



2013 ANNUAL REPORT

HAWAII HOUSING FINANCE & DEVELOPMENT CORPORATION





The Hawaii Housing Finance and Development Corporation is administratively attached to the Department of Business, Economic Development and Tourism and is the primary agency charged with overseeing affordable housing finance and development in Hawaii by working with the state’s residents, housing developers, and financiers.

The mission of the Hawai`i 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.

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THE HONORABLE NEIL ABERCROMBIE, GOVERNOR, STATE OF HAWAII

Dear Governor Abercrombie,

In fiscal year 2013, the HHFDC added 1,135 housing units to the inventory of workforce and affordable housing while managing assets in excess of \$1 billion. In 2014, there are 1,223 units planned while we stay on course toward our production goal to assist in delivering approximately 6,000 units over the next five years.



ECONOMY AND JOBS

In 2013 HHFDC neared full expenditure of \$24.25 million in federal Neighborhood Stabilization Program (NSP) grants to mitigate the impacts of the economic decline and the housing market collapse by stabilizing and revitalizing those communities hit the hardest. As of June 30, 2013, NSP funds were used for the construction of Sea Winds Apartments in Waianae, Oahu, Na Kahua Hale O Ulu Wini in Kailua-Kona, Hawai'i, four single family homes in Waimea, Kauai, and the Villages of Moa'e Ku in Ewa Beach, Oahu. NSP funds were also used for the acquisition and rehabilitation of foreclosed homes in Kauai and Maui for sale to lower- and moderate-income homebuyers.

GREEN WORKFORCE HOUSING THROUGH PUBLIC-PRIVATE PARTNERSHIPS

HHFDC is providing public lands and working with private developers to build environmentally-friendly housing quicker and of highest quality.

- Through an RFP process, we are providing approximately 308 acres of state land in Kapolei, Oahu, and Kailua-Kona, Hawai'i, for the private development of approximately 2,900 affordable and workforce housing units.
- We also are planning to partner with private developers to build green workforce housing to complete development in the Villages of Kapolei and a new livable community in the Villages of Leialii in Lahaina, Maui.

DEVELOP ASSET BUILDING PROGRAMS AND GROW THE MIDDLE CLASS

The HHFDC's single-family programs helped lower and moderate income families build financial assets to be create more economic opportunities for themselves and leave a legacy for their children. In FY 2013, HHFDC made available \$44M in Hula-Mae Single Family below-market rate mortgages and \$12.5M in Mortgage Credit Certificate federal tax credits to help 334 first-time homebuyers.

ENERGY EFFICIENCY

The HHFDC is also assisting the state's efforts to reduce our dependency on imported oil by encouraging energy efficient development and support workforce development of "green" jobs. We are looking at how we design future communities to encourage alternative modes of transportation such as walking, biking and mass transit.

- The master planned communities of Kamakana Villages at Keahuolu (in West Hawai'i) and Villages of Leialii (in West Maui) incorporate design concepts that encourage walking, bicycling, and transit. We also encourage energy-efficiency and water conservation in smaller, in-fill developments.
- We participate with the City and County of Honolulu, Department of Planning and Permitting on a Sustainable Community Challenge Planning Grant for transit-oriented development.

Looking forward, HHFDC remains focused on our mission of improving lives and strengthening communities by expanding housing opportunities, and committed to our vision of seeking long-term sustainable solutions to help rebuild and transform our economy for the benefit of future generations in Hawaii.

CRAIG K. HIRAI

Executive Director

LEGISLATIVE HISTORY

The Hawai'i Housing Finance and Development Corporation was created to focus on the financing and development of affordable housing.

In 1997, the Legislature established the Housing and Community Development Corporation of Hawai'i (HCDCH) by consolidating the the Hawai'i Housing Authority, the Housing Finance and Development Corporation and Rental Housing Trust Fund Commission. The HCDCH administered the state's public housing, homeless assistance, housing finance and housing development programs.

In 2005, the Legislature found that “the burden of administering the public housing projects in the State has overshadowed the ability of the corporation to pay sufficient attention to the financing and development of affordable housing.” Therefore, Act 196 of 2005, as amended by Act 180 of 2006, separated the housing financing and development functions from the HCDCH to create the Hawai'i Housing Finance and Development Corporation.

ORGANIZATIONAL STRUCTURE

The HHFDC is administratively attached to the Department of Business, Economic Development and Tourism. It is governed by a nine-member Board of Directors which establishes policies and executive direction for the Corporation.

Six members are appointed by the Governor from each of the counties of Honolulu, Hawai'i, Maui and Kauai. At least four of which must have knowledge and expertise in public or private financing and development of affordable housing, and one of which is a representative for a low-income private nonprofit organization. The three ex-officio members are the Director of Business, Economic Development and Tourism, the Director of Finance, and a representative of the Governor's office.

FIVE-YEAR PRODUCTION PLAN

The HHFDC has a production plan in place to assist in the finance and development of approximately 6,000 affordable units over the next five years.

Fiscal Years	Rental	For Sale	Total
2014	1,043	180	1,223
2015	1,006	17	1,023
2016	1,393	315	1,708
2017	537	513	1,050
2018	536	438	974
Total	4,515	1,463	5,978

Halekauwila Place

Stanford Carr Development, LLC



The 204-unit affordable family rental project being built on state land, is a public-private partnership between the state and Stanford Carr Development, LLC. Units are targeted towards families earning 60% of area median income.

The project, located on state land, will consist of 204 studio, 1-bedroom, 2-bedroom, and 3-bedroom units configured in a 19-floor tower structure and a separate parking building/townhouse structure.

The units will range in size from 395 to 424 square feet (studio); 535 to 597 square feet (one-bedroom); 684 to 782 square feet (two-bedrooms); and 1,093 to 1,511 square feet (three-bedrooms). The units will generally be located from floors 2 through 19 of the residential tower with 5 three-bedroom units located on the ground level of the parking structure.

The parking structure building will also feature two retail units as well as a laundry and community room. The five levels of parking will contain 282 parking stalls.



ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
204	\$70,800,000	141	92	\$46,020,000

Based on DBEDT 2012 Economic Model

Senior Residence at Iwilei

Pacific Housing Assistance Corporation



The State of Hawai'i and Pacific Housing Assistance Corporation, a private non-profit developer, broke ground on a new 160-unit senior rental project. The Senior Residence at Iwilei is the result of a public-private partnership between the state's Hawai'i Housing Finance and Development Corporation (HHFDC), the City and County of Honolulu, and Pacific Housing Assistance Corporation.

For the project, the HHFDC is leasing 1.825 acres of state land to Pacific Housing Assistance Corporation and providing financing through its Dwelling Unit Revolving Fund, Hula Mae Multifamily bond, and low income housing tax credit programs. The Hawai'i State Legislature also appropriated capital improvement project funds for the project in 2011. The City and County of Honolulu approved 201H land use exemptions for the project and awarded Community Development Block Grant funds as well.

The project will assist senior residents with incomes at or below 50 percent and 60 percent the area median income, which for a single person is about \$36,000 and \$41,000, respectively. Rents will range from \$800 for a one-bedroom unit to \$1,180 for a two-bedroom unit.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
160	\$69,440,000	138	90	\$45,136,000

Based on DBEDT 2012 Economic Model

DEVELOPMENT RESOURCES

The HHFDC has a toolbox of resources to facilitate the development of affordable rental or for-sale housing including financing, expedited land use approvals under Chapter 201H, Hawaii Revised Statutes, exemptions from general excise taxes, and real property.

FINANCING TOOLS FOR DEVELOPMENT

Low Income Housing Tax Credits (LIHTC)

The LIHTC program is a major financing tool for non-profit and for-profit developers to construct or rehabilitate affordable rental housing. Under the program, HHFDC awards federal and state tax credits that may be used to obtain a dollar-for-dollar offset (tax credit) in income tax liability for 10 years or may be syndicated to generate substantial project equity. There are two types of federal tax credits: 9% competitive tax credits, which are applied against the State of Hawaii's annual LIHTC allocation and 4% non-competitive, which are awarded with tax-exempt bond financing. Approximately \$3.133 million in federal and \$1.566 million in state tax credits was available for award in FY2013.

Rental Housing Trust Fund (RHTF)

The RHTF provides equity gap low-interest loans or grants to qualified owners and developers for the development, pre-development, construction, acquisition or preservation of affordable rental housing. Preference is given to projects that meet certain statutory criteria. Included is a preference for projects that provide at least 5 percent of the total number of units for persons and families with incomes at or below 30 percent of the median family income. Another preference is projects that provide the maximum number of units for persons or families with incomes at or below 80 percent of the median family income. As of June 30, 2013, RHTF commitments totaled \$245.9 million to assist 4,567 rental units.

Rental Assistance Revolving Fund (RARF)

The RARF Interim Construction Loan Program provides below market interest rate interim construction loans for affordable rental housing projects (currently 4-5%), as well as a limited amount of project-based rental assistance subsidies to qualified owners of rental projects. The RARF interim construction program is authorized to loan up to an aggregate of \$11.5 million. As of June 30, 2013, the RARF financed the construction of 846 units. Additionally, 13 projects comprised of 1,602 rental units have Rental Assistance Program commitments totaling \$47,789,034.

Hawaii Rental Housing System Revenue Bond (HRHSR)

This program was developed to alleviate the shortage of available rental housing opportunities through the development and acquisition of affordable rental housing projects throughout the State. The HRHSR provides tax-exempt bond financing for HHFDC-owned affordable rental projects that provide at least 60 percent of the rental units for tenants earning 80 percent and below the median family income (40 percent of the units may be rented at market rents). There are currently 6 projects consisting of 1,220 units on Oahu, Hawaii and Maui. Bond authority under the program is \$375 million. As of June 30, 2013, the available authority is \$97,720,000.

Hula Mae Multi-Family Revenue Bond Program

The Hula Mae Multi-Family program provides low interest rate financing through the issuance of tax-exempt revenue bonds for the construction and/or acquisition and rehabilitation of rental housing projects. Developers are able to secure 4% noncompetitive low income housing tax credits in conjunction with the Hula Mae multifamily financing. The HHFDC, with the approval of the Governor, is authorized to issue up to \$750 million in revenue bonds. As of June 30, 2013, the program has issued 20 series of bonds, including one refunding series, totaling \$418,244,699.

Dwelling Unit Revolving Fund (DURF)

DURF was established pursuant to Act 105, SLH 1970 which authorized the issuance of \$125,000,000 of general obligation bonds to carry out the purposes of the Housing Development Program. Funds may be used for the acquisition of real property; development and construction of residential, commercial and industrial properties; interim and permanent loans to developers; and any and all things necessary to carry out the purposes of the Housing Development Program, including administrative expenses. As of June 30, 2013, DURF has outstanding commitments of \$74.698 million.

FEDERAL FUNDS

Home Investment Partnerships Program (HOME)

The HHFDC administers the federal HOME program which is intended to expand the supply of decent, safe, affordable and sanitary housing. HOME funds may be used for a variety of activities including tenant-based rental assistance, down payment loans for first-time homebuyers, rehabilitation loans for existing homeowners, property acquisition, new construction, reconstruction, moderate or substantial rehabilitation, site improvements, demolition, relocation expenses, loan guarantees, and other reasonable and necessary expenses related to development of affordable housing. The HHFDC receives approximately \$3 million in HOME funds from HUD each year. Funds allocated on an annual rotating basis to the Counties of Hawaii, Kauai and Maui.

Neighborhood Stabilization Program (NSP)

The NSP was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized.

HHFDC received two awards of NSP funds. In 2009, the HHFDC received an award of \$19.6 million from NSP Round 1, authorized under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA). In 2011, HHFDC received a subsequent award of \$5 million from NSP Round 3 authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. NSP funds were allocated to all four counties to create affordable rental and homeownership opportunities for households whose incomes do not exceed 120% of the area median income.

Hale Mohalu II Senior Coalition for Specialized Housing



Hale Mohalu II, an affordable senior rental in Pearl City, Oahu will add 332 units to the inventory of affordable housing.

The Coalition for Specialized Housing will develop four seven-story buildings on 4.7 acres of state land in lower Pearl City for low-income seniors and families. Five percent of the units will be designated for families or individuals earning up to 30 percent of area median income with the remaining 95 percent designated for families and individuals earning up to 60 percent of the area median income. Proposed rents range from \$585 to \$1,200 for family units and \$401 to \$668 for senior units.

The project is funded by a combination of Low-Income Housing Tax Credits, Hula Mae Multi Family Bonds, Rental Housing Trust Fund loans and grants administered by the HHFDC and HOME funds administered by the City and County of Honolulu.

Phase 1 consists of 164 senior rentals. Future phases will add 168 family rentals with a 4,925 square foot community building.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
164	\$41,378,000	155	308	\$26,895,700

Based on DBEDT 2012 Economic Model

DEVELOPMENT TOOLS

Real Property

A portfolio of property acquired by negotiation, exchange, or purchase, is made available to developers through the Request for Proposals (RFP) process. Each real property parcel is evaluated for “highest and best use” in relation to the HHFDC working mission and strategies and then an RFP is framed for flexibility to assure that different developer specialties and concentrations can be accommodated.

For the developer, the RFP process starts when an advertisement is placed in the newspaper with information that a certain real property is available for development. The actual RFP with relevant criteria is made available for review or purchase at the HHFDC. When the completed proposals are received on the given date in the RFP, a selection committee reviews the proposals for compliance with the RFP and a developer is preliminarily selected, subject to approval by the HHFDC Board of Directors. Developer approval is followed with negotiation of development and loan agreements.

Chapter 201H Expedited Processing

Pursuant to Chapter 201H, Hawaii Revised Statutes, the HHFDC may develop, on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of housing projects which are exempt from all statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of units thereon.

Chapter 201H also provides for greater flexibility in the design of housing projects. The particular exemptions requested through the 201H process are reviewed by the appropriate county agencies. All 201H projects must comply with the County building permit process, HRS Chapter 104 (Wages and Hours of Employees on Public Works), and HRS Chapter 343 (Environmental Impact Statements).

Developers are encouraged to begin the 201H process by first contacting the appropriate county. If the county government does not accept the developer's 201H application, the HHFDC will consider the developer's application. The HHFDC requires that the developer conduct at least one public meeting to solicit community input on the proposed project.

General Excise Tax Exemptions

The HHFDC may approve and certify for exemption from GET any qualified person or firm involved with an “eligible project” developed under 1) Chapter 201H, 2) a government assistance program approved by the HHFDC, 3) the sponsorship of a private nonprofit corporation providing homes for qualified families in need of decent, low-cost housing, or 4) by a qualified person or firm providing affordable rental housing where at least 50 percent of the available units are for households with incomes at or below 80 percent of the area median income, as determined by HUD, of which at least 20 percent of the available units are for households with incomes at or below 60 percent of the area median income.

Villages at Moa'e Ku Phase II

EAH Housing



Ms. Rey Pin was living in a homeless shelter on West Oahu with her three children, the eldest with special needs, when she first heard of Moa'e Ku.

She applied but because of her language barrier, misunderstood and denied a request to speak to a former landlord. Eventually she was assisted by a case worker from the Hawaii State Department of Health and was qualified to move into her three bedroom apartment in fall 2012.

Funding for Moa'e Ku was provided by Hawaii Housing Finance and Development Corporation's Rental Housing Trust Fund and Neighborhood Stabilization Program (NSP), along with HOME funds from the U.S. Department of Housing and Urban Development.



The Villages of Moa'e Ku, a Public Private Partnership between the Hawaii Housing Finance & Development Corporation, the City & County of Honolulu and EAH Housing, will provide 192 rental apartments for families at or below 60% of the area median income. The project is conveniently located next to the Ewa Elementary School, Ewa Beach parks and shopping centers.

The HHFDC provided Low-Income Housing Tax Credits, Hula Mae Multi-Family Bonds and Rental Housing Trust Fund financing for the project.

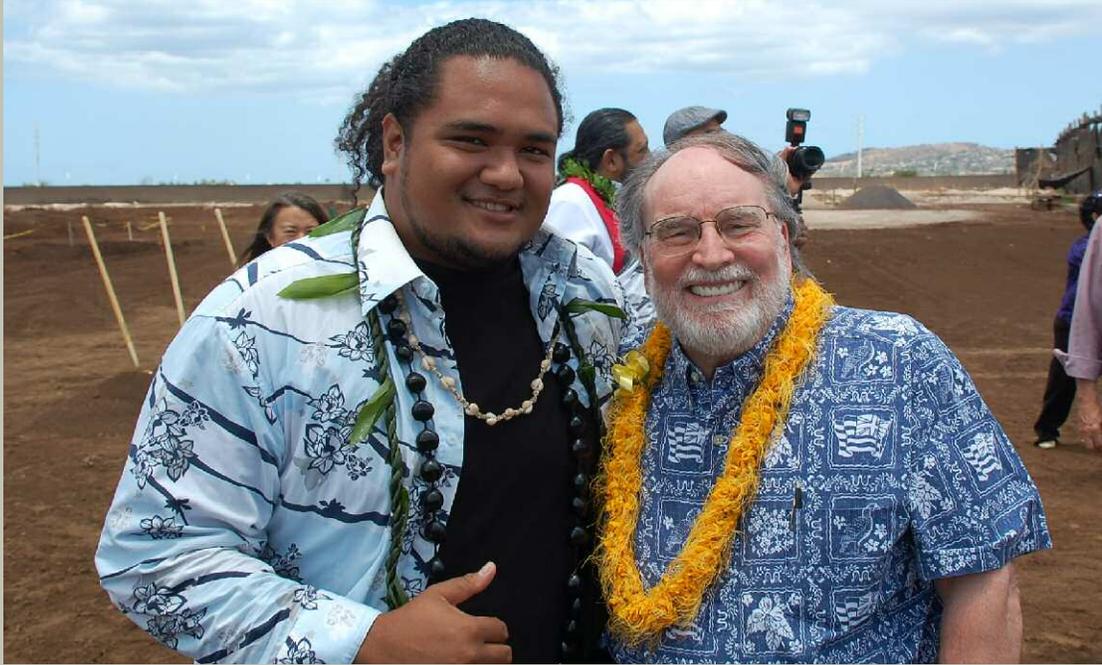
The apartments will be built in three phases and will consist of twelve two-story buildings. Phase I, which contains 64 units, opened in April 2013. The one-, two- and three-bedroom units feature entrances directly accessible from the outside of the building and facing a central lawn and open landscaping. Phase II, which consists of 76 units is under construction.

The development includes a community room with a kitchen, computer learning facility and meeting space for residents along with a fenced-in tot lot for the protection of the keikis.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
76	\$30,257,742	76	46	\$18,154,645

Based on DBEDT 2012 Economic Model

Ko'oloa'ula Mutual Housing Association of Hawaii



The Public Private Partnership between HHFDC, the City and County of Honolulu, HUD and Mutual Housing Assistance of Hawaii completed its first phase of 120 affordable rental units at Ko'oloa'ula in East Kapolei in April 2013. A total of 308 units are planned to be built over the next five years in the Ko'oloa'ula community.

Ko'oloa'ula will give renters a choice between 11 different floorplans for apartments with up to four bedrooms. Rents will be targeted for families earning 30%, 50% and 60% of the HUD median incomes for the area.



The HHFDC provided Low-Income Housing Tax Credits, Hula Mae Multi-Family Bonds and Rental Housing Trust Fund financing for the project. In exchange for affordability, HHFDC is leasing the land to Mutual Housing Assistance of Hawaii for 65 years.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
120	\$35,400,000	89	54	\$21,240,800

Based on DBEDT 2012 Economic Model

FINANCING RESOURCES FOR FIRST-TIME HOMEBUYERS

The HHFDC's single-family programs are consumer oriented, providing below-market rate mortgage financing, tax credits, and down payment loans to assist eligible first-time homebuyers.

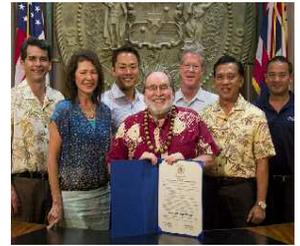
Hula Mae Single Family Program

This program offers eligible first-time homebuyers with mortgage financing at very competitive interest rates. Since 1979, the Program issued over \$1.948 billion of Hawaii Single Family Mortgage Purchase Revenue Bonds. Borrowers apply directly with participating lending institutions and must meet federal eligibility requirements including income and purchase price limitations, as well as the three year no prior ownership interest in a principal residence requirement. As of June 30, 2013, Hula Mae helped 10,074 families purchase their first homes.

On December 1, 2011, the HHFDC issued \$50 million in tax-exempt revenue bonds, which provided approximately \$44 million for eligible first-time homebuyers for its current Hula Mae Single Family program. The HHFDC participated in the New Issue Bond (NIB) Program, established by the Housing and Economic Recovery Act of 2008, providing for the federal government to purchase up to 60% of a housing finance agency bond issue at below market rates through its Government Sponsored Entities, Fannie Mae and Freddie Mac. The 2011 Hula Mae Single Family program features an optional downpayment assistance program providing up to 3% of the principal amount of their Hula Mae loan at closing. Borrowers also have the option of using federal mortgage insurance programs provided through FHA, USDA or VA with their Hula Mae loan.

Mortgage Credit Certificate (MCC) Program

The MCC program provides eligible first-time homebuyers with a direct tax credit against their federal income tax liability to make more income available to qualify for a mortgage loan and make monthly payments. The amount of credit is equivalent to 20% of the annual interest paid on a mortgage loan. MCCs are offered through participating lenders. As of June 30, 2013, the HHFDC has traded in approximately \$631 million of mortgage revenue bond authority for just over \$157 million of MCC authority and to date, has assisted 2,780 families in purchasing their first homes. During FY 2013, the program has assisted 257 families in purchasing their first homes.



Homeownership Month

Governor Neil Abercrombie and Lt. Governor Shan S. Tsutsui signed a proclamation in recognition of June 2013 as Homeownership Month to promote and preserve homeownership opportunities for the people of Hawaii.

HOMEBUYER/HOMEOWNER COUNSELING

National Foreclosure Mitigation Counseling Program (NFMC)

NFMC was established to provide counseling and limited legal assistance to families and individuals facing the threat of foreclosure. HHFDC received five awards of NFMC funds (NFMC Rounds 2 through 7), totaling \$852,500. As of June 30, 2013, through partnerships with nonprofit counseling agencies, approximately 3,900 homeowners have received foreclosure mitigation counseling under the NFMC program.

The Making Home Affordable Program (MHA)

MHA helps families avoid foreclosure and strengthen the housing market recovery. HHFDC was awarded up to \$27,100 to provide free mortgage modification counseling to homeowners with difficulty making their mortgage payments or facing threat of foreclosure. HHFDC is partnering with the Hawaii Foreclosure Information Center and local HUD-approved agencies to provide free counseling services. The counseling agencies can also help homeowners at risk with loan modifications and alternative plans of action.

Emergency Homeowners' Loan Program (EHLF)

EHLF, authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, provides loan funds to eligible homeowners who have become unemployed or underemployed due to the economic downturn or a medical condition to avert foreclosure. Loans of up to \$50,000 assist homeowners with payments of arrearages, including delinquent taxes and insurance plus up to 24 months of monthly payment on their mortgage principal, interest, mortgage insurance premiums, taxes and hazard insurance. HHFDC, again in partnership with nonprofit housing counseling agencies, was awarded up to \$79,089.05 under the EHLF to provide 35 homeowners with housing counseling services for the loan period.

HUD Comprehensive Housing Counseling (CHC)

CHC provides funds for counseling services to current and potential homeowners and tenants to assist them in improving their housing conditions and in meeting the responsibilities of homeownership or tenancy. HHFDC was awarded up to \$21,460 under CHC, and in partnership with the Department of Hawaiian Home Lands and subgrantee, Hale Mahaolu, will provide these services in the County of Maui

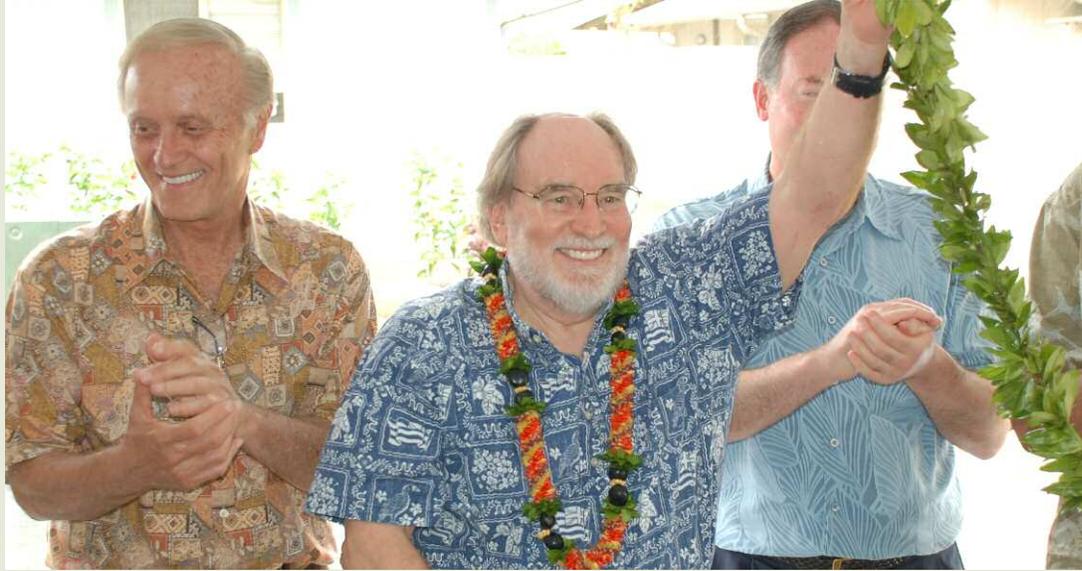
ANCILLARY RESPONSIBILITIES

Maintaining Waiahole Valley Subdivision

The HHFDC owns approximately 750 acres in Waiahole Valley and a 1.0 million gallon water system that services the residents and Waiahole Elementary School. There are 159 total lots for residential, agricultural and commercial use, open space, water lots, stream lots, and roadways. Approximately \$21.5 million has been spent to acquire the property and for capital improvements as of June 30, 2013. In addition, a total of \$11.4 million has been charged to the project for General Obligation Bond interest through June 30, 2003, when the bonds were retired.

Seawinds Apartments

Housing Solutions, Inc.



A Grand Opening/Blessing ceremony was held for Seawinds Apartments, a new construction 50 unit affordable rental in Wai'anae.

The Public Private Partnership between HHFDC, the City and County of Honolulu, HUD and Housing Solutions, Inc. is comprised of 20 studio units and 30 2-bedroom units. The HHFDC provided administered \$4.9 million in federal Neighborhood Stabilization Program (NSP) financing for the project.

The 30 long-term townhouses and 20 transitional studios are designed for low-income residents who earn less than 60 percent of Honolulu's \$81,600 median income. For a family of four, households that earn less than \$59,520 qualify. For a couple, those that earn less than \$47,640 qualify.

Average resident annual income is \$28,689, resulting in average monthly rents of \$749 for town homes and \$549 for studios. Utilities are included in the rents. ABOUT 20 percent of the units will be reserved for those who make less than 50 percent of the median income.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
50	\$14,770,945	37	22	\$8,862,567

Based on DBEDT 2012 Economic Model

Ma'ili III Self-Help Housing

Self-Help Housing Corporation of Hawaii



A groundbreaking ceremony was held for Ma'ili Self-Help Housing Project III, an affordable subdivision of 72, 5,000 square-foot lots on a 9.5 acre parcel of vacant land in Ma'ili. It is the result of a public-private partnership between the State of Hawai'i's Hawai'i Housing Finance and Development Corporation (HHFDC), the City and County of Honolulu, U.S.D.A. Rural Development and Self Help Housing Corporation of Hawaii (SHHCH).

"The Ma'ili Self-Help Housing Project provides an example of how the public and private sectors can work together to deliver quality, affordable workforce housing in Hawai'i," said Governor Abercrombie. Most importantly, this project empowers families by asking them to become equal partners, requiring investments of personal time, effort and commitment that result in their becoming not just occupants but homeowners who are truly vested in the long-term future of their homes and neighborhoods."

Low-income families will all build their own houses presently being developed by the SHHCH. Developing the project as a 201H project with special exemptions through the City and County of Honolulu, and with loans from the State's HHFDC, Rural Community Assistance Corporation, Housing Assistance Council, and a grant from U.S. Department of Housing and Urban Development, SHHCH will be able to offer fee simple house and lot packages from \$256,000 - \$276,000.



ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
72	\$11,281,746	28	17	\$6,769,048

Based on DBEDT 2012 Economic Model

Maintaining Infrastructure in the Villages of Kapolei

The City and County of Honolulu has not yet accepted dedication of infrastructure in the Villages of Kapolei. Therefore, the HHFDC maintains the infrastructure and is in the process of engaging a consultant to assist with the dedication. The time frame for dedication cannot be readily estimated as the dedication process involves many different agencies, entities, consultants and contractors.

The current infrastructure budget is approximately \$195 million, of which \$128.5 million has been expended as of June 30, 2013. This includes \$116.2 million in infrastructure development costs and \$12.3 million in interim maintenance costs. There has been no interest charge to the project because it was initially funded by the Homes Revolving Fund, which was repealed in 2003.

The Villages of Kapolei was developed pursuant to Act 15, SLH 1988. The Act provided the Housing Finance and Development Corporation (HFDC) (predecessor to the HCDCH and HHFDC) with temporary powers to expedite the development of affordable housing. It authorized the HFDC to develop housing projects that were exempt from all statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of units thereon; provided that the project met minimum requirements of health and safety; did not contravene any safety standards or tariffs approved by the Public Utilities Commission for public utilities; and the HFDC first conducted a public hearing after reasonable notice in the county in which project was situated conducted a public hearing after reasonable notice in the county in which project was situated

Land Programs – Chapters 516 and 519, HRS

The purpose of the Land Reform Act of 1967 was to encourage widespread ownership of fee simple lands among Hawaii's people. Pursuant to Chapter 516, HRS, the HHFDC assists lessees of single family homes to purchase the leased fee interest in their houselots by petitioning the state to facilitate a lease-to-fee conversion through its use of eminent domain powers. Since inception of the Land Reform Program, over 14,600 lessees have been assisted. The HHFDC continues to provide assistance and information on the lease to fee conversion process, as well as promote negotiated settlements to reduce conversion costs.

Chapter 519, HRS provides the framework for the fair arbitration of renegotiated ground lease rents for one- or two-family residential leasehold lots and cooperative housing corporations. The Lease Rent Renegotiation Program is used when lessees and lessors are unable to agree on the amount of the new lease rent upon expiration of the fixed term of the lease.

Assistance to Displaced Persons - Chapter 111, HRS

Chapter 111, HRS establishes a uniform policy for the fair and equitable treatment of owners, tenants, other persons, and business concerns lawfully residing on or lawfully occupying real property and displaced by the acquisition of real property for public or other purposes in the public interest and by building, zoning, and housing code enforcement activities. The HHFDC must assure that relocation payments are fair, reasonable, and promptly paid.

2014 PUBLIC-PRIVATE PARTNERSHIPS

Villages of Moa'e Ku, Phase II – 76-unit, one-to-three bedroom rental project targeted at households earning 30% - 60% of AMGI located in Ewa Beach. Estimated completion date of third quarter of 2014. *Developer - Hui Kauhale, Inc.*

Green Homes at Lualualei – 25-unit affordable, for-sale homes located in Waianae, Oahu. In an effort to combine a sustainable approach to building and living affordably, Green Homes at Lualualei will conserve energy through its design, energy-efficient appliances and utilize solar technology. *Developer - Green Homes at Lualualei, LLC*

Halawa View Apartments – Rehabilitation of approximately 121 rental units in a 14-story and two 3-story building in Aiea. HHFDC assisting with LIHTC and HMMF financing. *Developer - Hawaii Pacific, LLC*

Halekauwila Place – 204-unit affordable family rental housing project in Kakaako. Units are targeted to families earning 60% of AMGI. Project is estimated to be completed in first quarter of 2014. *Developer - Stanford Carr Development, LLC*

Hale Makana `O Nanakuli – 72 one-, two- and three-bedroom family rentals in Nanakuli. HHFDC has financing commitments for tax-exempt revenue bonds, federal and state Low Income Housing Tax Credits and a Rental Housing Trust Fund loan. *Developer - Hawaiian Community Development Board*

Hale Mohalu II Family – 84 rental units in Pearl City. When completed, the master planned project will consist of a 164-unit senior project and a future 168-unit family rental housing project on approximately 4.7 acres of state land. *Developer - Coalition for Specialized Housing*

Hale Uhiwai Nalu Addition – 50-unit new construction addition to the Hale Uhiwai Nalu in Kapolei. Units are targeted at Veterans earning 80% and below of AMGI. Estimated project completion date is 2014. *Developer - Cloudbreak Hawaii, LLC*

Imi Ikena Apartments - 28-unit rental housing project located in Wailuku, Maui. HHFDC provided financing assistance with Low-Income Housing Tax Credits. *Developer - Imi Ikena Housing Partners LLC*



Kamakana Villages at Keahuolu



Nohona III at Kapolei

Kamakana at Keahuolu – Master-planned community on 272 acres of non-ceded land in Keahuolu, Kailua-Kona, Hawai'i. Approximately 1,169 units of the total projected 2,330 homes will be workforce and affordable. *Developer - Forest City Hawaii Kona, LLC*

Kewalo Apartments - 38-unit Acquisition/Rehabilitation located in the urban core of Honolulu. *Developer - Hawaii Pacific LLC*

Ko'oloa'ula Phase II – 188-unit rental project in East Kapolei, Oahu. The ten three-story townhome rental is targeted at families earning 30% to 60% of AMGI and will remain affordable for 63 years. *Developer - Mutual Housing Association of Hawaii, Inc.*

Ma'ili III Self-Help Housing - HHFDC provided interim DURF loans, for predevelopment and infrastructure costs for the 72-unit fee simple housing project located on the Waianae Coast of Oahu. *Developer - Self Help Housing Corporation of Hawaii*

Mohouli Heights Senior Neighborhood Phase I – 60-unit affordable senior rental. The new construction located in Hilo, Hawaii is targeted to seniors earning 50% and below AMGI. HHFDC provided financing assistance in Low-Income Housing Tax Credits and Rental Housing trust Fund and Rental Assistance Revolving Fund loans. *Developer - Mohouli Senior Phase 1 LLP*

Senior Residence at Iwilei – 160-unit affordable senior rental. The new construction located in the urban core of Honolulu includes partial HHFDC financing in the form of Low-Income Housing Tax Credits, Hula Mae-Multi Family Bonds and a Dwelling Unit Revolving Fund Loan. *Developer - Senior Residence at Iwilei Limited Partnership*

Villages of Leiali'i – Master planned community located on 1,128 acres of State land in Lahaina, Maui. In May 7, 2007, the HHFDC approved a DURF budget of \$1 million to update the master plan and EIS for the project.

Nohona at Kapolei III - 83 fee-simple townhomes with prices starting in the low \$300,000s. Nohona III at Kapolei consists of 4 new two-story buildings with 2- or 3-bedroom floor plans with up to 1,184 square feet of living space. *Developer - Castle & Cooke Homes Hawaii, Inc.*



Imi Ikena Apartments



Part of the Governor's legislative package, SB1025 (enacted as Act 135) updates the Hula Mae Single Family Mortgage Loan Program to allow broader program participation by potential single family homeowners, especially for eligible borrowers' principal residences. It also adds down payment, closing cost and other assistance as a program feature and makes various housekeeping and conforming amendments.

HOUSING-RELATED LEGISLATION PASSED IN 2013

Act 135, Session Laws of Hawai'i 2013 (Senate Bill 1025, H.D. 3, C.D. 1)

Relating to the Housing Loan and Mortgage Program.

This Act allows more households to qualify for this housing mortgage loan program by broadening statutory eligibility criteria for Hula Mae mortgage loans, authorizing HHFDC to offer downpayment assistance as an optional feature of Hula Mae Single Family program loans, and deletes references to two inactive programs, the Loans to Lenders and Purchase of Existing Loans Programs.

Act 202, Session Laws of Hawai'i 2013 (House Bill 560, H.D. 1, S.D. 1, C.D. 1)

Relating to Affordable Housing Urban Gardening.

This Act authorizes HHFDC and the Hawaii Community Development Authority to provide incentives to housing project proposals that incorporate urban gardening as amenities for project residents. The Act requires consultation with the University of Hawaii College of Tropical Agriculture and Human Resources regarding urban gardening best practices.

The following resolutions approving the fee simple sale of HHFDC lands were adopted:

Senate Concurrent Resolution 11

Approving the Sale of the Leased Fee Interest in 643 Papahehi Street, Honolulu, Hawaii.

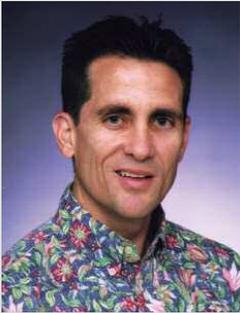
Senate Concurrent Resolution 12

Approving the Sale of the Leased Fee Interest in 95-011 Kuahelani Avenue, No. 111, Mililani, Hawaii.

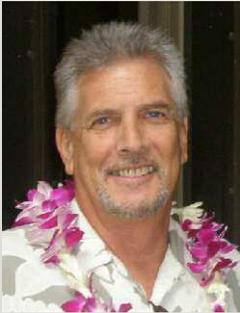
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Additional information is provided in the Audited Financial Statements available online at: www.hawaii.gov/dbedt/hhfdc



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