



SUBSTANTIAL AMENDMENT

to the State of Hawaii's

CONSOLIDATED PLAN

FOR PROGRAM YEARS 2015 THROUGH 2019

(July 1, 2015 - June 30, 2020)

(National Housing Trust Fund Program)

June 2016

Hawaii Housing Finance and Development Corporation
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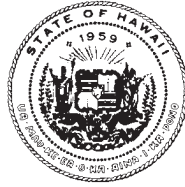


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to the
State of Hawaii’s Consolidated Plan
for Program Years 2015 through 2019**

(National Housing Trust Fund Program)

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STATE OF HAWAII

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IN REPLY REFER TO:

SUBSTANTIAL AMENDMENT to the State of Hawaii's Consolidated Plan for Program Years 2015 through 2019 (National Housing Trust Fund Program)

June, 2016

The Hawaii Housing Finance and Development Corporation (HHFDC) administers HUD's HOME Investment Partnerships (HOME) program for the State of Hawaii, and the Department of Human Services – Benefits, Employment and Support Services administers HUD's Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs. HHFDC prepared the State of Hawaii's Consolidated Plan for Program Years 2015 through 2019 (5-Year CP) that describes the proposed projects and programs that will be supported with HOME, ESG and HOPWA funds. The 5-Year CP and other documents are available for review at regional libraries and at HHFDC's website at <http://hawaii.gov/dbedt/hhfdc/>.

PURPOSE

The purpose of this Substantial Amendment to the State of Hawaii's Consolidated Plan for Program Years 2015 through 2019 is to include HHFDC's administration of HUD's new National Housing Trust Fund program.

BACKGROUND / DISCUSSION

The National Housing Trust Fund (HTF) program was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289), to complement existing federal, state and local efforts to increase and preserve affordable housing for extremely low-income and very low-income households, including homeless families. Governor David Y. Ige designated HHFDC to administer the HTF funds on behalf of the State of Hawaii.

Before awarding HTF funds, HUD must approve an allocation plan. This Substantial Amendment sets forth HHFDC's HTF allocation plan, approved by its Board of Directors on March 10, 2016, subject to public comments. HHFDC will sub-grant its HTF funds to the counties, as Sub-Grantees, for rental housing activities. After retaining five percent of the annual

allocation for administrative costs, HHFDC will sub-grant fifty percent of the HTF annual allocation to the City and County of Honolulu, to be administered by its Department of Community Services. HHFDC will annually sub-grant the remaining fifty percent to one of the neighbor island counties, in accordance with the rotation of HOME funds. For PY2016, the County of Kauai is scheduled to receive the HOME allocation, so it will also receive fifty percent of the PY2016 HTF allocation. If for any reason a Sub-Grantee is unable to identify an eligible HTF activity within a specified timeframe, HHFDC, in its sole discretion, may seek alternate activities from the remaining three counties. HUD's HTF template and HHFDC's HTF Allocation Plan, which also identifies other requirements and provisions, is attached as Exhibit A.

CITIZEN PARTICIPATION

In October and November of 2015, HHFDC conducted public hearings statewide, in part to introduce the public to the National Housing Trust Fund program. Members of the public were provided with HTF program information and HHFDC's intent to administer the HTF funds for the State of Hawaii.

On March 17, 2016, HHFDC published a statewide Notice of Public Comment (Notice) seeking the public's input on the draft Substantial Amendment to the 5-Year CP, which sets forth HHFDC's allocation plan for the distribution of HTF funds.

The Notice and draft Substantial Amendment were available for review at regional libraries, the housing offices of the counties of Hawaii, Honolulu, Kauai and Maui, at the Homeless Programs Office of the Department of Human Services, at HHFDC, and on HHFDC's website. The deadline for written comments on the draft Substantial Amendment to the 5-Year CP was April 16, 2016; no public comments were received.

SUBSTANTIAL AMENDMENTS

The 5-Year CP is amended to include HUD's National Housing Trust Fund program and HHFDC's policies for the administration of the program. The amendments are shown below.

A. ES-05, Executive Summary, page 3.

- 1. Introduction** is amended to add the sentence, *“Starting in PY2016, HHFDC will also administer HUD's new National Housing Trust Fund (HTF) program, to provide affordable rental housing units serving households with incomes at or below 30% of the area median income. HHFDC will allocate HTF to its county partners, including the City and County of Honolulu.”*
- 2. Summary of the objectives and outcomes** is amended to add the sentence, *“HHFDC will focus its HTF activities on the development or preservation of affordable rental housing. HHFDC will work with its county partners, including the City and County of Honolulu, to use HTF funds to promote decent, affordable rental housing, and strengthen communities. HHFDC's HTF allocation plan is attached and currently subject to HUD's approval.”*

3. **Evaluation of past performance** is amended to add the sentence, *“PY2016 will be the first year HHFDC administers the HTF program, in accordance with its HTF Allocation Plan. The administration of the program may be refined in future years, to resolve issues and improve administration of the program.”*
4. **Summary of citizen participation** is amended to add the sentence, *“On March 17, 2016, HHFDC published a statewide Notice of Public Comment seeking the public’s input on a draft Substantial Amendment, which sets forth HHFDC’s allocation plan for the distribution of HTF funds. Public comments were accepted through April 16, 2016; no public comments were received.”*
7. **Summary** is amended to add the sentence, *“The City and County of Honolulu is eligible to receive HTF funds as a Subgrantee, and HHFDC intends to allocate fifty percent of its annual HTF allocation to the City and County of Honolulu. The remaining fifty percent of the annual allocation will be rotated between the neighbor island counties, in accordance with the current HOME rotation. The counties will use HTF funds for rental housing activities serving extremely low-income households.”*

B. PR-05, Lead & Responsible Agencies.

1. Narrative is amended to add the sentence, *“Starting in PY2016, HHFDC will administer the HTF program, to develop and preserve affordable rental housing in all four counties of the state, serving extremely low-income (30% AMI) households.”*

C. PR-10, Consultation, ConPlan Cooperation and Coordination, page 13.

2. Narrative is amended to add the sentence, *“Starting in PY2016, HHFDC will administer the HTF to develop and preserve affordable rental housing in all four counties of the state. HHFDC plans to allocate fifty percent of the annual allocation to the City and County of Honolulu, and allocate the remaining fifty percent on a rotating basis to a neighbor island county, to coincide with the neighbor island county receiving the HOME funds that year.”*

D. PR-15, Citizen Participation.

1. Summarizing the Citizen Participation Process is amended to add the sentence, *“Programs covered by the hearings were HUD’s HOME, ESG, HOPWA and CDBG programs. In addition, HUD’s new National Housing Trust Fund program was introduced, intended to complement existing federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income households, including homeless families. Public input was solicited on the community’s needs and possible uses for these funds.”*

E. SP-05, Overview, page 87.

The first paragraph is amended to add the sentence, “*Starting in PY2016, HHFDC will administer HUD's new National Housing Trust Fund (HTF) program for the state of Hawaii. HHFDC will allocate its HTF funds statewide, including the City and County of Honolulu, to develop and preserve affordable rental housing serving households with incomes at or below thirty percent AMI. HHFDC anticipates that HTF funds will provide for the development or preservation of approximately 28 affordable rental units over the next four years.*”

F. SP-10, Geographic Priorities, page 88.

1. Narratives in Table 50 are amended to add statements pertaining to the HTF:

“HHFDC will allocate its HTF program funds in all counties, as subgrantees, including the City and County of Honolulu, for the development or preservation of affordable rental housing for households with incomes at or below 30% AMI. After retaining funds for its administrative costs, HHFDC will allocate fifty percent of its annual allocation to the City and County of Honolulu. The remaining fifty percent will be rotated between the neighbor island counties of Hawaii, Kauai and Maui, on the same rotation as the HOME program.”

“Through consultation with the public, staff and housing administrators of all counties, and input from other county, state and federal administrators, HHFDC gained consensus on its allocation plan, attached. The discussion focused on the limited amount of HTF funds available and the need for more affordable housing in all counties. HHFDC’s Board of Directors approved the HTF allocation plan at its meeting of March 10, 2016, subject to public comments. The 30-day public comment period ended on April 16, 2016; no public comments were received.”

2. General Allocation Priorities, page 89.

Paragraph 1 is amended to add the sentence, “*The HTF program funds will be used in all counties, including the City and County of Honolulu.*”

Paragraph 2 is amended to add the sentence, “*The State will allocate its Housing Trust Fund program funds in all counties, including the City and County of Honolulu, as subgrantees. HHFDC will allocate 50% of the annual HTF allocation to the City and County of Honolulu. The remaining 50% of the annual allocation will be rotated between the neighbor island counties of Hawaii, Kauai and Maui, on the same rotation schedule as the HOME program. Subgrantees will not allocate HTF funds based on geographic areas, but will select eligible activities under a county-approved application process or Request for Proposals process.*”

G. SP-25, Priority Needs, page 95.

The following sections of Table 51, Priority Need 9, Rental Housing, are amended:

Target Areas, is amended to include “Statewide.”

Associated Goals is amended to add objective “HR-4, *Statewide new construction/rehab for extremely low-income households – Rental Housing.*”

Description is amended to add the HTF program: “*HTF funds will be used in all counties, as subgrantees, including the City and County of Honolulu, for the development or preservation of affordable rental housing for households with incomes at or below thirty percent of the area median income; it is anticipated that approximately 28 units will be developed or preserved in the next four years.*”

H. SP-30, Influence of Market Conditions, page 100. The chart is amended as follows: **New Unit Production** is amended to add the sentences, “*HOME funds, focused in the neighbor island counties, may be used for the development of affordable rental and for-sale housing units. Anticipated HTF funds will be used for the production of affordable rental housing, targeted to households with incomes at or below 30% AMI statewide, including the City and County of Honolulu.*” **Rehabilitation** is amended to add the sentence, “*HOME and HTF funds may be used for rehabilitation and preservation of affordable housing; HTF funds will be specifically targeted for rental housing for households with incomes at or below 30% AMI.*”

I. SP-35, Anticipated Resources, page 101. The last paragraph is amended to read, “*In May, 2016, HUD announced the National Housing Trust Fund (HTF) allocation for states: Hawaii is eligible to receive \$3,000,000 in HTF. In Hawaii, Governor Ige designated HHFDC to administer the new HTF program. HHFDC will administer the program in accordance with 24 CFR Part 93, and HHFDC’s HTF allocation plan. As set forth in its HTF allocation plan, after retaining 5% for administrative costs, HHFDC will subgrant 50% of its HTF to the City and County of Honolulu. The remaining 50% will be annually subgranted on a rotating basis between the neighbor island counties of Hawaii, Kauai and Maui, in accordance with HHFDC’s HOME rotation. HHFDC will use its HTF funds for the production or preservation of rental housing targeted to households with extremely low income ($\leq 30\%$ AMI).*”

J. SP-45, Goals Summary, page 112.

A new item is added as “HR-4” for HTF new construction / rehab – Rental Housing.

Goals Summary is amended to add HTF information.

Estimate of the number of families to be served is amended to include the sentence, “*It is estimated that the HTF will assist in the development or preservation of 28 affordable housing units over the next four years, for households with incomes at or below thirty percent of the area median income.*”

K. SP-80, Monitoring, page 127, is amended to add the sentence, *“HTF Program: HHFDC will annually monitor its subgrantees for compliance with the HTF program.”*

L. AP-15, Expected Resources, page 129. The last paragraph is amended to read: *“In May, 2016, HUD announced the National Housing Trust Fund (HTF) allocation for states: Hawaii is eligible to receive \$3,000,000 in HTF. In Hawaii, Governor Ige designated HHFDC to administer the new HTF program. HHFDC will administer the program in accordance with 24 CFR Part 93, and HHFDC’s HTF allocation plan. As set forth in its HTF allocation, after retaining 5% for administrative costs, HHFDC will subgrant 50% of its HTF to the City and County of Honolulu. The remaining 50% will be annually subgranted on a rotating basis between the neighbor island counties of Hawaii, Kauai and Maui, in accordance with HHFDC’s HOME rotation. HHFDC will use its HTF funds for the production or preservation of rental housing targeted to households with extremely low-income ($\leq 30\%$ AMI).”*

M. AP-20, Annual Goals and Objectives, page 137, and Goal Descriptions, page 141.

A new item is added as “HR-4” for HTF new construction / rehab – Rental Housing.

N. AP-25, Allocation Priorities, page 143.

Introduction is amended to add a new paragraph that reads, *“HHFDC anticipates annually receiving HTF funds, which will be allocated to all four counties for rental housing activities serving households with incomes at or below 30% of the area median income. After retaining 5% of the annual allocation for administration, HHFDC will allocate 50% of the remaining allocation to the City and County of Honolulu, and annually rotate 50% to one of the neighbor island counties, in accordance with the rotation of HOME funds. For PY2016, the County of Kauai will receive the HOME allocation, so it will receive 50% of the PY2016 HTF allocation as well. If a designated county is unable to identify an eligible HTF activity or use for HTF funds within a specified timeframe, HHFDC, in its sole discretion, will seek alternate activities from the remaining three counties.”*

The **Funding Allocation Priorities** table on page 144 is amended to add “HR-4” and “100 (%)” under column HR-4 for the HTF row.

On page 146, the narrative describing how priority needs will be addressed is amended to add the sentence, *“Beginning in PY2016, HHFDC will administer the HTF and focus HTF funds on the development and preservation of affordable rental housing in all four counties for extremely low-income households.”*

O. AP-30, Methods of Distribution, page 148.

Table 60, Method of Distribution is amended to add the HTF method of distribution: *“In PY2016, HHFDC anticipates the implementation of the new National Housing Trust*

Fund program. Subject to HUD’s approval of HHFDC’s HTF allocation plan, HHFDC will allocate its HTF to all four counties, as subgrantees, for rental housing activities serving households with incomes at or below 30% AMI. After retaining 5% for administrative costs, HHFDC will sub-grant 50% of the remaining HTF allocation to the City and County of Honolulu, to be administered by its Department of Community Services, and sub-grant 50% to one of the neighbor island counties, in accordance with the rotation of HOME funds. For PY2016, the County of Kauai will receive the HOME allocation, so it will receive 50% of the PY2016 HTF allocation as well. HHFDC's draft HTF allocation plan is attached. Pre-award costs will be allowed for planning activities and preparation of the HTF allocation plan of up to 5% of the minimum allocation amount of \$3 million.”

Table 60, Selection Criteria is amended to add a description of the HTF selection criteria: *“Subject to HUD’s approval of HHFDC’s HTF allocation plan, HHFDC intends to annually subgrant its HTF funds to the City and County of Honolulu and one of the neighbor island counties. Like HOME, HTF activities will be selected by the counties, using an RFP or other county-approved application process. Selection criteria includes factors such as timeliness, readiness to proceed, the extent to which an activity meets the priorities of the ConPlan, developer experience and financial capacity, financial feasibility of the project, and leveraging. Details are described in HHFDC’s HTF allocation plan, subject to HUD’s approval, attached.”*

P. AP-50, Geographic Distribution, is amended to add, “Statewide, 100 HTF.”

Rationale for the priorities for allocating investments geographically is revised to add HTF information: *“There is a statewide need for more affordable rental housing. Starting in PY2016, HHFDC will administer the HTF program for the production and preservation of affordable rental units in all counties, serving households with incomes at or below 30% AMI.”*

Q. AP-55, Affordable Housing.

The Discussion section is amended to add the following sentence: *“It is estimated that approximately 28 households will be assisted through the National Housing Trust Fund program during PY2016-2019.”*

R. AP-65, Homeless and Special Needs Activities; helping homeless persons make the transition to permanent housing and independent living, is amended to add a brief description of the HTF: *“In the arena of affordable housing production, HHFDC will apply for funds under the National Housing Trust Fund program, which will provide funding for the production or preservation of affordable housing. Subject to HUD’s approval of HHFDC’s HTF allocation plan, HHFDC will subgrant HTF funds to the counties for rental housing activities serving households with incomes at or below 30% AMI, including homeless households.”*

- S. AP-75, Barriers to Affordable Housing; actions it planned to remove barriers,** “Resource strategies” is amended to add the following: *“In addition, HHFDC will apply for federal grant funds under the National Housing Trust Fund, which provides funding for the production or preservation of affordable housing. HHFDC will subgrant its HTF allocation to the counties, who will use HTF funds solely for rental housing serving households with incomes at or below 30% AMI, including homeless households.”*
- T. AP-85, Other Actions, Actions planned to foster and maintain affordable housing,** is amended to add the following: *“Additionally, HHFDC will apply for new federal funding under the National Housing Trust Fund program, to produce and preserve affordable housing targeted to households with extremely low-incomes, including homeless households.”*

This Substantial Amendment to the State of Hawaii Consolidated Plan for PY2015-2019 was adopted by the Hawaii Housing Finance and Development Corporation’s Board of Directors on March 10, 2016, subject to public comments. The 30-day public comment period expired on April 16, 2016; no public comments were received. Final approval of HHFDC’s HTF Allocation Plan was granted on June 23, 2016.

Exhibit A: HUD’s HTF Template and HHFDC’s HTF Allocation Plan

EXHIBIT A

State of Hawaii
Hawaii Housing Finance and Development Corporation

NATIONAL HOUSING TRUST FUND ALLOCATION PLAN
June, 2016



Housing Trust Fund Allocation Plan Guide

2016



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I. GENERAL INFORMATION

HTF Allocation Plan

The Housing Trust Fund (HTF) Interim Rule (24 CFR Part 93) made the consolidated plan regulations at 24 CFR Part 91 applicable to the HTF. As a result, an HTF grantee (i.e., a State) must include HTF in its citizen participation plan (§ 91.115), strategic plan (§ 91.315), and annual action plan (§ 91.320). In addition, the State must submit to HUD for review and approval an HTF allocation plan with its annual action plan (§ 91.320(k)(5)). Also, as required in § 91.10, the HTF program must be administered by the State on the same program year it established for all grant programs covered by the consolidated plan.

The HTF allocation plan is an annual submission to HUD that describes how the State will distribute the HTF funds, including how it will use the funds to address its priority housing needs. The allocation plan also describes what activities may be undertaken with HTF funds and how recipients and projects will be selected.

Submission Requirement

HUD Notice CPD 12-009 requires a State submitting a consolidated plan on or after November 15, 2012 to use the eCon Planning Suite in IDIS to submit this plan and all subsequent consolidated plans, annual action plans, and consolidated annual performance and evaluations reports (CAPERs). However, the eCon Planning Suite does not currently contain the data fields to accommodate the HTF allocation plan. As a result, HUD developed this guide to assist the State in submitting the HTF allocation plan. The State may opt to use this sample form or to submit its allocation plan in a different format, provided that all required elements are addressed. Please visit the HTF website, www.hudexchange.info/htf for more guidance on the HTF program and HUD Notice CPD 16-07 *Guidance for HTF Grantees on Fiscal Year 2016 Housing Trust Fund (HTF) Allocation Plans* for more information on HTF allocation plans. This guide also contains a list of HTF and eCon Planning Suite resources that the State should reference before developing and submitting its HTF allocation plan. The State should also consult the *Con Plan Quick Guide: Amending a Consolidated Plan and Action Plan* for assistance on amending its consolidated plan and action plan.

Deadline

The State must submit an HTF allocation plan and make any amendments to its consolidated plan no later than **August 16, 2016**. Please note that some of the HTF allocation plan requirements will be completed in eCon Planning Suite in IDIS and the rest will be submitted as a Word document or PDF file to HUD. For 2016, the HTF allocation

plan must be submitted to both the local HUD CPD Field Office and to HUD's Office of Affordable Housing Programs at htf@hud.gov.

Review Period

The 45 day review period begins when (a) HUD receives the Standard Form 424 and certifications or email notification that the consolidated plan has been submitted in IDIS (for new action plans) or (b) HUD receives the Standard Form 424 and certifications or email notification that an amended action plan has been submitted in IDIS. The State should also complete and submit a Standard Form 1199A- Direct Deposit Sign up Form for deposit of its HTF grant funds.

Approval Process

The HTF allocation plan will be deemed approved 45 days after HUD receives the plan, unless HUD notifies the State that the plan is disapproved before expiration of the review period. Please note, if a State intends to use HTF funds to assist first-time homebuyers, it must set forth the guidelines for resale and recapture, and obtain HUD's specific, written approval, as required in § 93.304(f), separate and apart from the approval of the HTF allocation plan. The requirements for resale and recapture guidelines are the same as the HOME Program resale and recapture requirements, except for the income targeting requirements.

Need Assistance?

For assistance with the HTF allocation plan, the State should contact the local HUD CPD Field Office and/or send its question(s) to the HTF mailbox at htf@hud.gov. For assistance with the eCon Planning Suite in IDIS, the State should contact Ask A Question on the HUD Exchange website at <https://www.hudexchange.info/get-assistance/my-question/>.

II. GRANTEE INFORMATION

State:

Hawaii

FY 2016 HTF Allocation Amount:

\$3,000,000

III. CONSOLIDATED PLAN REQUIREMENTS

Citizen Participation Plan

The consolidated plan regulation at § 91.115 requires the State to include HTF in its citizen participation plan. Essentially, before adopting a consolidated plan, the State is required to adopt a citizen participation plan that describes the process for providing and encouraging citizens to participate in the development of the consolidated plan, the amendments to the consolidated plan and the performance report (CAPERS). For the purposes of HTF, the State is required to make the following information available to the public:

- the amount of HTF assistance the State expects to receive,
- the range of activities the State may undertake, including the estimated amount that will benefit extremely low-income households, and
- the State's plans to minimize displacement of persons and to assist any persons displaced.

If the State already conducted its citizen participation and included HTF in any citizen participation it performed for the other HUD formula grant programs, then the State does not need to conduct additional citizen participation for HTF. If the State has not yet conducted citizen participation or did not include HTF in the citizen participation it performed for other HUD formula grant programs, then it must conduct citizen participation to include HTF as part of its consolidated plan.

Consolidated Plan Screen(s) To Revise

The following screen in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- ES-05 / AP-05 Executive Summary:** § 91.320(b)- The Executive Summary includes seven narratives: (1) Introduction; (2) Summary of Objectives and Outcomes; (3) Evaluation of Past Performance; (4) Summary of the Citizen Participation and Consultation Process; (5) Summary of Public Comments; (6) Summary of Comments Not Accepted; (7) Summary.

- ☒ **PR-15 Citizen Participation:** § 91.115 and § 91.300(c)- revise this screen to provide a summary of the citizen participation efforts made for HTF, including efforts to broaden public participation, a summary of citizen comments or views on the plan, and a written explanation of comments not accepted and the reasons why these comments were not accepted.

IV. STRATEGIC PLAN REQUIREMENTS

The State must amend the affordable housing section of the strategic plan to include specific objectives that describe proposed accomplishments the State hopes to achieve and must specify the number of extremely low-income families to which the State will provide affordable housing to (homeownership- § 93.302; rental- § 93.304) over a specific period of time. The State can complete this requirement by including HTF on the **SP-45 Goals screen**.

Note: Directions on how to amend a plan are included at the end of this document.

Reminder: 100 percent of FY 2016 HTF funds must benefit extremely low-income households; a minimum of 80 percent must be used for rental housing; up to 10 percent may be used for homeownership housing; up to 10 percent may be used for administrative costs.

Strategic Plan Screen(s) To Revise

In addition to updating the affordable housing section of the strategic plan, the following screens in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- ☒ **SP-10 Geographic Priorities:** § 91.315(a)(1)- revise this screen to discuss how investments are allocated geographically.
- ☒ **SP-25 Priority Needs:** § 91.315(a)(2)- revise this screen to indicate the general priorities for allocating investment of available resources among different needs.
- ☒ **SP-30 Influence of Market Conditions:** § 93.315(b)- revise this screen to describe how the characteristics of the housing market influenced the State's decisions regarding allocation priorities among the types of housing assistance.
- ☒ **SP-35 Anticipated Resources:** § 91.315(a)(4); § 91.320(c)(1) and (2)- revise this screen to identify the federal, state, local, and private resources expected to be available to the State to address priority needs and specific objectives identified in the strategic plan. Specifically, the State should add a program to this screen by

selecting “Add” in the *Action* column. This will open the **SP-36 Add Anticipated Resource** screen. The State should select “Other” in the *Anticipated Resource* field and enter “Housing Trust Fund” in the *Other Funding Source* field. The State should also select the “public - federal” radio button in the “Source” field and complete the rest of the fields on this screen for its HTF program.

- ☒ **SP-45 Goals:** § 91.315(a)(4) and § 91.315 (b)(2)- revise this screen to summarize the State’s priorities and the specific goals it intends to initiate and/or complete within the term of the strategic plan. The State must also ensure its five year goals include any accomplishments due to HTF funds and must also enter the number of extremely low-income families to which the State will provide assistance with its HTF funds.

V. ANNUAL ACTION PLAN REQUIREMENTS

The State must include HTF in its annual action plan or amend the plan to include HTF information as required in § 93.320(k)(5). The action plan must include an HTF allocation plan that describes the distribution of HTF funds, and establishes the application requirements and selection criteria of applications submitted by eligible recipients that meet the State’s priority housing needs.

Annual Action Plan Screen(s) To Revise

The following screens in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- ☒ **AP-15 Expected Resources:** § 91.320(c)(1) and (2)- revise this screen to provide a concise summary of the federal resources expected to be available. The HTF resources added to the **SP-35 Anticipated Resources** screen will carry over to this screen.
- ☒ **AP-20 Annual Goals and Objectives:** § 91.320(c)(3) and (e)- revise this screen to summarize the specific goals the State intends to initiate and/or complete within the term of the program year. Any HTF related goals and objectives entered on the **SP-45 Goals** screen will carry over to this screen.
- ☒ **AP-25 Allocation Priorities:** § 91.320(d)- revise this screen to describe the reasons for the State’s allocation priorities and how the proposed distribution of funds will address the priority needs and goals of the strategic plan.

- ☒ **AP-30 Method of Distribution:** § 91.320(d) and (k5)- revise this screen to include a description of its method(s) for distribution for the “Other – Housing Trust Fund” selection based on the entry made on the **SP-35 Anticipated Resources** screen.
- ☒ **AP-50 Geographic Distribution:** § 91.320(f)- revise this screen to describe the geographic areas of the state in which it will direct assistance during the ensuing program year and provide rationale for its priorities in allocating investment geographically.
- ☒ **AP-55 Affordable Housing:** § 91.320(g)- revise this screen to specify goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year.
- ☒ **AP-65 Homeless and Other Special Needs Activities:** § 91.320(h)- revise this screen to describe how HTF will help to address the State’s one-year goals and actions for reducing and ending homelessness, if applicable.
- ☒ **AP-75 Barriers to Affordable Housing:** § 91.320(i)- revise this screen to describe how HTF will help with any actions the State’s will take during the next year to reduce barriers to affordable housing, if applicable.
- ☒ **AP-85 Other Actions:** § 91.320(j)- revise this screen to describe how HTF will help with any actions the State will take during the next year to carry out the following strategies outlined in the consolidated plan:
 - Foster and maintain affordable housing;
 - Evaluate and reduce lead-based paint hazards;
 - Reduce the number of poverty-level families;
 - Develop institutional structure; and
 - Enhance coordination.

In addition, the State must identify obstacles to meeting underserved needs and propose actions to overcome those obstacles using HTF funds, if applicable.

HTF Funding Priorities-§ 91.320(k)(5)(i)

The State is responsible for distributing HTF funds throughout the State according to its housing priority needs. In addition to revising the **AP- 30 Method of Distribution** screen in IDIS, the State must respond to the following questions.

1. Will the State distribute HTF funds through grants to subgrantees? If yes, describe the method for distributing HTF funds through grants to subgrantees and how the State will make those funds available to units of general local governments. If no, state N/A. Please attach response if you need additional space.

Yes. See HHFDC's HTF Allocation Plan, attached.

2. Will the State distribute HTF funds by selecting applications submitted by eligible recipients? If yes, describe the eligibility requirements for applicants as defined in § 93.2- definition of recipient. If no, state N/A. Please attach response if you need additional space.

No.

3. Will the State distribute HTF funds by selecting application submitted by eligible recipients? If yes, describe all the criteria that will be used to select applications and the relative importance of these criteria. At a minimum, as required in § 91.320(k)(5)(i), the selection criteria must include:

- Priority based upon geographic diversity
- Applicant's ability to obligate HTF funds
- Applicant's ability to undertake eligible activities in a timely manner
- For rental housing, the extent to which the project has Federal, State or local project-based rental assistance so rents are affordable to extremely low-income families
- For rental housing, the duration of the units' affordability period
- The merits of the application in meeting the State's priority housing needs (please describe)
- The extent to which application makes use of non-federal funding sources
- Other (please describe). Please attach response if you need additional space.

No.

Recipient Application Requirements- § 91.320(k)(5)(ii)

1. Will the State require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds as required in § 93.200- Eligible activities?

Yes No

2. Will the State require that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements?

Yes No

Performance Goals and Benchmarks- § 91.320(k)(5)(iii)

The plan must include performance goals and benchmarks against which the State will measure its progress, consistent with the State’s goals established at § 91.315(b)(2). To comply with this requirement, the State will include HTF housing goals in the housing table on the **SP-45 Goals** and **AP-20 Annual Goals and Objectives** screens in the eCon Planning Suite consolidated plan template in IDIS.

VI. OTHER REQUIREMENTS

Maximum Per-unit Development Subsidy Amount- § 91.320(k)(5) and § 93.300(a)

The State must establish its own maximum limitations on the total amount of HTF funds that can be invested per-unit for development of non-luxury housing. The limits must be reasonable, based on actual costs, and adjusted for the number of bedrooms and geographic location of the project. The State may choose to develop its own limits or adopt limits used in other federal programs such as HOME or Low-Income Housing Tax Credit and must submit them with its HTF allocation plan. The State must submit a description of how the HTF maximum per-unit development subsidy amounts were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements.

Indicate below what maximum per-unit development subsidy limits the State will use for its FY 2016 HTF program.

- State developed its own maximum per-unit development subsidy limits and the limits are attached.
- State adopted limits used in other federal programs and the limits are attached.

Rehabilitation Standards - § 91.320(k)(5)(iv) and § 93.301(b)

If the State intends to use its HTF funds for housing being rehabilitated, it must establish rehabilitation standards that all HTF-assisted housing undergoing rehabilitation must meet at the time of project completion in accordance with § 93.301(b). The standards must provide enough details on what work is required, how that work should be performed and what materials should be used. The State's standards may refer to applicable codes or may establish requirements that exceed the minimum requirements of the codes. At a minimum, the rehabilitation standards must address:

- Health and safety;
- Major systems;
- Lead-Based Paint;
- Accessibility;
- Disaster Mitigation;
- State and local Codes, Ordinances, and Zoning Requirements; and
- Inspectable Areas and Observable Deficiencies from HUD's Uniform Physical Condition Standards identified by HUD as applicable to HTF-assisted housing.

Indicate below if the State will use HTF funds for rehabilitation of housing.

- The State plans to use HTF funds for the rehabilitation of housing and has attached its rehabilitation standards.
- The State will not use HTF funds for rehabilitation of housing.

Resale and/or Recapture Provisions- § 91.320(k)(5)(v) and § 93.304(f)

If the State intends to use HTF funds to assist first-time homebuyers, it must set forth the guidelines for resale or recapture and obtain HUD specific, written approval, as required in § 93.304(f). Approval of the consolidated plan or annual action plan under § 91.500 or the failure to disapprove the consolidated plan or annual action plan does not satisfy the requirement for specific HUD approval for resale or recapture guidelines.

Indicate below if the State intends to use HTF funds for first-time homebuyers.

- The State will use HTF funds to assist first-time homebuyers and has attached the applicable resale/recapture provisions.
- The State will not use HTF funds to assist first-time homebuyers.

HTF Affordable Homeownership Limits- § 91.320(k)(5)(vi) and § 93.305

HTF funds may only be invested for the provision of modest housing for homeownership. This means the housing has a purchase price for the type of single family housing that does not exceed 95 percent of the median purchase price for the area for newly constructed or standard housing. If the State plans to use HTF funds for homebuyer assistance, and does not use the HTF affordable homeownership limits established by HUD, it must determine 95 percent of the median purchase price for single family housing for designated areas across the State. If the State will determine its own affordable homeownership limits, it must determine the limits using the methodology described in § 93.305(a)(2).

Indicate below if the State will use HTF funds for homeownership housing and what affordable homeownership limits it will use.

- The State will use HTF funds for homeownership housing and will use the HUD issued limits.
- The State will use HTF funds for homeownership housing and has determined its own affordable homeownership limits and the limits are attached.
- The State will not use HTF funds for homeownership housing.

State Limited Beneficiaries or Preferences- § 91.320(k)(5)(vii)

The State may limit the beneficiaries or give preferences to a particular segment of the extremely low-income population only if described in the action plan. Any limitation or preference must not violate non-discrimination requirements at § 93.350 and the State must not limit or give preferences to students. The State may also allow rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3), only if such limitation or preference is described in the action plan.

Indicate below if the State will limit beneficiaries or give preferences to a particular segment of the extremely low-income population.

- The State will limit beneficiaries and/or give preferences to the following segments of the extremely low-income population. The groups listed have also been identified in the action plan.
- The State will not limit beneficiaries and/or give preferences to any segments of the extremely low-income population.

Refinancing of Existing Debt- § 91.320(k)(5)(viii) and § 93.201(b)

If the State will use HTF funds for refinancing of existing debt, it must establish refinancing guidelines and include them in its consolidated plan. The State's refinancing guidelines must describe the conditions under which it will refinance existing debt. At a minimum, the guidelines must demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. Refinancing of existing debt is only eligible if it is necessary to reduce the overall housing costs and to make the housing more affordable.

Indicate below if the State will permit the refinancing of existing debt.

- The State will permit the refinancing of existing debt and the conditions under which the State will refinance existing debt are attached.
- The State will not permit the refinancing of existing debt.

VII. GRANTEE CERTIFICATIONS

In addition to submitting an HTF allocation plan, the State must submit all the required certifications identified at § 91.225 (for new action plans). If the State is amending the action plan to include HTF, it must resubmit the following certification to include HTF:

- Consistency with plan- The jurisdiction must submit a certification that the housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan. Where the HOPWA funds are to be received by a city that is the most populous unit of general local government in an EMSA, it must obtain and keep on file certifications of consistency from the authorized public officials for each other locality in the EMSA in which housing assistance is provided. HTF must be included in this certification.

VIII. REQUIRED FORMS

In addition to submitting an HTF allocation plan, the State must submit and/or complete the following standard forms for its HTF program.

- Standard form- 424: [Application for Federal Assistance](#) (§ 91.320(a))
- Standard form- 1199 A : [Direct Deposit Sign up Form](#)

IX. RESOURCES

The following resources should be referenced before developing and submitting the HTF allocation plan.

HTF Resources

- HTF website- www.hudexchange.info/htf
- HTF [Interim Rule](#)
- Notice CPD-16-07: [Guidance for HTF Grantees on FY 2016 HTF Allocation Plans](#)
- HTF [FAQs](#)
 - o HTF Maximum Per-Unit Development Subsidy Amounts
 - o HTF Rehabilitation Standards
- HTF Webcast on [Overview of the HTF program](#)
- HTF Webinar on [Developing HTF Allocation Plans](#)
- HTF [Formula Allocation](#)


Consolidated Plan Resources

- eCon Planning Suite website- <https://www.hudexchange.info/consolidated-plan/econ-planning-suite/>
- Notice CPD-12-009: [Use of IDIS to Submit the Consolidated Plan](#)
- Consolidated Plan in IDIS [Desk Guide](#)
- Con Plan Quick Guide: Amending a Consolidated Plan and Annual Action Plan For State, Entitlement & Regional Grantees.


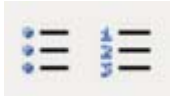





X. APPENDICES

Appendix A: eCon Planning Suite Editing Options

Narrative Fields and the 4,000 Character Limit

The limit on the amount of text is 4,000 characters per field. The character limit includes white spaces, formatting marks such as new paragraphs, and other hidden characters. For example, the following text “The **quick** brown fox” contains 16 visible characters, but also contains 3 white space characters and additional hidden characters related to the bold and underline formatting. Users can select the  option to display and remove the hidden formatting.

Other Editing Options

Tools	Description
	<p>Bold Italics Underline</p>
	<p>Bullet List Numbered List</p>
	<p>Undo Redo</p>
	<p>Paste as Plain Text. If this tool is toggled on, any text pasted into the narrative box will be stripped of all formatting.</p> <p>Paste from Word. This tool will allow the pasted text to retain limited formatting, including Bold, Italics, Underline, and simple numbered and bulleted lists. Paste from Word will not retain more complex formatting, such as tables and indentation.</p>
	<p>Select All. This tool selects all of the text currently entered in the narrative box.</p>
	<p>Show/Hide Visual Control Characters. This tool is used to toggle the display of hidden formatting, such as paragraph marks (not currently functional).</p>
	<p>Edit HTML Source. This tool opens a dialog box where users can edit the HTML Code to format the text of the narrative box.</p>

Adding Additional Text Box for Narrative:

To input additional narrative beyond 4,000 characters, grantees can add another [text box](#). Due to embedded formatting in PDF documents, grantees should not try to copy text from PDFs, but should only use text or Microsoft Word files.

The screenshot below shows the features of narrative fields in the template.



The screenshot displays a software interface with a text area at the top and a table below. The text area contains the following content:

This Action Plan outlines the City of Hammond's proposed activities for the program year beginning April 1, 2012 and ending March 31, 2013 using Federal funds granted to the City by the U.S. Department of Housing and Urban Development (HUD) under the following grant programs:

- Community Development Block Grant (CDBG),
- Home Investment Partnership (HOME), and
- Emergency Shelter Grant (ESG) programs.

Below the text area is a table with the following structure:

Type	Sequence	Label	Action
Text	1	Objectives and Outcomes	View Edit Delete

At the bottom of the table, there is a row of links: [Add GIS Map](#) | [Add GIS Data](#) | [Add IP](#) | [Add Text](#) | [Add Table](#). The [Add Text](#) link is highlighted with a red box, and a blue arrow points to it from the right.

Appendix B: Amending a Consolidated Plan and Annual Action Plan

I. Amending Approved Consolidated Plan/Year 1 Action Plan

The State should follow these instructions to amend its consolidated plan and annual action plan to include HTF. All States are responsible for amending their individual Action Plans.

To amend a Consolidated Plan/Year 1 Action Plan, grantees must first copy the existing plan.

1. Click "Search" under the Consolidated Plan submenu.



2. Make note of the Year and Version of the Plan to be amended.

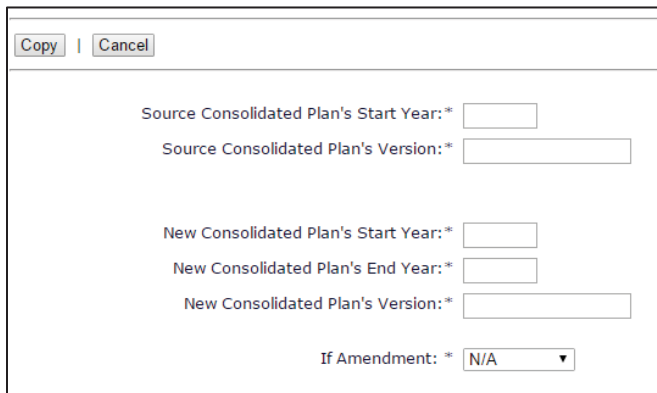
Results Page 1 of 1

Grantee Name	State	Year	Version	Title	Status	Action
SAN ANTONIO	TX	2015	1	San Antonio Five Year Consolidated Plan 2015-2019	Review Completed	View

3. Click "Copy" under the Consolidated Plan submenu.



4. Enter the Source Year and Version from the Plan to be copied (identified in Step 2).

A screenshot of a web form titled "Copy" with a "Cancel" button. The form contains several input fields and a dropdown menu. The fields are: "Source Consolidated Plan's Start Year: *" with a text input box; "Source Consolidated Plan's Version: *" with a text input box; "New Consolidated Plan's Start Year: *" with a text input box; "New Consolidated Plan's End Year: *" with a text input box; "New Consolidated Plan's Version: *" with a text input box; and "If Amendment: *" with a dropdown menu showing "N/A".

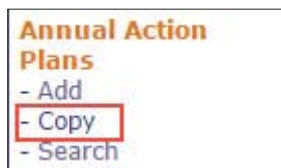
5. Enter the Start Year, End Year and Version for the amended plan. For amendments, the Start Year must be the same as the Source Plan. Select whether the amendment is Minor or Substantial from the dropdown menu.
6. Once completed, click “Copy.” The Amended plan will be accessible from the Consolidated Plan search screen. The default title of the copied plan will be “ConPlan Copy.” Grantees can change the title on the AD-25 screen.
7. If the copy is a Substantial Amendment, the AD-25 screen will include a text box following the “If Amendment” dropdown menu to explain the amendment.

The screenshot shows a form with a dropdown menu labeled "If Amendment:" set to "Substantial". Below it is a text box labeled "If Substantial Amendment, explain:*" which is currently empty.

8. All amendments, minor and substantial, must be submitted for review in IDIS to ensure the amended information is included in the CAPER. Depending on the amendment, the Field Office may not conduct a full review of the plan, but must functionally mark the amended plan as “Review Complete” in IDIS.

II. Amending the Action Plan

1. Click “Search” under the Action Plan submenu and note the Year and Version of the Action Plan to be amended.
2. Click “Copy” in the Action Plan submenu.



3. Enter information in the fields provided. For amendments, the Program Year for the amended plan must be the same as the Source Program Year.

Copy Annual Action Plan

Copy | Cancel

Source AAP Program Year: *

Source AAP Plan Version: *

New AAP Program Year: *

New AAP Plan Version: *

If Amendment: *

4. Select whether the amendment is Minor or Substantial.
5. When complete, click "Copy". The amended plan will be accessible from the Action Plan search screen. The default title of the copied plan will be "AAP Copy." Grantees can change the title on the AD-26 screen.
6. If the copy is a Substantial Amendment, the AD-26 screen will include a text box immediately following the "If Amendment" dropdown menu to explain the amendment.

If Amendment:

If Substantial Amendment, explain: *

7. All amendments, minor and substantial, must be submitted for review in IDIS to ensure the amended information is included in the CAPER. Depending on the amendment, the Field Office may not conduct a full review of the plan, but must functionally mark the amended plan as "Review Complete" in IDIS.

STATE OF HAWAII
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
HOUSING TRUST FUND PROGRAM
ALLOCATION PLAN

I. INTRODUCTION

The Housing Trust Fund (HTF) program was created by Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289) and is administered by the U.S. Department of Housing and Urban Development. The regulations which govern the HTF are contained in 24 CFR Part 93, Housing Trust Fund. The purpose of the HTF is to provide grants to State governments to increase and preserve the supply of decent, safe, and sanitary affordable housing for primarily extremely low-income (30% AMI) households, including homeless families. The Hawaii Housing Finance and Development Corporation (HHFDC) is designated as the HTF Grantee for the State of Hawaii.

II. DISTRIBUTION OF FUNDS

The Consolidated Plan identifies a substantial need for affordable housing throughout the State of Hawaii. Consequently, the HHFDC will make its allocation of HTF funds available on a statewide basis. HHFDC will fund projects through subgrantees (a unit of general local government that is selected to administer all or a portion of the state HTF program). The annual distribution is described below:

- a. HHFDC will retain 5% of the HTF annual allocation for allowable administrative and planning expenses.
- b. The balance of the HTF annual allocation will be split (50/50) between the City and County of Honolulu and the designated neighbor island county that receives HHFDC's rotated HOME allocation, (Subgrantees); for PY2016, the City and County of Honolulu and the County of Kauai are anticipated to receive the HTF allocation; the next neighbor island allocations would be received by the County of Maui in PY2017, followed by the County of Hawaii in PY2018.
- c. The HTF program requires HHFDC to commit funds within 24 months of HUD's execution of the HTF grant agreement. Should a Subgrantee be unable to identify an eligible HTF project(s) within a specified timeframe, HHFDC, in its sole discretion, may seek alternate activities from the remaining Subgrantees.
- d. The HHFDC anticipates receiving \$3,000,000 in HTF funds for the Program Year 2016 – 2017, to be distributed as follows:

Program Year 2016 – 2017				
Fund Type	City and County of Honolulu	County of Kauai	HHFDC	Total
HTF Project Funds	\$1,350,000	\$1,350,000	\$0	\$2,700,000
Administration	\$75,000	\$75,000	\$150,000	\$300,000
Total HTF Funds	\$1,425,000	\$1,425,000	\$150,000	\$3,000,000

III. ELIGIBLE ACTIVITIES AND EXPENSES

Rental Housing - HHFDC will focus its HTF funds on providing affordable rental housing to 30% AMI households. HTF funds may be used for the production, preservation, and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

Eligible activities and expenses include: real property acquisition, site improvements and development hard costs, related soft costs, conversion, demolition, financing costs, relocation assistance, operating cost assistance and reasonable administrative and planning costs for HTF program administration.

HHFDC does not intend to use HTF funds for refinancing of existing debt.

IV. ELIGIBLE RECIPIENTS

An organization, agency or other entity (including a public housing agency, or a for-profit entity or a nonprofit entity) is eligible to apply for HTF assistance as an owner or developer to carry out an HTF-assisted project. A recipient must:

- a. Make acceptable assurances to the Subgrantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities;
- b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- c. Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development.

V. APPLICATION AND AWARD PROCESS

Applications for the HTF are issued, accepted and selected by the applicable county housing agencies (Subgrantees) annually for funding consideration, subject to availability of funds. Applications are reviewed for eligibility and rated using the selection criteria. Each application must describe the eligible activity, in accordance with 24 CFR 93.200, to be conducted with HTF funds and contain a certification by each eligible recipient that housing units assisted with HTF will comply with the HTF requirements.

In addition, applications will include performance goals and bench marks that the Subgrantees will use to monitor efforts to accomplish the rental housing objectives.

STATE OF HAWAII SUBGRANTEES

City and County of Honolulu	County of Kauai
Department of Community Services	Kauai County Housing Agency
715 South King Street, Suite 311	Pi`ikoi Building
Honolulu, Hawaii 96813	4444 Rice Street, Suite 330
	Lihue, Hawaii 96766
County of Hawai`i	County of Maui
Office of Housing and Community Development	Department of Housing and Human Concerns
50 Wailuku Drive	35 Lunalilo Street, Suite 102
Hilo, Hawaii 96720	Wailuku, Hawaii 96793

For PY 2016, the applicable Subgrantees to issue the HTF applications are the City and County of Honolulu and the Kauai County Housing Agency.

Minimum Thresholds:

Applicants must meet all of the following Minimum Threshold requirements to receive consideration for an allocation or award of HTF.

Failure to meet any Minimum Threshold shall result in the immediate rejection of the application.

1. **Market Assessment**
A market assessment of the housing needs of extremely low income individuals to be served by the project must be submitted as a part of the application. The assessment should review the neighborhood and other relevant market data to determine that there is current demand for the type and number of housing units being developed.
2. **Site Control**

Evidence of site control shall be submitted with the application for HTF funds. Site control shall be substantiated by providing evidence in the form of an executed lease or sales option agreement, fee simple deed, executed land lease, or any other documentation acceptable to the County. Evidence of site control must be provided for all proposed sites.

3. Capital Needs Assessment (For projects acquiring an existing property.)
To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the affordability period, a capital needs assessment of the property by a competent third party shall be submitted with the application. A capital needs assessment is a qualified professional's opinion of a property's current physical condition. It identifies deferred maintenance, physical needs and deficiencies, and material building code violations that affect the property's use, structural and mechanical integrity, and future physical and financial needs. The Capital Needs Assessment shall identify any work that must be completed immediately to address health and safety issues, violation of Federal or State law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

4. Debt Service Ratio
 - a. Projects with hard debt service requirements:
 - i. The Project is required to evidence a Debt Service Ratio of no less than 1.15x on all hard debt service requirements for the first 15 years.
 - b. Projects with no hard debt service requirements:
 - i. The Project is required to evidence positive Net Operating Income throughout the 30-year proforma period.
 - c. Hard Debt Service:
 - i. Defined as scheduled regular and periodic principal and/or interest payments of project loan obligations made for its direct benefit, as evidenced by a note and loan agreement.
 - ii. The Applicant is required to support all hard debt service loans and terms with executed lenders' commitment letters, letters of interest, or term sheets.
 - d. Underwriting Criteria and Requirements:
 - i. Applicants are required to use the following parameters and assumptions in the preparation of the project proforma:
 1. Annual Income Inflation Rate of 2.0% and Annual Expense Inflation Rate of 3.0% for the first 15 years or term of the first mortgage, whichever is greater.
 2. Annual Income Inflation Rate of 2.0% and Annual Expenses Inflation Rate of 2.0% for the remaining term of affordability.
 3. Vacancy Rate of no less than 5.0%
 4. Annual Replacement Reserve Allocation of no less than \$300 per unit per year.

5. Phase I Environmental Site Assessment
All proposed multifamily (more than four housing units) HTF projects require a Phase I Environmental Site Assessment.

For acquisition/rehabilitation projects, the Phase I Environmental Assessment should address lead based paint and asbestos.

6. Developer Fee
 - i. New Construction – maximum developer fee of 15% of the total development costs or \$3,750,000 (whichever is less)
 - ii. Acquisition/Rehabilitation – maximum developer fee of 10% of the acquisition costs and 15% of the rehabilitation costs or \$3,750,000 (whichever is less).

VI. SELECTION CRITERIA

- a. Timeliness and Readiness to Proceed (Max. 30 pts.) – The proposed project is feasible and will meet the required timelines to commit and expend HTF funds. Applicants need to demonstrate project “readiness.” Factors to be considered are site control, financial commitments, environmental factors, zoning, utilities and site and neighborhood standards;
- b. Consolidated Plan Priorities (Max. 10 pts.) - The extent to which the project proposes accomplishments that will meet the rental housing objectives for both the HHFDC and the County. The HTF is primarily a production program meant to add units to the supply of affordable housing for extremely low-income households. Merits of the application in meeting the priority housing needs of the County where the project is located such as accessible to transit or employment centers, housing that includes green building and sustainable development features or housing that serves special needs populations;
- c. Developer Experience and Financial Capacity (Max. 25 pts.) - Applicant’s ability to obligate HTF dollars and undertake funded activities in a timely manner. Need to review evidence of experience in developing and managing projects of similar type and scope, staff qualifications, and fiscal soundness. In addition, applicants who have received federal funds in the past will be evaluated on the basis of their past performance. Qualifications of the proposed project team, personnel and /or contractors to carry out the proposed project including proven record of experience with comparable projects;
- d. Financially Feasible Project (Max. 25 pts.) – Project pro forma to cover a minimum 30 year HTF affordability period and include rents that are affordable to extremely low-income households. Priority to be given for projects with extended affordability periods and project based rental assistance;

- e. Use of Non-Federal Funding Sources (Max. 10 pts.) – Given the 30% AMI income targeting requirements, viable projects will require other funding sources compatible with HTF. Priority consideration to the extent project will use non-federal funding sources.

A minimum score of 50 points (out of the 100 total points) must be scored in order to be recommended for the award of HTF funds.

Successful Recipient(s) will receive a Notice of Award, which will state that the Subgrantee’s intent to award HTF funds is subject to approval of the applicable HTF Allocation Plan/Action Plan by the County Council/Approving Authority, HHFDC and HUD.

VII. MAXIMUM PER-UNIT DEVELOPMENT SUBSIDY LIMITS

Each year, HHFDC must establish maximum limitations on the total amount of HTF funds that may be invested per-unit for development of non-luxury rental housing projects. The HOME Program Maximum Per-Unit Subsidy Limits have been adopted for the HTF program. The development costs of affordable rental housing across the state are generally higher in comparison with the HOME subsidy limits. However, due to the limited funding, the HTF projects will require leveraging with other significant sources of funds. The HOME subsidy limit provides a reasonable maximum to develop a greater number of HTF assisted units throughout the state.

The following table reflects the maximum per unit subsidy limits by bedroom size for housing assisted with HTF within the State of Hawaii, for PY 2016.

Bedrooms	PY2016 HTF Maximum Per-Unit Subsidy Limit
0	\$140,107
1	\$160,615
2	\$195,304
3	\$252,662
4+	\$277,344

VIII. REHABILITATION STANDARDS

All rehabilitation projects must meet the applicable County HTF rehabilitation standards in accordance with 24 CFR 93.301(b).

If the rental project involves rehabilitation, the following property standards and requirements apply:

- 1) Local/state or national codes - All rehabilitation projects must meet all applicable state and local codes, ordinances and requirements. In the absence of a State or local building codes,

the housing must meet the International Existing Building Code of the International Code Council.

2) Uniform Physical Condition Standards (UPCS) – Standards must ensure that the housing will be decent, safe, sanitary, and in good repair as described in 24 CFR 5.703.

3) Health and Safety – Standards must identify the life threatening deficiencies that must be addressed if a housing unit is occupied.

4) Accessibility – Assisted housing must meet the accessibility requirements at 24 CFR part 8 (implementing section 504 of the Rehabilitation Act of 1973) and Titles II and III of the Americans with Disabilities Act implemented at 28 CFR parts 35 and 36. For “covered multifamily dwellings,” as defined at 24 CFR 100.205, standards must require that the housing meets the design and construction requirements at 24 CFR 100.205. (Note that grantees may use HTF funds for other improvements that permit use by a person with disabilities, even if they are not required by statute or regulation.)

5) Lead Safe Housing Rule – All HTF-funded rehabilitation must meet the requirements of the Lead Safe Housing Rule at 24 CFR Part 35.

6) Major Systems – For all rental housing, standards must require an estimate of the remaining useful life of major systems, based on age and condition. For projects with 26 or more units, this must be done with a capital needs assessment. If the useful life of one or more major system is less than the affordability period, it must be replaced or rehabilitated or the standards must require sufficient monthly deposits into replacement reserves so that it can be addressed when needed. Major systems include: structural support, roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

7) Disaster Mitigation – Housing must meet state and local requirements for disaster mitigation, or requirements established by HUD, where they are needed to mitigate the risk of potential natural disasters.