COUNSELING SERVICES PLAN
(Mandatory Requirement – 40 points)

HHFDC requires that Successful Offeror provide residential tenants of the Property with education and counseling services to help them maintain financial stability. The objective of maintaining financial stability encompasses, but is not limited to, activities such as planning for rent increases, increasing income to maintain housing, addressing health issues that may jeopardize housing, and planning for possible future homeownership.

HHFDC anticipates that Successful Offeror will establish a program which will include a combination of direct service provision and coordination of, and referral to, targeted services that residents will access on- and off-site.

Describe Offeror's package of services and plan to meet the financial stability objective including, but not limited to, the following:

- a. Types of services that will be offered and by whom;

- b. Accessible locations for residents to obtain such services;
- c. The number of hours per week that will be allotted for on-site assistance; and
- d. How residents will learn about supportive services and education programs.

3.9 CONFIDENTIAL INFORMATION
(Proposal Requirement, *if applicable*)

Confidential information shall be submitted in accordance with Section 1.13.

3.10 EXCEPTIONS
(Proposal Requirement, *if applicable*)

Offeror initially should seek an informal resolution of any exceptions taken by notifying the RFP Contact or the Advisor Contact in writing prior to the Deadline for Questions and Clarifications. Offeror's notice shall reference the RFP section where exception is taken, describe the exception taken, and provide a proposed alternative, if any. If Offeror's exceptions have not been resolved by the date on which proposals are due, Offeror shall include said exception in its proposal in accordance with the aforementioned provision.

3.11 ADDITIONAL INFORMATION
(Proposal Requirement, *if applicable*)

Any additional forms or information required or requested in this RFP and not specifically addressed in this section shall be marked appropriately and included at the end of the proposal.

SECTION FOUR

PROPOSAL FORMAT AND SUBMISSION

4.1 PROPOSAL FORMAT

The following are guidelines for formatting proposals:

- a. Proposal includes all content specified in Section Three in the order presented therein.
- b. Proposal is prepared simply and economically, and is composed of recyclable and recycled materials, as applicable.
- c. There is no page-limit restriction on proposals.

Please do not include sales or promotional materials as part of the proposal unless requested.

Economy of Presentation. Proposals shall be prepared in a straightforward and concise manner, in a format that is reasonably consistent and appropriate for the purpose. Emphasis will be on completeness and clarity and content. If any additional information is required by the State regarding any aspects of Offeror's proposal, it shall be provided within five (5) business days.

4.2 PROPOSAL SUBMISSION

Electronic Procurement. Proposals shall be submitted and received electronically through email to both the RFP Contact and the Advisor Contact by the date and time listed in the RFP Timeline, as amended. The electronically submitted offer shall be considered the original. Any offers received outside of email, including faxed or physically delivered proposals, shall not be accepted, or considered for award.

All proposals submitted in response to this RFP are subject to the terms, conditions, and requirements of this RFP. All matters not specifically addressed in this RFP, or a subsequent contract entered into as a result of this RFP, will be governed by applicable local, State, and Federal laws and regulations.

Proposal forms referenced in the RFP are included in Section Seven. Thoroughly complete and sign all forms that must be submitted with the proposal. Proposals must conform to the Proposal Requirements and Evaluation Criteria described in Section Three, as amended.

Proposals which are incomplete and not responsive to required portions of the RFP may be deemed unacceptable. Unacceptable proposals shall not be considered for award.

Proposals shall be submitted using Offeror's exact legal name as registered with the Department of Commerce and Consumer Affairs, if applicable; and indicate exact legal name in the appropriate spaces on Offer Form page OF-1. Failure to do so may delay proper execution of the contract. See Attachment 1.

A proposal security is NOT required for this RFP.

Offeror is encouraged to submit typewritten offers. If handwritten, it should be clearly printed. Offeror is cautioned that illegible offers of any item(s) may be automatically rejected to avoid any errors in interpretation by the reviewers during the evaluation process.

SECTION FIVE

SELECTION AND AWARD

5.1 SELECTION

- a. This RFP is issued pursuant to Chapter 201H, HRS.
- b. The Executive Director has appointed an evaluation committee (the “Evaluation Committee”) to evaluate the proposals in accordance with the evaluation criteria specified in this RFP.
- c. The selection process begins with the issuance of this RFP and the formal response to any written questions or inquiries regarding the RFP. Changes to this RFP will be made only by written addenda.
- d. Once proposals are received and time-stamped, proposals shall not be opened publicly, but shall be opened in the presence of at least two (2) government officials. The register of proposals and Offerors’ proposals shall not be open to public inspection until after posting of the award.

All proposals and other material submitted by Offerors become the property of the State and may be returned only at the State’s option.

- e. The proposals shall be classified initially as acceptable, potentially acceptable, or unacceptable.

Proposals are considered acceptable for the review process when submitted by the Proposal Due date, as amended by any addenda to this RFP, and when responsive to and in compliance with all of the mandatory requirements of this RFP. Proposals which are incomplete and not responsive to required portions of this RFP may be deemed unacceptable and disqualified from the review process.

Unacceptable proposals. HHFDC’s receipt of a proposal does not constitute acceptance of the proposal. HHFDC reserves the right to return a proposal to Offeror at any time without taking further action on the proposal due to, but not necessarily limited to, the following, if in the best interest of HHFDC:

1. Failure to meet proposal submittal requirements (e.g., timeliness and correct number of copies);
2. Failure to meet RFP requirements; or
3. Incomplete Proposal. The proposal received by the deadline constitutes the final proposal (the “Final Proposal”). Any Final Proposal deemed by

HHFDC to be incomplete may be considered unacceptable and shall not be considered.

- f. Proposals may be accepted for evaluation without discussion. However, if discussions are deemed necessary by HHFDC, then, prior to entering into discussions, a priority list of responsible Offerors (the “Priority-Listed Offerors”) submitting acceptable and potentially acceptable proposals shall be generated. The Evaluation Committee shall review and score the acceptable potentially acceptable proposals and rank them accordingly. The Priority-Listed Offerors may be limited to a minimum of three (3) responsible Offerors who submitted the highest-ranked proposals. The objective of these discussions is to clarify issues regarding the Offerors’ proposals.
- g. If, during discussions, there is a need for any substantial clarification or change in this RFP, this RFP shall be amended by an addendum to incorporate such clarification or change. Addenda to this RFP shall be distributed only to Priority-Listed Offerors who submit acceptable or potentially acceptable proposals.
- h. Following any discussions, the Priority-Listed Offerors may be invited to submit a best-and-final offer (“BAFO”), if necessary. The Evaluation Committee reserves the right to have additional rounds of discussions with the top three (3) Priority-Listed Offerors prior to the submission of the BAFO.
- i. The date and time for the Priority-Listed Offerors to submit their BAFO, if necessary, will be indicated in a Request for BAFOs. If Offeror does not submit a notice of withdrawal or a BAFO by the date indicated in the request for BAFO, then Offeror’s immediate previous offer shall be construed as its BAFO.
- j. After receipt and evaluation of the proposals and any resultant BAFOs, in accordance with the evaluation criteria specified in this RFP, the Evaluation Committee will make its recommendation to the Executive Director. If approved by the Executive Director, the final approval to award will be made by the Board of Directors.

5.2 AWARD

- a. The Executive Director will execute a PSA with the Offeror whose proposal is determined to be the most advantageous to the State, taking into consideration the evaluation factors set forth in this RFP.
- b. Execution of a PSA is subject to approval by the Executive Director and the HHFDC Board of Directors.
- c. The contents of any proposal shall not be disclosed during the review, evaluation, discussion, or negotiation process. Once the transaction has closed pursuant to the PSA, all proposals, successful and unsuccessful, become available for public

inspection. Those sections that Offeror and the State agree are confidential and/or proprietary in accordance with all applicable laws should be identified by Offeror and shall be excluded from access.

- d. The Executive Director and the Evaluation Committee reserve the right to determine what is in the best interest of the State for purposes of reviewing and evaluating proposals submitted in response to the RFP. The Executive Director and the Evaluation Committee will conduct a comprehensive, fair, and impartial evaluation of proposals received in response to the RFP.
- e. The RFP, any addenda issued, and Successful Offeror's proposal shall become a part of the Contract. All proposals shall become the property of the State of Hawaii.

SECTION SIX

SPECIAL PROVISIONS

6.1 CONTRACT DOCUMENTS

All activities performed by Successful Offeror under the Contract resulting from this RFP shall be in accordance with the documents listed below in descending order of precedence. A conflict in these documents shall be resolved in the priority listed below, with the Leases taking precedence over all other documents.

- a. The Contract documents, including, but not necessarily limited to, the Lease and all attachments, exhibits, and supplemental documents included in the Contract;
- b. RFP No. 22-005-REC, including all attachments, exhibits, and supplemental documents included herein; and
- c. Successful Offeror's accepted proposal.

6.2 CONTRACT ADMINISTRATOR

For the purposes of the Contract, an authorized representative of the Planning, Evaluation and Compliance Branch of HHFDC shall be designated the Contract Administrator.

The HHFDC reserves the right to change the designated Contract Administrator. Any changes to the Contract Administrator shall be provided in writing to Successful Offeror. Once Successful Offeror has assumed ownership and management responsibilities for the Portfolio, all communications regarding approvals, reports, requests, and any other contractual item will be directed to the Contract Administrator.

6.3 CONTRACT MODIFICATIONS - UNANTICIPATED AMENDMENTS

The State and HHFDC reserve the right to add or modify terms and conditions of the Contract. These additional or modified terms and conditions will be within the scope of this RFP.

Modifications to the Contract may be made only by written agreement signed by HHFDC and a representative of Successful Offeror authorized to sign contracts on behalf of Successful Offeror.

Successful Offeror will not be subject to any contract modifications until a supplemental agreement has been fully executed.

6.4 GOVERNING LAW; COST OF LITIGATION

The validity of the Contract and any of its terms or provisions, as well as the rights and duties of the parties to the Contract, shall be governed by the laws of the State of Hawaii. Any action at law or equity to enforce or interpret the provisions of the contract shall be brought in a state court or competent jurisdiction in Honolulu, Hawaii.

In case the State shall, without any fault on its part, be made a part to any litigation commenced by or against Successful Offeror in connection with the contract, Successful Offeror, shall pay all costs and expenses incurred by or imposed on the State, including attorneys' fees.

6.5 CONTRACT EXECUTION

Successful Offeror receiving award shall enter into a PSA with HHFDC. No performance or payment bond is required for the Contract.

6.6 CONTRACT INVALIDATION

If any provision of the Contract is found to be invalid, such invalidation will not be construed to invalidate the entire Contract.

6.7 NON-DISCRIMINATION

With respect to employment and any condition of employment with Successful Offeror or in participation in the benefits of any program or activity funded in whole or in part by the State, Successful Offeror shall comply with all applicable Federal and State laws prohibiting discrimination against any person on the grounds of race, color, national origin, religion, creed, sex, age, sexual orientation, marital status, handicap, or arrest and court records.

With respect to real estate transactions, Successful Offeror shall also comply with all applicable Federal and State laws prohibiting discrimination against any person in real estate transactions because of race, sex, including gender identity or expression, sexual orientation, color, religion, marital status, familial status, ancestry, disability, age, or human immunodeficiency virus infection.

6.8 CONFLICTS OF INTEREST

Successful Offeror represents that neither Successful Offeror nor any employee or agent of Successful Offeror presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with Successful Offeror's performance under the Contract.

6.9 WAIVER

The failure of the State to insist upon the strict compliance with any term, provision, or condition of the Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the State's right to enforce the same in accordance with the Contract.

6.10 SEVERABILITY

In the event that any provision of this contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of the Contract.

6.11 CAMPAIGN CONTRIBUTIONS

Successful Offeror agrees to comply with Section 11-355, HRS, which states that campaign contributions are prohibited from a State and county government contractor during the term of the contract if the contractor is paid with funds appropriated by a legislative body.

6.12 COMPLIANCE WITH APPLICABLE LAWS

Successful Offeror must comply with all applicable local, State, and Federal laws, rules, and regulations.

SECTION SEVEN

ATTACHMENT AND EXHIBITS

Attachment 1: OFFER FORM, OF-1

Exhibit A: Offering Memorandum

Exhibit B: Form of Ground Lease (to be provided later)

Exhibit C: Form of Regulatory Agreement (to be provided later)

**OFFER FORM
OF-1**

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

REQUEST FOR PROPOSALS

NO. 22-005-REC

**KULIA I KA NUU MIXED-USE RENTAL HOUSING PROJECT RESTRUCTURING
AND PRESERVATION**

Ms. Denise Iseri-Matsubara
Executive Director
Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawaii 96813

Dear Ms. Iseri-Matsubara:

The undersigned has carefully read and understands the terms and conditions specified in the above-referenced Request for Proposals, including all attachments, exhibits, and addenda; and hereby submits the following offer to purchase the leasehold interests in the real property portfolio specified herein, all in accordance with the true intent and meaning thereof. The undersigned further understands and agrees that, by submitting this offer, the undersigned:

- 1) Is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts;
- 2) Is certifying that the price submitted was independently arrived at without collusion;
- 3) Is certifying that, with respect to employment and any condition of employment with Offeror or in participation in the benefits of any program or activity funded in whole or in part by the State, Offeror shall comply with all applicable Federal and State laws prohibiting discrimination against any person on the grounds of race, color, national origin, religion, creed, sex, age, sexual orientation, marital status, handicap, or arrest and court records.
- 4) Is certifying that, with respect to real estate transactions, Offeror shall also comply with all applicable Federal and State laws prohibiting discrimination against any person in real estate transactions because of race, sex, including gender identity or expression, sexual orientation, color, religion, marital status, familial status, ancestry, disability, age, or human immunodeficiency virus infection.

- 5) Acknowledges and agrees that Offeror shall comply with HRS Section 11-355, which states that campaign contributions are prohibited from a State and county government contractor during the term of the Contract if Contractor is paid with funds appropriated by a legislative body; and
- 6) Acknowledges and agrees that Offeror shall comply with all the requirements, provisions, terms, and conditions specified in this RFP.

Offeror is:

☐ Sole Proprietor ☐ Partnership ☐ Corporation* ☐ Joint Venture

☐ Other: _____

*State of incorporation: _____

Hawaii Tax I.D. No.: _____

Federal Tax I.D. No.: _____

Respectfully submitted:

Date: _____

(x) _____

Authorized (Original) Signature

Telephone No.: _____

Fax No.: _____

Name and Title (Please Type or Print)

Email Address: _____

**Exact Legal Name of Company
(Offeror)****

**If Offeror is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the awarded contract will be executed: _____

Exhibit A
Offering Memorandum

Kulia I Ka Nuu

85-296 Ala Hema Street
Waianae, HI 96792



Affiliated Business Disclosure & Confidentiality Agreement

CBRE, Inc. operates within a global family of companies with many subsidiaries and related entities (each an “Affiliate”) engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates, including CBRE Global Investors, Inc. or Trammell Crow Company, may have or represent clients who have competing interests in the same transaction. For example, Affiliates or their clients may have or express an interest in the property described in this Memorandum (the “Property”), and may be the successful bidder for the Property. Your receipt of this Memorandum constitutes your acknowledgement of that possibility and your agreement that neither CBRE, Inc. nor any Affiliate has an obligation to disclose to you such Affiliates’ interest or involvement in the sale or purchase of the Property. In all instances, however, CBRE, Inc. and its Affiliates will act in the best interest of their respective client(s), at arms’ length, not in concert, or in a manner detrimental to any third party. CBRE, Inc. and its Affiliates will conduct their respective businesses in a manner consistent with the law and all fiduciary duties owed to their respective client(s).

Your receipt of this Memorandum constitutes your acknowledgement that you will not use any part of this Memorandum in any manner detrimental to the owner of the property (“Owner”) or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented “as is” without representation or warranty of any kind.

Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property’s suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

A Note Regarding the Hawaiian Language

The two official languages of the State of Hawaii are English and Hawaiian. The Hawaiian language employs two diacritical marks- the ‘okina (or glottal stop) and the kahakō (or macron, used to signify a long vowel) – that are critical to proper pronunciation. For example, when using diacritical marks, the place name “Hawaii” is spelled as “Hawai‘i” and the property name is spelled “Kūlia I Ka Nu‘u.”

This Offering Memorandum intentionally omits diacritical marks to make it easier to read for those investors unfamiliar with the Hawaiian language.

Table of Contents

4	Executive Summary
17	Financial Analysis
24	Rent Comparables
28	Sales Comparables



Contact Us

Andrew Reenders

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andrew.reenders@cbre.com

Lic. 21784

Executive Summary

01



Investment Highlights

- The lack of available, developable land combined with an arduous planning and permitting process make new development difficult, creating extremely high barriers to entry
- The property currently has a very high expense ratio, providing the opportunity for an investor to drill into cost-saving opportunities in order to bring the expenses to appropriate levels
- The property is being offered subject to a favorable new long-term ground lease
- The property is being offered free and clear of mortgage debt, allowing incoming buyer to obtain new financing
- One parking spot is allocated to each unit on the property free of charge and shall remain as such

Property Features

- A mix of studio and two-bedroom units featuring garbage disposals, patios, and balconies
- Community amenities include two laundry facilities, a leasing office, a two-story resource center, a former dormitory building, a maintenance building, and a community yard area
- As part of the sale, there is a two-story resource center with approximately 11,818 square feet of floor space. There is currently a non-profit leasing the ground floor consisting primarily of a commercial kitchen and another small area is leased to a day care operator
- There is also a 1.27-acre parcel abutting the property that is currently fenced off. Hawaii Housing Finance and Development Corporation staff have previously confirmed the availability of water and sewer service for development of additional housing units; however, the parcel has access challenges and may be best utilized for a community garden, playground, or other project amenity

Kulia I Ka Nuu

85-296 Ala Hema Street
Waianae, HI 96792

Property Type:
Affordable - Family

Units:
72

Rentable Square Feet:
37,827

Year Built:
2009

Desirable Location

- Within two miles of Kamaile Academy Public Charter School, Waianae Intermediate School, and Waianae High School
- Less than a mile from multiple beaches and parks
- Within walking distance of the city center, including the library, satellite city hall, and post office
- One-hour commute to Honolulu
- The Waianae Solar Farm across the street provides much of the area with renewable energy

Affordable Restrictions

Hawaii Housing Finance and Development Corporation (HHFDC, a state agency) is offering the property with restrictions that will preserve the long-term affordability of the units while allowing the purchaser to increase rents over time in accordance with HUD affordable rent guidelines. The property will have its own lease and regulatory agreement which will provide affordable rental requirements for the entire lease term. The lease term will be for 75-years. Maximum rental levels will be based on HUD affordable rent guidelines and income schedules based on unit type and family size.

- Under existing HHFDC policy, four studios are restricted at 30% AMI, 20 studios are restricted at 60% AMI, and 47 two-bedroom units are restricted at 60% AMI. Per the state's plan, the four 30% AMI units can convert to 60% AMI during the next unit turn

Honolulu County, HI (Urban Honolulu, Hawaii MSA)		
2021 Median Family Income: \$106,000		
2021 Income Limits	30% AMI	60% AMI
1 person	\$25,380	\$50,760
2 people	\$29,010	\$58,020
3 people	\$32,640	\$65,280
4 people	\$36,240	\$72,480
5 people	\$39,150	\$78,300
6 people	\$42,060	\$84,120



Property Details

Year Built	2009	In-Unit Washer/Dryer	No
Number of Buildings	9 (6 residential 1 resource center 2 ancillary)	Washer/Dryer Connections	No
Number of Units	72	Rental Washers/Dryers	No
Number of Stories	1 to 2	Water	Honolulu Board of Water Supply
Parcel Number	1-8-5-027; parcels 71, 72, and 73	Electric	Hawaiian Electric Company
Zoning	R-5 Residential	Gas	Hawaii Gas
Lot Size	3.74 acres	Telephone	Hawaiian Telcom
Density	19 units/acre	Foundation	Concrete
Parking Spaces	94 (94 uncovered)	Framing	Wood
Parking Ratio	1.3 spaces / unit	Exterior	Wood
Landscaping	Grass, trees, shrubs	Parking Surface	Asphalt
Topography	Flat	Roof	Shingle
		Age of Roof	13 years

CBRE, Inc. has been retained by the State of Hawaii's Hawaii Housing Finance and Development Corporation as the exclusive consultant of the property known as Kulia I Ka Nuū through the sale of a new 75-year ground lease.

The offering consists of six freestanding residential buildings containing 72 units in studio and two-bedroom configurations plus a dormitory building and maintenance building, each with attached laundry facilities, a two-story resource center with approximately 12,000 square feet and a vacant 1.27-acre parcel. The property is located in Waianae on the island of Oahu. The opportunity will provide the investor with a consistent revenue stream, upside through efficiently managing expenses and opportunity to enhance the property's underutilized vacant land area in a marketplace with high barriers to entry.

Transaction Timelines and Structure

Solicitation Process

The property is being offered for sale on an "all-cash", "as-is-where-is" basis to the highest-scoring, qualified bidder. An evaluation committee chosen by the Hawaii Housing Finance and Development Corporation will be evaluating and selecting the proposal that is most advantageous to HHFDC, based on the evaluation criteria set forth in the request for proposals (RFP).

Official Property Tours

Property tours are anticipated to be conducted in early-March. Each tour will last approximately 30 minutes and interested parties will meet on site. Interested parties will be given approximately three weeks' notice to prepare for travel to Hawaii.

Valuation and Project Guidelines

Hawaii Housing Finance and Development Corporation is offering the property with restrictions that will preserve the long-term affordability of the units while allowing the purchaser to increase rents over time in accordance with HUD affordable rent guidelines. The property will have a new lease and will be governed by its own regulatory agreement, which will provide affordable rental requirements for the entire lease term. Maximum rental levels will be based on HUD affordable rent guidelines and income schedules based on unit type and family size.

Request for Proposals

The property is being offered without an asking price. The anticipated proposal due date is currently March. CBRE will confirm with interested bidders the proposal due date as the date approaches.

Evaluation and Selection of Proposals

Proposals will be evaluated and selected in accordance with procedures set forth in the RFP. These procedures may involve discussions with offerors who have submitted private proposals to HHFDC. The selection process may also include a round of best and final offers.

Offeror Obligations

HHFDC and CBRE shall make available a due diligence library containing vital information for the property including, but not limited to, title documentation, and financial and physical information about the properties. Offeror shall be responsible to conduct its own review of the information for the property.

Tax Information

Real Property Tax

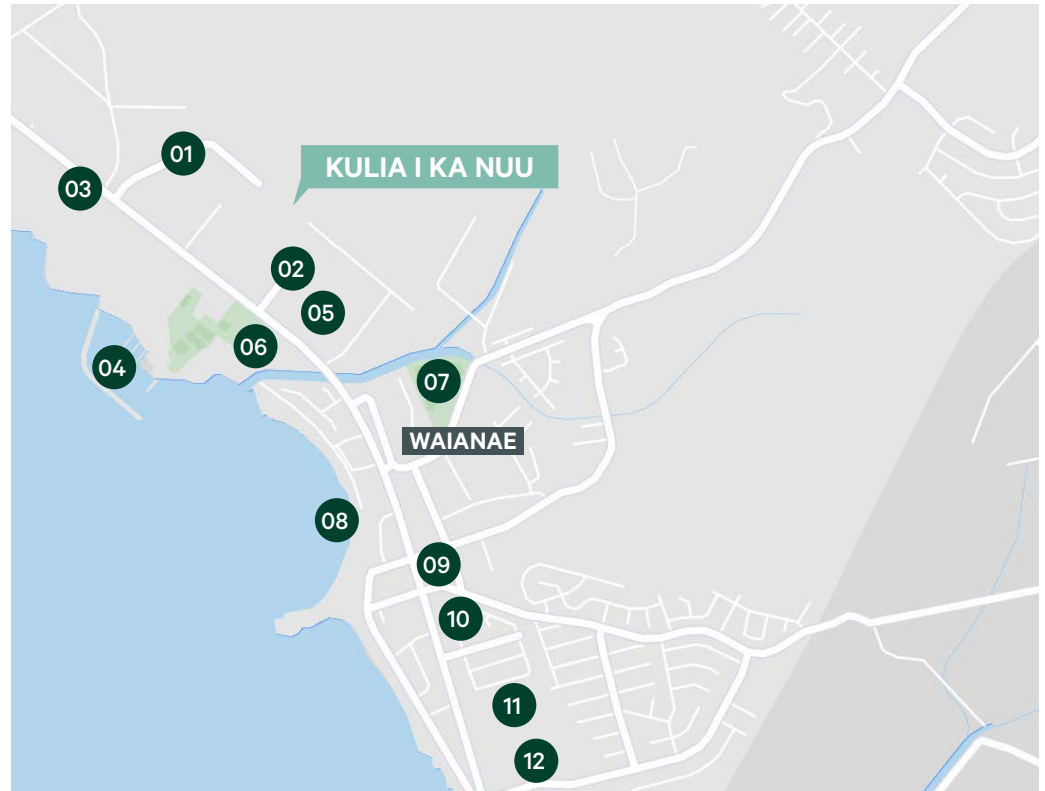
By operating the property as a qualified housing project under a regulatory agreement with HHFDC, the acquirer may qualify to annually file claims for exemption from real property tax pursuant to Revised Ordinances of Honolulu Section 8-10.20 and 21.

Hawaii General Excise Tax

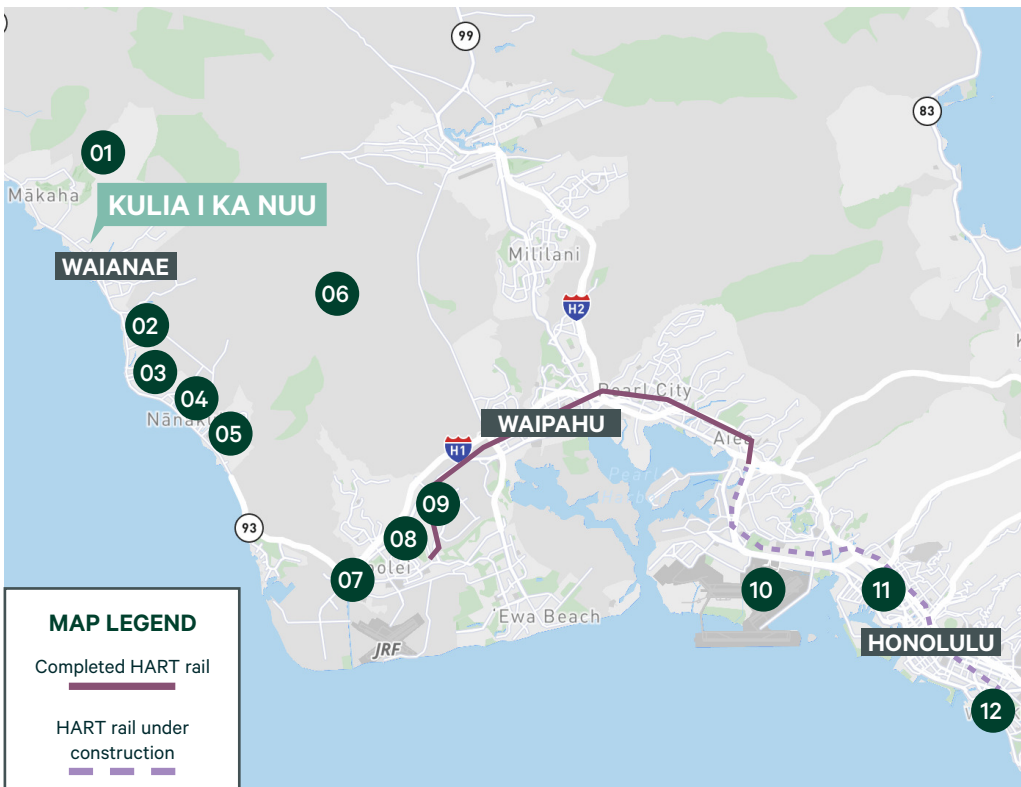
The acquirer may qualify for various Hawaii General Excise Tax exemptions for rental income for affordable residential units and also construction costs for substantive new and rehabilitation capital expenditures. Such tax exemptions are subject statutory requirements, and the acquirer must seek guidance from their legal and accounting professionals as to the applicability of any tax exemptions or benefits.

Local Map

- 01 Kamaile Academy Public Charter School
- 02 Waianae Intermediate School
- 03 Waianae High School
- 04 Waianae Small Boat Harbor
- 05 Waianae Satellite City Hall
- 06 Waianae Public Library
- 07 Pllila'au Park
- 08 Pokai Beach and Park
- 09 Waianae U.S. Post Office
- 10 Tamura Super Market
- 11 Waianae Mall
- 12 Waianae Transit Center

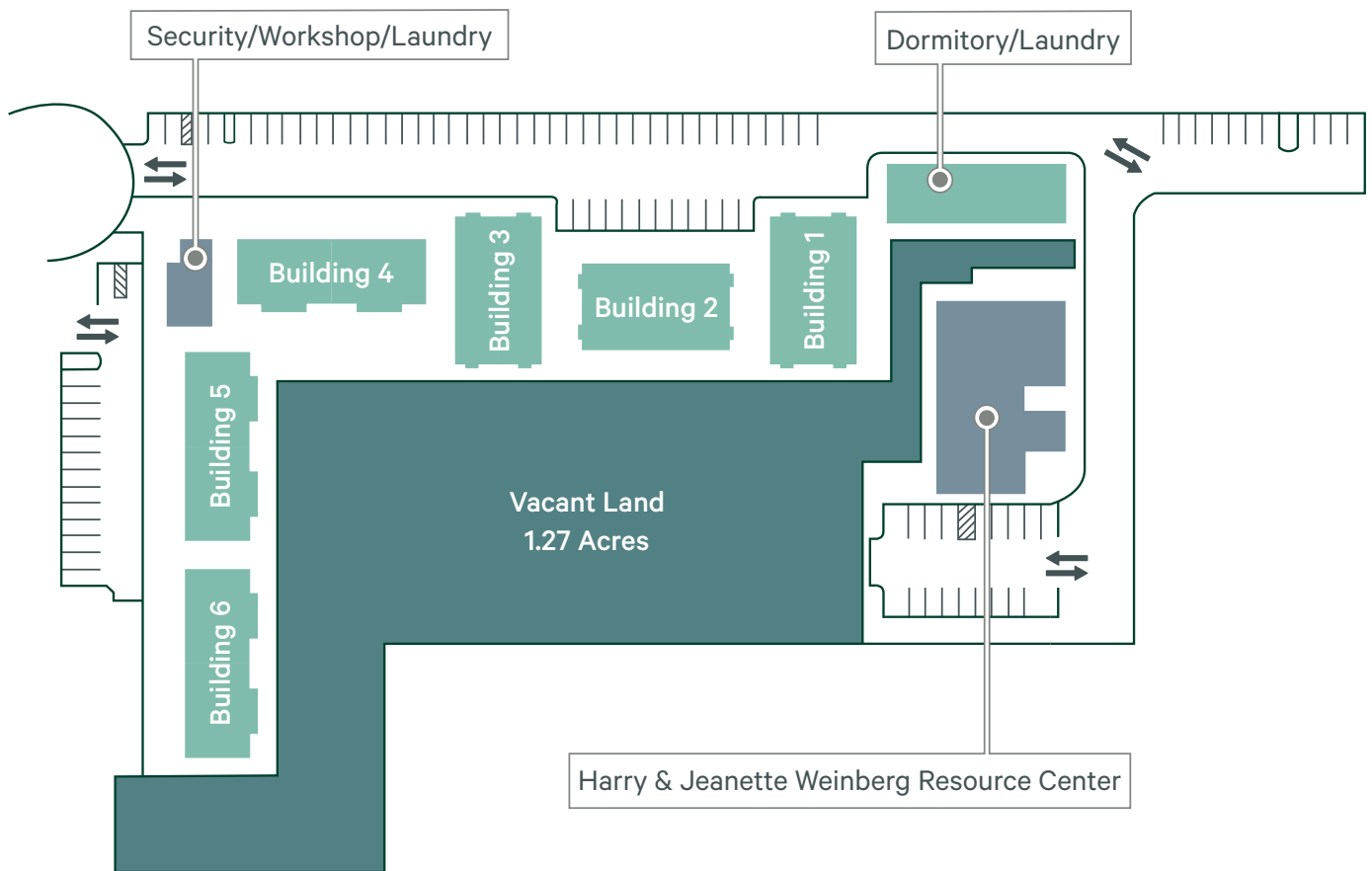


Regional Map



- 01 Makaha Valley Country Club
- 02 Waianae Coast Comprehensive Health Center E.R.
- 03 Puu O Hulu Community Park
- 04 Pacific Shopping Mall
- 05 Puu Heleakala Recreation Center
- 06 Waianae Kai Forest Reserve
- 07 Costco Wholesale
- 08 Kapolei Satellite City Hall
- 09 Honolulu rail station/UH West Oahu
- 10 Daniel K Inouye International Airport
- 11 Hawaii Pacific University
- 12 Waikiki Beach

Site Plan



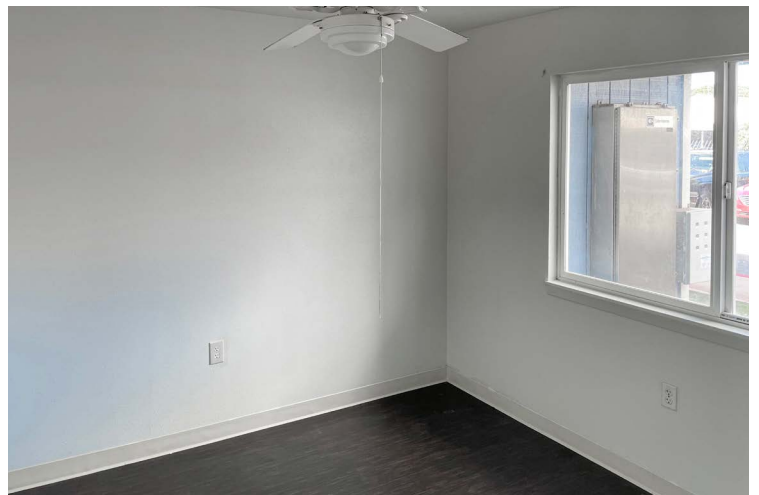
Aerial Map



Unit Amenities

Kulia I Ka Nuu

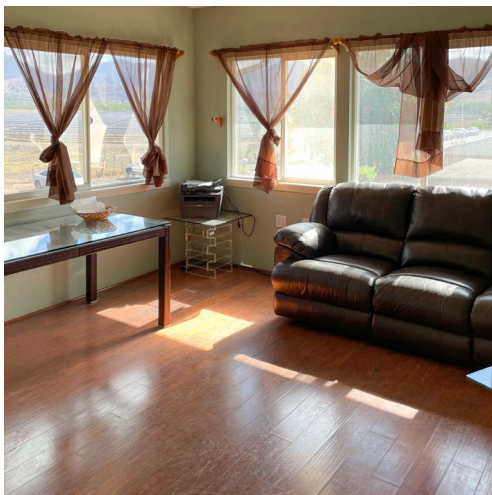
Patios in select units | Balconies in select units | Garbage disposals



Community Amenities

Kulia I Ka Nuu

Laundry facilities | Resource center | Community yard | Gated access | Leasing office | Dormitory



Location Overview

Situated along the west coast of Oahu, Waianae is a small town of 13,614 people making it the 16th largest community in Hawaii. Waianae is well known for its miles of beach coastline, majestic mountains and valleys, and abundant marine life. With an ethnically diverse population, Waianae offers a wide variety of local restaurants and cultural landmarks popular with residents and tourists alike.

Parks and Recreation

Less than four miles from the property lies Makaha Beach, one of the birthplaces of big wave surfing. For the last four decades the annual Buffalo Big Board Surfing Classic has been hosted there, drawing in dozens of residents and visitors. The town's proximity to the Waianae mountain range makes it a popular hiking destination.

Economy

Overall, Waianae is a town of salespeople, service providers, office workers, transportation providers, and shipping workers. The main industries are office and administrative support, retail sales, and maintenance occupations. Many residents commute to Honolulu for work, utilizing the city's extensive public transit system.

Investing in the Environment

The Waianae Solar Farm directly adjacent to Kulia I Ka Nuu is the largest photovoltaic facility in Hawaii with 127,160 solar panels. It generates 27.6 megawatts of electricity for the island, substantially contributing to the state's efforts towards 100% renewable power generation by 2045.

Neighborhood Highlights

- + Within walking distance of the Waianae city center
- + Conveniently located less than 1.5 miles from neighborhood schools
- + Less than five miles from over 10 beaches, including Pokai Bay Beach, Maili Beach Park, and Makaha Beach Park
- + Less than an hour drive to Honolulu



View of Waianae from Puu O Hulu Peak

SCHOOLS

- + Kamaile Academy Public Charter School (1.3 miles)
- + Waianae Intermediate School (0.8 mile)
- + Waianae High School (1.2 miles)
- + Leeward Community College Waianae Moku (3.0 miles)
- + University of Hawaii - West Oahu (15.9 miles)
- + Hawaii Pacific University (33.1 miles)
- + University of Hawaii (34.5 miles)

GROCERY STORES

- + Waianae Store (0.8 mile)
- + Tamura Super Market (1.3 miles)
- + Sack N Save Nanakuli (6.0 miles)

PARKS AND RECREATION

- + Kipapa Park Waianae (0.7 mile)
- + Pokai Beach and Park (0.9 mile)
- + Pilila'au Park (1.0 mile)
- + Waianae District Park (1.0 mile)
- + Waianae Small Boat Harbor (1.1 miles)
- + Papaoneone Beach (2.2 miles)
- + Mauna Lahilahi Beach Park (2.4 miles)
- + Makaha Valley Country Club (3.2 miles)
- + Pu'u O Hulu Community Park (3.9 miles)
- + Waianae Kai Forest Reserve (4.3 miles)

NEIGHBORHOOD AMENITIES

- + U.S.VETS - Waianae Civic Center (0.6 mile)
- + Waianae Satellite City Hall (0.7 mile)
- + Waianae U.S. Post Office (1.1 miles)
- + Waianae Coast Comprehensive Health Center (2.3 miles)
- + Waianae Public Library (2.8 miles)
- + Puu Heleakala Recreation Center (6.4 miles)

RETAIL AND RESTAURANTS

- + Starbucks (1.6 miles)
- + Waianae Mall (1.6 miles)
 - Planet Fitness, CVS, Longs Drugs, Subway, City Mill Hardware, Goodyear Auto Service, Burger King, Little Caesars Pizza*
- + Pacific Shopping Mall (6.0 miles)
 - Sack N Save Nanakuli, McDonald's, O'Reilly Auto Parts, NAPA Auto Parts, Subway, Baskin-Robbins, Nanakuli Laundromat*
- + Costco Wholesale (12.3 miles)
- + Target (12.4 miles)

TRANSPORTATION

- + TheBus Bus Stop | Routes #40 and #93 (0.5 mile)
- + Waianae Transit Center (1.7 miles)
- + Hawaii Route 93 (10.7 miles)
- + Route 93 and I-H1E Interchange (11.9 miles)
- + Honoliuli HART Rail Station (13.0 miles)
- + Daniel K. Inouye International Airport (34.0 miles)



Honolulu, Hawaii

Location Overview

Located on the island of Oahu, Honolulu is the state capital of Hawaii and serves as the main entry point for many visitors to the islands. Honolulu has a population of nearly 351,000 and offers its residents a variety of amenities like beaches, bars, restaurants, coffee shops, parks, and natural landmarks. A huge draw to the area stems from the natural beauty and tropical climate with an annual average temperature of 80 degrees.

Arts and Culture

Honolulu is steeped in rich history and tradition, showcased throughout the city in various museums and art galleries. The Bishop Museum, the city's largest museum, holds the largest collection of Hawaiian and Pacific culture artifacts, photos, and documents in the state.

Outdoor Activities

World-famous Waikiki Beach, southeast of downtown Honolulu, is a historic landmark known for the Duke Kahanamoku statue and as a prime surfing spot. Only five minutes east of Waikiki, Diamond Head offers residents a panoramic view of Honolulu. The 760-foot tuff crater is a popular landmark within the area, making it a sought-after hiking destination.

Transportation

Every weekday an average of 100,000 Honolulu County residents rely on public transportation to get around the metro area, primarily by utilizing Honolulu County's public bus system, TheBus.

DANIEL K. INOUE INTERNATIONAL AIRPORT

Located west of downtown Honolulu, Daniel K. Inouye International Airport is served by 24 airlines and functions as the main hub for Hawaiian Airlines. Direct flights from Hawaii to major U.S. and Canadian cities as well as Pacific Rim countries make travel to and from Honolulu convenient for the city's 172,000 average daily visitors. Construction on the new Mauka concourse was completed in August 2021, making it the first concourse expansion at the airport in over 20 years.

HART RAIL SYSTEM

Started in 2011, the Honolulu Authority for Rapid Transportation (HART) 20-mile elevated rail system will include 21 stations connecting west Oahu with downtown Honolulu via the airport. The first phase of the project is set to be completed in late 2026 and the second phase by 2031. Once fully launched, HART will operate an estimated 100,000 passenger trips every weekday.

COMMUTING TO DOWNTOWN HONOLULU FROM WAIANAE



**40
MINUTES**

via I-H1E



**90
MINUTES**

via TheBus | Route #40



**88
MINUTES**

via TheBus

Honolulu Economic Overview

Kulia I Ka Nuu

Ranked 29th in WalletHub's "Best Cities to Start a Business" list in 2020, Honolulu has a vibrant and diversified economy with a variety of employment opportunities, making it an attractive place to live, work, and invest.

Healthcare

According to the 2021 U.S. News & World Report, Hawaii ranks #1 in the nation for providing healthcare with the parameters of access, quality, and conditions of public health. The state's largest healthcare company, The Queen's Health Systems (QHS), is headquartered in Honolulu. With over 9,000 employees, four hospitals, and 70 healthcare facilities, QHS is one of the state's largest employers. Part of QHS, The Queen's Medical Center is the largest private hospital on Oahu with over 3,500 employees and is considered to be the top medical center in the state.

Tourism

Hawaii is one of the few resort destinations in the world that operates 365 days a year. Known worldwide as a quality resort destination, Hawaii offers visitors a relatively undisturbed environment with a host of outdoor activities including surfing, swimming, golfing, biking, hiking, kayaking, fishing, yachting, and more. According to the Hawaii Tourism Authority, tourism is the largest single source of private capital for Hawaii's economy, bringing in over \$2 billion in tax revenue in 2019 and supporting over 200,000 jobs. In 2019, visitors to Oahu spent an average of \$22.4 million per day, making it the island with the highest income out of the state's yearly total of \$17.75 billion.

#1

"Natural Environment amongst U.S. States"
(U.S. News & World Report 2021)

#27

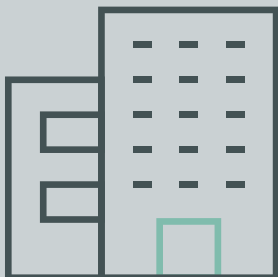
"Education amongst U.S. States"
(U.S. News & World Report 2021)

#60

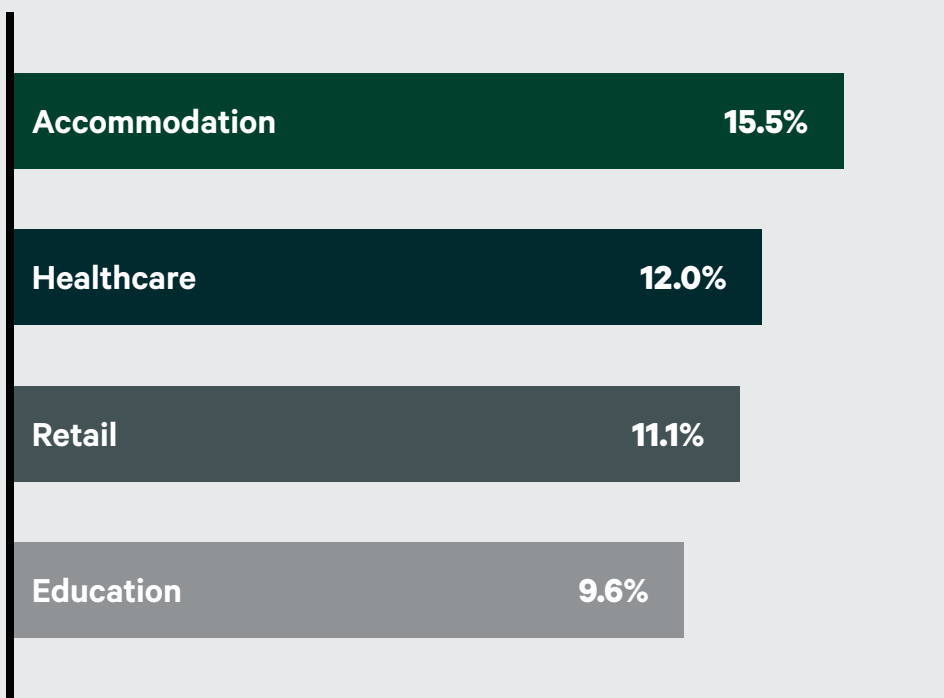
"Fastest Growing Large City in the U.S."
(WalletHub 2020)

Top Private Employers

- The Queen's Health Systems
9,500 employees (2020)
- Hawaiian Airlines
7,299 employees (2019)
- Hawaii Pacific Health
7,000 employees (2020)
- Hawaiian Electric Industries
3,702 employees (2020)
- Kamehameha Schools
2,300 employees (2020)



Top Employment Industries in Honolulu





WAIANAE MOUNTAINS

Financial Analysis

02

Property Information

Kulia I Ka Nuu
85-296 Ala Hema Street
Waianae, HI 96792
Honolulu County

Management

Hawaii Affordable Properties, Inc

Year Built 2009
Number of Units 72
Property Type Affordable - Family

Projected Closing Date June 1, 2022
Hold Period 10 Years
Opportunity Zone No

Unit Mix

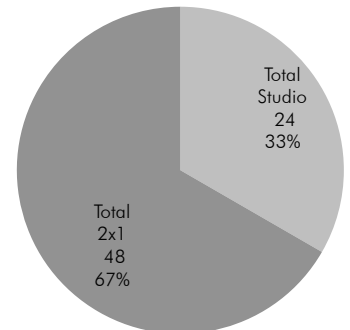
Unit Type	AMI %	# of Units	SF	Current Asking Rent	Possible Increase	Year 0 Rents	Year 1 Rents	2021 Max Allowable Rent	Utility Allowance	Net Max Rent
Studio	30	3	273	551	393	944	944	661	0	661
Studio	60	21	273	944	0	944	944	1,323	0	1,323
2x1	30	2	561	714	546	1,260	1,260	850	0	850
2x1	60	22	561	1,260	0	1,260	1,260	1,417	0	1,417
2x1	60	23	750	1,418	0	1,418	1,418	1,417	0	1,417
2x1	Staff	1	750	0	0	0	0	-	0	-
Total		72	38,016	\$83,239	\$2,271	\$85,510	\$85,510	\$95,231	\$0	\$95,231
Average			528	\$1,156	\$32	\$1,188	\$1,188	\$1,341	\$0	\$1,341

Notes

- Possible rent increase reflects adjusting all units to the current in-place 60% AMI rent for each particular unit type
- There are currently two units set aside for staff/management units. Analysis assumes only one staff unit will be required moving forward

Affordability Restrictions

- Under existing HHFDC policy, four studios are restricted at 30% AMI, 20 studios are restricted at 60% AMI, and 47 two-bedroom units are restricted at 60% AMI. Per the state's plan, the four 30% AMI units can convert to 60% AMI during the next turn



Asking Rents vs. Net Max Rents



Operating History and Pro Forma

				June 2020 Trailing 12						June 2021 Trailing 12						Year 0						Year 1					
Income				Per Unit				Per Unit				Per Unit				Per Unit				Per Unit							
Market Rent				876,033		12,167		998,868		13,873		1,026,120		14,252		1,026,120		14,252		(1)							
Loss-to-Lease				0.00%		0		7.02%		70,082		973		9.49%		97,334		1,352		7.00%		71,828		998		(2)	
Gross Potential Rent				\$876,033		12,167		\$928,786		12,900		\$928,786		12,900		\$954,292		13,254		(3)							
Vacancy (-)				0.00%		0		0.00%		0		5.00%		46,439		5.00%		47,715		(4)							
Bad Debt (-)				5.02%		43,936		1.13%		10,471		1.00%		9,288		1.00%		9,543									
Concessions (-)				0.00%		0		0.00%		0		0.00%		0		0.00%		0									
Total Economic Loss				5.02%		\$43,936		610		1.13%		\$10,471		145		6.00%		\$55,727		774		\$57,257		795			
Net Rental Income				\$832,097		11,557		\$918,315		12,754		\$873,059		12,126		\$897,034		12,459									
Laundry and Vending				11,237				12,479				12,479				12,791											
Common Area Maintenance				0				10,176				10,176				10,430											
Total Other Income				\$11,237		156		\$22,655		315		\$22,655		315		\$23,221		323									
Effective Gross Income				\$843,334		11,713		\$940,970		13,069		\$895,714		12,440		\$920,255		12,781									
				June 2020 Trailing 12				June 2021 Trailing 12				Year 0				Year 1											
Operating Expenses																											
Real Estate and Other Taxes				0				0				1,050				1,050				(5)							
Real Estate Taxes				\$0		0		\$0		0		\$1,050		15		\$1,050		15									
Total Real Estate Taxes																											
Insurance				0				0				34,920				35,968				(6)							
Property Insurance				\$0		0		\$0		0		\$34,920		485		\$35,968		500									
Total Insurance																											
Utilities				327,700				335,115				335,115				345,168											
Water, Elec, Sewer, Gas				19,750				25,151				25,151				25,906											
Garbage Collection				\$347,450		4,826		\$360,266		5,004		\$360,266		5,004		\$371,074		5,154									
Total Utilities				\$347,450		4,826		\$360,266		5,004		\$360,266		5,004		\$371,074		5,154									
Total Fixed Expenses				\$347,450		4,826		\$360,266		5,004		\$396,236		5,503		\$408,092		5,668									
Contract Services				6,318				2,847				2,847				2,932											
Pest Control				0				0				45,000				46,350											
Security Contract				1,094				277				277				285											
Fire and Safety Systems				\$7,412		103		\$3,124		43		\$48,124		668		\$49,568		688									
Total Contract Services																											
Repairs and Maintenance				8,635				16,423				16,423				16,916											
General Repairs and Maintenance				13,102				10,356				10,356				10,667											
Maintenance Supplies				\$21,737		302		\$26,779		372		\$26,779		372		\$27,582		383									
Total Repairs and Maintenance																											
Payroll				101,402				101,318				58,240				59,987											
Manager and Leasing				147,453				152,278				54,080				55,702											
Maintenance Staff				\$248,855		3,456		\$253,596		3,522		\$112,320		1,560		\$115,690		1,607									
Subtotal Payroll				35.59%		88,571		35.99%		91,263		35.99%		40,421		35.99%		41,634									
Payroll Taxes and Benefits				\$337,426		4,686		\$344,859		4,790		\$152,741		2,121		\$157,323		2,185		(7)							
Total Payroll				5.77%		48,626		6.14%		57,738		4.00%		35,829		4.00%		36,810		511		(8)					
Management Fee																											
Administrative Expenses				40,172				8,610				8,610				8,868											
Legal and Professional Fees				4,685				2,756				2,756				2,839											
Supplies/Copier/Computer				4,033				3,229				3,229				3,326											
Phone/Internet/Answering Service				4,333				3,384				3,384				3,486											
Miscellaneous				\$53,223		739		\$17,979		250		\$17,979		250		\$18,518		257									
Total Administrative				\$468,424		6,506		\$450,479		6,257		\$281,452		3,909		\$289,802		4,025									
Total Variable Expenses																											
Ground Lease				10,000				10,000				10,000				10,300				(9)							
Replacement Reserves				21,600		300		21,600		300		21,600		300		21,600		300									
Total Expenses				\$847,474		11,770		\$842,345		11,699		\$709,288		9,851		\$729,794		10,136									
Net Operating Income				(\$4,140)		(58)		\$98,625		1,370		\$186,426		2,589		\$190,462		2,645									
Expenses as a % of EGI				100.49%				89.52%				79.19%				79.30%											

Income and Expense Notes

- (1) Market Rent: Analysis reflects stabilized rent growth through the hold period starting in Year 3.
- (2) Loss-to-Lease: Underwriting assumes all new leases and renewals will be rented at the current asking rents over the first 36 months.
- (3) Gross Potential Rent: Year 0 reflects the June 2021 trailing 12 months.
- (4) Vacancy: Stabilized occupancy based on operations at comparable properties in the submarket.
- (5) Real Estate Taxes: See Real Estate Tax Analysis on the following page.
- (6) Property Insurance: Year 0 figure based on CBRE estimate of market underwriting.
- (7) Total Payroll: See Payroll Analysis below.
- (8) Management Fee: Reduction based on CBRE estimate of market underwriting.
- (9) Ground Lease: The state will require a ground lease to be executed upon sale. The ground rent will be \$10,000 per year inflated at 3% annually.

Property Tax and Payroll Analysis

Real Estate Tax Analysis	2021	Year 0
Land Value	2,813,600	2,813,600
Improvement Value	6,178,800	1,186,400
Appraised Value	8,992,400	8,992,400
Less: Tax Exemptions	8,992,400	8,992,400
Taxable Value	0	0
Millage Rate	12.4000	12.4000
Real Estate Taxes	0	0
Plus: \$350 per parcel fee	1,050	1,050
Total Real Estate Taxes	\$1,050	\$1,050

Notes

Parcel Number: 1-8-5-027-71, 1-8-5-027-72, 1-8-5-027-73

Analysis assumes the 2021 assessed and taxable values in Year 0.

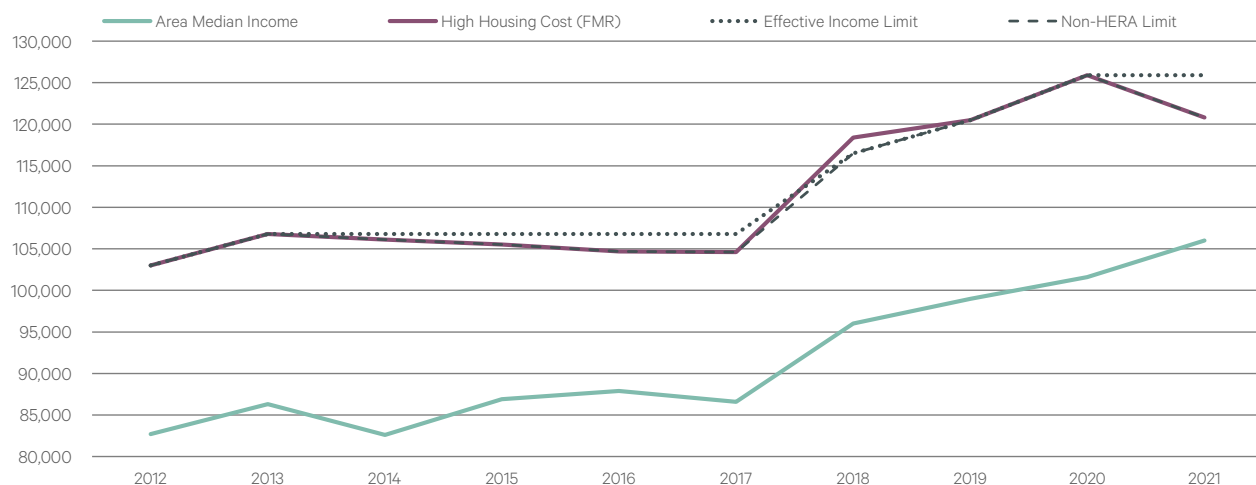
Analysis assumes a property tax exemption moving forward.

Payroll Analysis	# of Staff	Hourly Rate	Hours / Wk	\$ Per Year
Administrative Staffing				
On-Site Community Manager	1	\$28.00	40	\$58,240
Total Office and Leasing	1.0			\$58,240
Maintenance Staffing				
Maintenance/Repair Supervisor	1	\$26.00	40	\$54,080
Total Maintenance	1.0			\$54,080
Sub-Total Administrative and Maintenance Staffing	2.0			\$112,320
Payroll Taxes and Benefits	35.99%			\$40,421
Staff Apartments				\$0
Total On-Site Payroll				\$152,741
Per Unit				\$2,121

Notes

Adjustments based on CBRE estimate of market underwriting.

Historical Rent and Income Limits



Notes

- The property is located in the Honolulu, HI MSA
- The historical Consumer Price Index data below reflects the Western United States and is obtained from the U.S. Bureau of Labor Statistics

	2013	2014	2015	2016	2017	2018	2019	2020	2021
--	------	------	------	------	------	------	------	------	------

Percent Below Effective Peak

Area Median Income		29.30%	22.90%	21.50%	23.33%	21.35%	21.72%	23.92%	18.77%
High Housing Cost (FMR)		0.66%	1.23%	2.01%	2.10%	-1.60%			4.22%

4-Person 50% Income Limit

Non-HERA	48,950	47,900	47,900	50,250	52,300	58,300	60,250	62,950	60,400
% Growth		-2.15%	0.00%	4.91%	4.08%	11.47%	3.34%	4.48%	-4.05%
Effective Limit	53,400	53,400	53,400	53,400	53,400	58,250	60,250	62,950	62,950
% Growth		0.00%	0.00%	0.00%	0.00%	9.08%	3.43%	4.48%	0.00%

2-Bedroom Rent at 60% AMI

Non-HERA	1323	1294	1294	1357	1413	1575	1627	1701	1632
% Growth		-2.19%	0.00%	4.87%	4.13%	11.46%	3.30%	4.55%	-4.06%
Effective Limit	1443	1443	1443	1443	1443	1573	1627	1701	1701
% Growth		0.00%	0.00%	0.00%	0.00%	9.01%	3.43%	4.55%	0.00%

Historical AMI, Non-HERA, CPI, and FMR

Year	Area Median Income		Non-Hera (2BR @ 60%)		Consumer Price Index		2BR Fair Market Rent	
2011	81,600		1,339		227		1,702	
2012	82,700	1.35%	1,390	3.81%	232	2.15%	1,767	3.82%
2013	86,300	4.35%	1,323	-4.82%	236	1.48%	1,833	3.74%
2014	82,600	-4.29%	1,294	-2.19%	240	1.86%	1,820	-0.71%
2015	86,900	5.21%	1,294	0.00%	243	1.17%	1,810	-0.55%
2016	87,900	1.15%	1,357	4.87%	248	1.93%	1,985	9.67%
2017	86,600	-1.48%	1,413	4.13%	255	2.84%	1,982	-0.15%
2018	96,000	10.85%	1,575	11.46%	263	3.35%	2,031	2.47%
2019	99,000	3.13%	1,627	3.30%	270	2.69%	2,067	1.77%
2020	101,600	2.63%	1,701	4.55%	275	1.74%	2,160	4.50%
2021	106,000	4.33%	1,632	-4.06%	286	3.94%	2,073	-4.03%
3-Yr Avg		3.36%		1.26%		2.79%		0.75%
5-Yr Avg		3.89%		3.88%		2.91%		0.91%
10-Yr Avg		2.72%		2.11%		2.31%		2.05%

Growth Rates and Occupancy Assumptions

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year Ending	May-2023	May-2024	May-2025	May-2026	May-2027	May-2028	May-2029	May-2030	May-2031	May-2032
Income Growth										
Rental Income Growth	2.73%	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other Income Growth	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Economic Loss										
Vacancy (-) *	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Bad Debt (-) *	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Concessions (-) *	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Economic Loss	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expense Growth										
Real Estate and Other Taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Insurance	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Contract Services	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Repairs and Maintenance	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Marketing and Promotion	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Management Fee **	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Administrative	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Ground Lease	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Replacement Reserves	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes: * Calculated as a percentage of Gross Potential Rent | ** Calculated as a percentage of Effective Gross Income

10-Year Cash Flow

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Period Ending	May-2023	May-2024	May-2024	May-2025	May-2026	May-2027	May-2028	May-2029	May-2030	May-2031	May-2032
Income											
Market Rents	1,026,120	1,026,120	1,026,120	1,051,773	1,078,067	1,105,019	1,132,644	1,160,961	1,189,985	1,219,734	1,250,228
Loss-to-Lease (%)	9.49%	7.00%	5.00%	3.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Loss-to-Lease (Gain)	97,334	71,828	51,306	31,553	10,781	11,050	11,326	11,610	11,900	12,197	12,502
Gross Potential Rent	\$928,786	\$954,292	\$974,814	\$1,020,220	\$1,067,287	\$1,093,969	\$1,121,318	\$1,149,351	\$1,178,085	\$1,207,537	\$1,237,725
Vacancy (-)	46,439	47,715	48,741	51,011	53,364	54,698	56,066	57,468	58,904	60,377	61,886
Bad Debt (-)	9,288	9,543	9,748	10,202	10,673	10,940	11,213	11,494	11,781	12,075	12,377
Concessions (-)	0	0	0	0	0	0	0	0	0	0	0
Total Economic Loss	\$55,727	\$57,257	\$58,489	\$61,213	\$64,037	\$65,638	\$67,279	\$68,961	\$70,685	\$72,452	\$74,264
% Economic Loss	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total Other Income	\$22,655	\$23,221	\$23,802	\$24,397	\$25,007	\$25,632	\$26,273	\$26,930	\$27,603	\$28,293	\$29,000
Effective Gross Income	\$895,714	\$920,255	\$940,127	\$983,404	\$1,028,256	\$1,053,963	\$1,080,312	\$1,107,320	\$1,135,003	\$1,163,378	\$1,192,462
% Change	-4.81%	2.74%	2.16%	4.60%	4.56%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Operating Expenses											
Real Estate and Other Taxes	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Insurance	34,920	35,968	37,047	38,158	39,303	40,482	41,696	42,947	44,236	45,563	46,930
Utilities	360,266	371,074	382,206	393,672	405,483	417,647	430,176	443,082	456,374	470,065	484,167
Contract Services	48,124	49,568	51,055	52,586	54,164	55,789	57,463	59,186	60,962	62,791	64,675
Repairs and Maintenance	26,779	27,582	28,410	29,262	30,140	31,044	31,976	32,935	33,923	34,941	35,989
Payroll	152,741	157,323	162,043	166,904	171,912	177,069	182,381	187,852	193,488	199,293	205,271
Management Fee	35,829	36,810	37,605	39,336	41,130	42,159	43,212	44,293	45,400	46,535	47,698
Administrative	17,979	18,518	19,074	19,646	20,236	20,843	21,468	22,112	22,775	23,459	24,162
Ground Lease	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439
Replacement Reserves	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600
Total Expenses	\$709,288	\$729,794	\$750,699	\$773,143	\$796,272	\$819,275	\$842,963	\$867,356	\$892,476	\$918,344	\$944,982
Net Operating Income	\$186,426	\$190,462	\$189,428	\$210,261	\$231,985	\$234,688	\$237,349	\$239,964	\$242,527	\$245,034	\$247,480
% Change	89.03%	2.16%	-0.54%	11.00%	10.33%	1.17%	1.13%	1.10%	1.07%	1.03%	1.00%

Rent Comparables

03

Kulia I Ka Nuu

Waianae, HI
 Year Built: 2009
 Units: 72

Summary of Rent Comparables

Studio Units

Property	AMI Restrictions	Year Built	Average SF	Low Market Rent	High Market Rent	Average Market Rent	Average Rent PSF	Net Rent After Concessions	Vacancy	Distance to Subject (Miles)
Kulia I Ka Nuu	60%	2009	273	\$944	\$944	\$944	\$3.46	\$944	4%	
Kulia I Ka Nuu	30%	2009	273	\$551	\$551	\$551	\$2.02	\$551	4%	
Averages			273	\$748	\$748	\$748	\$2.74	\$748	4%	

Two-Bedroom Units

Property	AMI Restrictions	Year Built	Average SF	Low Market Rent	High Market Rent	Average Market Rent	Average Rent PSF	Net Rent After Concessions	Vacancy	Distance to Subject (Miles)
Hale Makana o Maili 2x1	60%	2020	N/A	\$1,486	\$1,486	\$1,486	N/A	\$1,486	0%	2.3
Kulia I Ka Nuu 2x1	60%	2009	659	\$1,260	\$1,418	\$1,339	\$2.03	\$1,339	4%	
Hale Wai Vista Phase I & II 2x1	60%	2015	609	\$1,202	\$1,202	\$1,202	\$1.98	\$1,202	4%	1.6
Hale Wai Vista Phase I & II 2x1	50%	2015	609	\$1,177	\$1,177	\$1,177	\$1.93	\$1,177	4%	1.6
Hale Makana O Nanakuli 2x1	60%	2015	N/A	\$1,125	\$1,125	\$1,125	N/A	\$1,125	0%	6.6
Hale Wai Vista Phase I & II 2x1	30%	2015	609	\$677	\$677	\$677	\$1.11	\$677	4%	1.6
Averages			621	\$1,155	\$1,181	\$1,168	\$1.76	\$1,168	3%	

Kulia I Ka Nuu

Subject Property



85-296 Ala Hema Street | Waianae, HI 96792

Property Details

Property Type	Affordable - Family
Units	72
Occupancy	96.0%
Year Built	2009
Management	Hawaii Affordable Properties, Inc.

Tenant Charges

Water/Sewer	Included/Landlord Pays
Garbage	Included/Landlord Pays
Electricity	Included/Landlord Pays
Electric Heat	Included/Landlord Pays
Other Charges: N/A	

Community Amenities

Gated access | Laundry facilities | Resource center | Community yard | Dormitory | Leasing office

Unit Amenities

Balconies in select units | Patios in select units | Garbage disposals

Unit Type	Square Feet	Asking Rent	Rent Per Square Foot
Studio (30% AMI)	273	\$551	\$2.02
Studio (60% AMI)	273	\$944	\$3.46
2x1 (60% AMI)	567-750	\$1260-1418	\$1.89-2.22

Hale Wai Vista Phase I & II

Rent Comparable



86-084 Farrington Hwy | Waianae, HI 96792

Property Details

Property Type	LIHTC - Family
Units	84
Occupancy	96.3%
Year Built	2015
Distance From Subject	1.6 Miles
Management	Locations - Hale Wai Vista

Tenant Charges

Water/Sewer	Included/Landlord Pays
Garbage	Included/Landlord Pays
Electricity	Tenant Pays
Electric Heat	Tenant Pays
Other Charges: N/A	

Community Amenities

On-site laundry facility

Unit Amenities

Self-cleaning oven | Garbage disposal

Unit Type	Square Feet	Asking Rent	Rent Per Square Foot
2x1 (30% AMI)	595-622	\$677	\$1.09-1.14
2x1 (50% AMI)	595-622	\$1177	\$1.89-1.98
2x1 (60% AMI)	595-622	\$1202	\$1.93-2.02
3x1 (60% AMI)	751	\$1374	\$1.83

Hale Makana o Maili

Rent Comparable



87-154 Kakalena Street | Waianae, HI 96792

Property Details

Property Type	LIHTC - Family
Units	52
Occupancy	100.0%
Year Built	2020
Distance From Subject	2.3 Miles
Management	Mark Development, Inc.

Tenant Charges

Water/Sewer	Included/Landlord Pays
Garbage	Included/Landlord Pays
Electricity	Tenant Pays
Electric Heat	Tenant Pays
Other Charges: N/A	

Community Amenities

Business center | On-site laundry facility | Playground

Unit Amenities

N/A

Unit Type	Square Feet	Asking Rent	Rent Per Square Foot
1x1 (60% AMI)	N/A	\$1260	N/A
2x1 (60% AMI)	N/A	\$1486	N/A
3x2 (60% AMI)	N/A	\$1691	N/A

Hale Makana O Nanakuli

Rent Comparable



89-201 Lepeka Avenue | Waianae, HI 96792

Property Details

Property Type	LIHTC - Family
Units	48
Occupancy	100.0%
Year Built	2015
Distance From Subject	6.6 Miles
Management	Mark Development, Inc.

Tenant Charges

Water/Sewer	Included/Landlord Pays
Garbage	Included/Landlord Pays
Electricity	Tenant Pays
Electric Heat	Tenant Pays
Other Charges: N/A	

Community Amenities

Clubhouse | On-site laundry facility

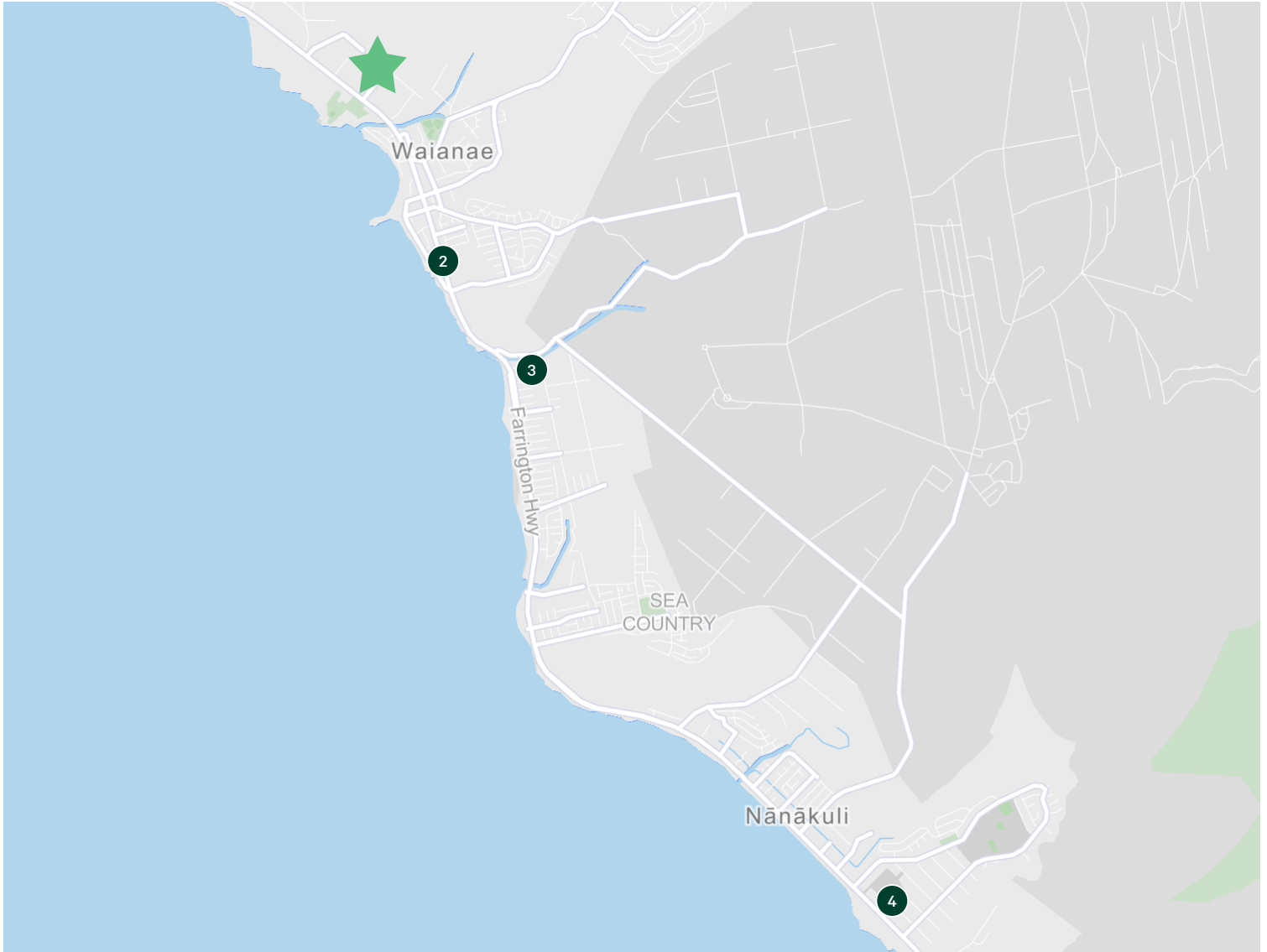
Unit Amenities

N/A

Unit Type	Square Feet	Asking Rent	Rent Per Square Foot
1x1 (60% AMI)	N/A	\$938	N/A
2x1 (60% AMI)	N/A	\$1125	N/A
3x2 (60% AMI)	N/A	\$1299	N/A

Rent Comparables Map

Kulia I Ka Nuu



Properties



Kulia I Ka Nuu

2. Hale Wai Vista Phase I & II
3. Hale Makana O Maili
4. Hale Makana O Nanakuli

Sales Comparables

05

Kulia I Ka Nu'u

Waianae, HI
Year Built: 2009
Units: 72

Summary of Sale Comparables

Sorted by Sale Price Per Unit

Property	Property Type	Close Date	Year Built / Year Renovated	Sale Price	Units	Sale Price Per Unit	Cap Rate	Average Rent	Distance to Subject (Miles)
Palms of Kilani	Market Rate	Dec-20	1973 / 1981	\$37,090,000	106	\$349,906	4.50%	\$2,465	19.3
Waikele Towers	Market Rate	Dec-20	1973 / 2020	\$13,680,000	50	\$273,600	4.70%	\$1,817	18.6
Kamakee Vista	Market Rate / LIHTC - Family	Nov-20	1992	\$38,000,000	226	\$168,142	4.30%	\$2,501	33.7
Lokenani Hale	LIHTC - Senior (55+)	Nov-20	2005	\$7,128,000	62	\$114,968	3.37%	\$639	60.0
Kekuilani Courts	Market Rate / LIHTC - Family	May-19	1996	\$7,000,000	80	\$87,500	4.94%	N/A	14.6
Averages				\$20,579,600	105	\$198,823	4.36%	\$1,856	

Sorted by Cap Rates

Property	Property Type	Close Date	Year Built / Year Renovated	Sale Price	Units	Sale Price Per Unit	Cap Rate	Average Rent	Distance to Subject (Miles)
Lokenani Hale	LIHTC - Senior (55+)	Nov-20	2005	\$7,128,000	62	\$114,968	3.37%	\$639	60.0
Kamakee Vista	Market Rate / LIHTC - Family	Nov-20	1992	\$38,000,000	226	\$168,142	4.30%	\$2,501	33.7
Palms of Kilani	Market Rate	Dec-20	1973 / 1981	\$37,090,000	106	\$349,906	4.50%	\$2,465	19.3
Waikele Towers	Market Rate	Dec-20	1973 / 2020	\$13,680,000	50	\$273,600	4.70%	\$1,817	18.6
Kekuilani Courts	Market Rate / LIHTC - Family	May-19	1996	\$7,000,000	80	\$87,500	4.94%	N/A	14.6
Averages				\$20,579,600	105	\$198,823	4.36%	\$1,856	

Sorted by Average Rents

Property	Property Type	Close Date	Year Built / Year Renovated	Sale Price	Units	Sale Price Per Unit	Cap Rate	Average Rent	Distance to Subject (Miles)
Kamakee Vista	Market Rate / LIHTC - Family	Nov-20	1992	\$38,000,000	226	\$168,142	4.30%	\$2,501	33.7
Palms of Kilani	Market Rate	Dec-20	1973 / 1981	\$37,090,000	106	\$349,906	4.50%	\$2,465	19.3
Waikele Towers	Market Rate	Dec-20	1973 / 2020	\$13,680,000	50	\$273,600	4.70%	\$1,817	18.6
Lokenani Hale	LIHTC - Senior (55+)	Nov-20	2005	\$7,128,000	62	\$114,968	3.37%	\$639	60.0
Kekuilani Courts	Market Rate / LIHTC - Family	May-19	1996	\$7,000,000	80	\$87,500	4.94%	N/A	14.6
Averages				\$20,579,600	105	\$198,823	4.36%	\$1,856	

Lokenani Hale

Sale Comparable



Comments

CBRE Affordable Housing Sale

1889 Loke Street | Wailuku, HI 96793

Property Details		Unit Type	Number of Units
Property Type	LIHTC - Senior (55+)	1x1	62
Units	62		
Occupancy	98.4%		
Year Built/Year Renovated	2005		
Close Date	November 25, 2020		
Sale Specifics			
Sale Price	\$7,128,000	Price Per SF	\$238
Price Per Unit	\$114,968	Average SF	484
Average Rent	\$639		
Cap Rate	3.37%		

Palms of Kilani

Sale Comparable



Comments

Part of portfolio sale with Waikele Towers

225 Koa Street | Wahiawa, HI 96786

Property Details		Unit Type	Number of Units
Property Type	Market Rate	2x1	45
Units	106	3x1	31
Occupancy	100.0%	4x1.5	30
Year Built/Year Renovated	1973/1981		
Close Date	December 1, 2020		
Sale Specifics			
Sale Price	\$37,090,000	Price Per SF	\$1,267
Price Per Unit	\$349,906	Average SF	276
Average Rent	\$2,465		
Cap Rate	4.50%		

Kamakee Vista

Sale Comparable



Comments

Part of portfolio sale

1065 Kawaiahoi Street | Honolulu, HI 96814

Property Details		Unit Type	Number of Units
Property Type	Market Rate / LIHTC - Family	1x1	90
Units	226	2x1	136
Occupancy	100.0%		
Year Built	1992		
Close Date	November 1, 2020		
Sale Specifics			
Sale Price	\$38,000,000	Price Per SF	\$747
Price Per Unit	\$168,142	Average SF	225
Average Rent	\$2,501		
Cap Rate	4.30%		

Kekuilani Courts

Sale Comparable



91-1083 Kekuilani Loop | Kapolei, HI 96707

Property Details

Property Type	Market Rate / LIHTC - Family
Units	80
Occupancy	100.0%
Year Built	1996
Close Date	May 1, 2019

Sale Specifics

Sale Price	\$7,000,000	Price Per SF	\$77
Price Per Unit	\$87,500	Average SF	1,130
Average Rent	N/A		
Cap Rate	4.94%		

Waikele Towers

Sale Comparable



94 Pupumomi Street | Waipahu, HI 96797

Property Details

Property Type	Market Rate
Units	50
Occupancy	100.0%
Year Built	1973/2020
Close Date	December 1, 2020

Sale Specifics

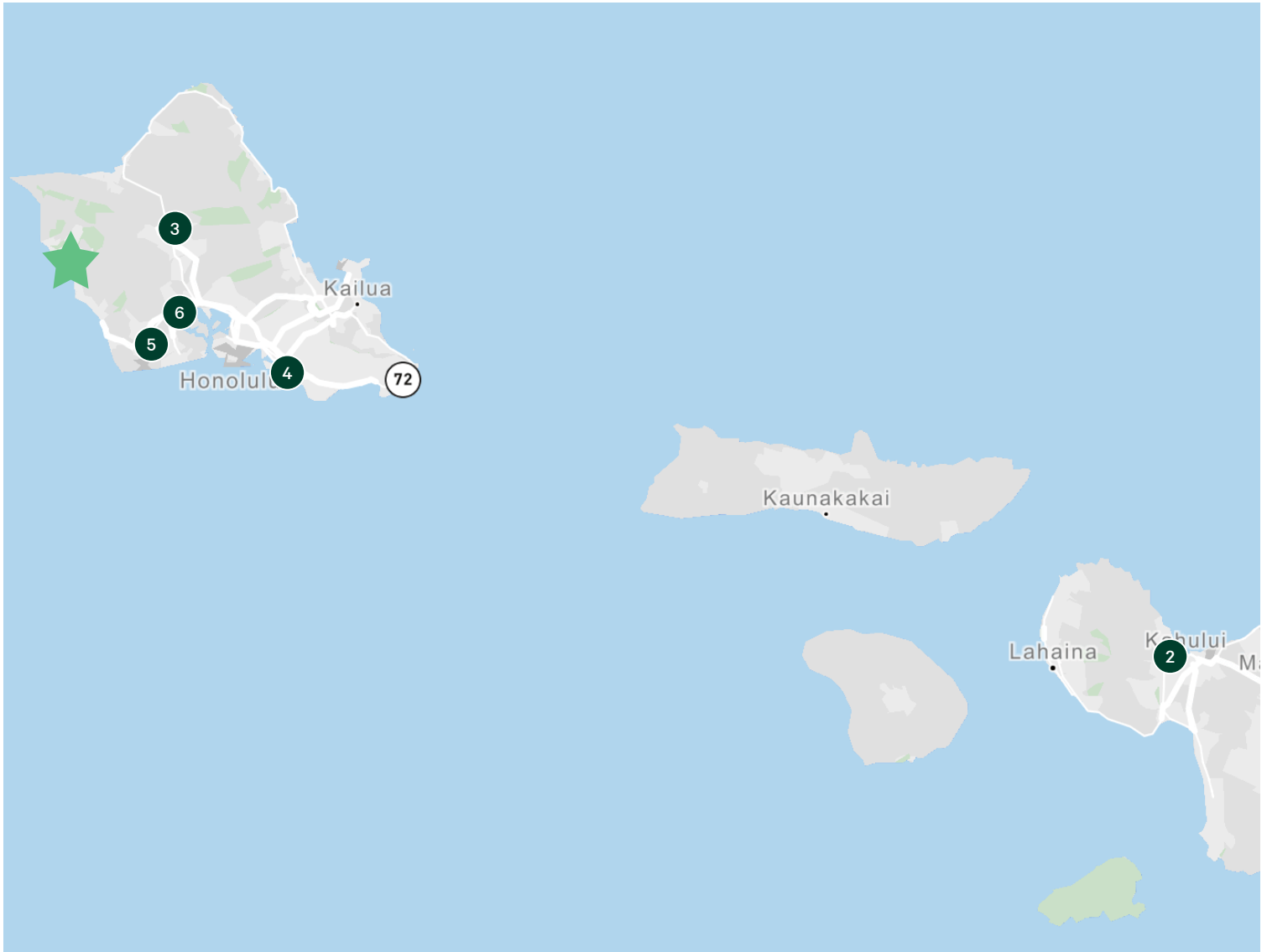
Sale Price	\$13,680,000	Price Per SF	\$377
Price Per Unit	\$273,600	Average SF	725
Average Rent	\$1,817		
Cap Rate	4.70%		

Comments

Part of portfolio sale with Palms of Kilani

Sales Comparables Map

Kulia I Ka Nuu



Properties

- ★ Kulia I Ka Nuu
- 2. Lokenani Hale
- 3. Palms of Kilani
- 4. Kamakee Vista
- 5. Kekuiani Courts
- 6. Waikele Towers



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