HOUSING ACTION PLAN
FINAL REPORT
TO THE
HAWAII STATE LEGISLATURE

PREPARED BY

HAWAII INSTITUTE FOR PUBLIC AFFAIRS
LAND USE RESEARCH FOUNDATION
GOODWIN CONSULTING GROUP
R.M. TOWILL CORPORATION

IN COLLABORATION WITH

HAWAII HOUSING FINANCE
& DEVELOPMENT CORPORATION

HONOLULU, HAWAII
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EXECUTIVE SUMMARY

REPORT OBJECTIVES

This final report is submitted pursuant to a grant awarded to the Hawaii Institute for Public Affairs (HIPA) from the Twenty-Eighth Legislature of the State of Hawaii, to develop a statewide Action Plan for the delivery of housing for Hawaii residents. HIPA in turn retained professional consultants to assist with the preparation of the report, including: the Land Use Research Foundation (LURF) to consult on planning, permitting, and legislation; Goodwin Consulting Group (GCG) to provide expertise on housing and infrastructure financing; and R.M. Towill Corporation (RMTC) to review infrastructure requirements and costs. The Hawaii Housing Finance & Development Corporation (HHFDC), the various counties in the State, and housing developers and stakeholders also contributed information and made recommendations regarding the housing process and programs.

The original intent of the grant application was to provide a comprehensive reference document relating to housing in Hawaii for elected officials, policy makers, administrators, housing developers, and members of the public. However, due to budget constraints and a short time window, the scope of services under the grant was amended to primarily focus on a plan to facilitate five potential housing projects, one from each county, and another Transit-Oriented Development (TOD) project in the City and County of Honolulu (City). Nonetheless, this final report has evolved into a reference document with useful information and recommendations relating to housing in Hawaii, and an Action Plan relating to the following areas:

1. **Creating access to land for housing.** Identifying and proposing strategies, existing programs, or new laws which government and the private sector could use to locate and prepare lands suitable for development of housing for Hawaii's residents.

2. **Streamlining the land entitlement and permitting process for housing projects and creating housing pilot projects.** Proposing recommendations and legislation to establish more efficient and timely entitlement and permit processes, and to create pilot projects which would provide the flexibility for development of different housing products, the waiver of certain design standards and fees, etc.

3. **Utilizing State and county financial incentives.** Presenting information and recommendations regarding the use of various government financial incentives, including, but not limited to, tax exemptions, fee waivers and deferrals, etc.

4. **Analyzing infrastructure needs, costs, and phasing, and providing funding for infrastructure and housing developments.** Examining the infrastructure required for housing developments, costs of construction and maintenance, and the various financial and phasing strategies to fund the construction of infrastructure and housing. Funding and implementation of government planning efforts as well as funding the construction of infrastructure projects will facilitate the development of more housing.

5. **Identifying and employing a Financing Toolbox for housing in Hawaii.** Identifying and recommending the application of various financing tools for major infrastructure and housing development, including, among other things, federal, state, and county affordable housing funds and financing programs, and financial strategies, including, but not limited to, Community Facilities Districts (CFD) and Tax Increment Financing (TIF).

6. **Proposing legislation to facilitate the development of housing in Hawaii.** Working with housing stakeholders to propose draft legislation affecting housing developments, for consideration by the State and county administrations, the Legislature, and county councils. Legislation may be needed to address concerns relating to land exchanges, Department of Education (DOE) impact fees and other major government-imposed impact fees, and funding.

7. **Assembling a Housing Project Team.** Acknowledging the importance of assembling a Housing Project Team of consultants who can provide the best chance of success, because they are experienced with the housing development process, financing, infrastructure, and the various government planning and permitting processes.

8. **Expanding outreach to government and the community.** Providing information and recommendations affecting the "Housing Ladder" (see Appendix A), which demonstrates how government-subsidized housing for lower-income residents allows those residents to save or build equity over time and "move up" the Housing Ladder to be eligible for more housing opportunities. Outreach and communication are also important for the successful development of housing projects with the support of various entities – government administration, elected officials, agency staff, private and non-profit organizations, and the community.

9. **Supporting buyer/renter qualifications.** Recognizing the importance of this issue and identifying the private and public programs which could be utilized by Hawaii residents to help them qualify for affordable home purchases or rentals.

HHFDC ACTIVITY

Although not every affordable/workforce housing unit developed in the State required some form of public assistance, one key metric of how much affordable/workforce housing is getting built in the State is recent activity involving HHFDC funding applications and awards. Figure ES-1 on the following page tracks affordable housing funding applications to HHFDC, and funding awards made by HHFDC, over the seven-year period from 2010 through 2016. Application data is available for 2017, but award data is not, so 2017 information is not included in the table.

Applications entailing over 8,400 dwelling units were submitted requesting funding through HHFDC totaling $1.5 billion. On average over the seven-year period, applications included over 1,200 units per year and $217 million in funding requests, or $181,000 per unit in funding assistance. However, some applications failed to meet scoring and other thresholds, and some applications were withdrawn by the applicant. Also, some applications were submitted more than once over two years or more.

HHFDC funding awards are quite high given the unqualified, withdrawn, and duplicate applications noted above. **From 2010 through 2016, awards comprised over 5,500 dwelling units and totaled almost $950 million. Funding awards averaged approximately 790 units per year and $135 million, for a per-unit average of $171,000 in funding assistance for new construction and acquisition/rehabilitation.**

These awards leave a total over seven years of approximately 2,900 units and $575 million in unfunded requests, averaging 410 units and $80 million per year. More in-depth study would likely reveal that this disparity between applications and awards is not an issue of available funding, but an issue of unqualified, withdrawn, and duplicate applications. In other words, **an affordable housing developer who submits a quality application for a qualified project, who does not subsequently withdraw the application, or who is persistent enough to re-apply a second time if at first denied, is very likely to not only receive a funding award for his/her project, but receive an award in an amount that is very close to the request. It appears that more funding will need to be made available in the future as the demand for affordable/workforce housing continues to rise, the push to build more of this housing intensifies, and the quantity of qualified applications surges.**

FIGURE ES-1
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
AWARDS VS APPLICATIONS

	Total 2010 - 2016	Annual Average 2010 - 2016
Funding Requested	$1,523,800,000	$217,700,000
Funding Awarded	$947,600,000	$135,400,000
Difference	$576,200,000	$82,300,000
Dwelling Units in Requests	8,427	1,204
Dwelling Units in Awards	5,539	791
Difference	2,888	413
Requested Amount per Unit	$181,000	$181,000
Awarded Amount per Unit	$171,000	$171,000

Source: Hawaii Housing Finance & Development Corporation

FIVE PROPOSED HOUSING PROJECTS

As noted above, this report evaluates five proposed housing projects around the State, one on each island plus a second one on Oahu that lies within the TOD boundaries of a future transit stop along the high-speed rail line planned to traverse the southern border of Oahu. These five projects are identified in the map on the following page, and include the following:

- **Pulelehua**, a greenfield development located near Kapalua, next to West Maui airport
- **Hualalai Court**, an infill project located in the heart of Hilo on Hawaii Island
- **Lima Ola**, located in Eleele, Kauai, on temporary coffee fields adjacent to a current Habitat for Humanity single family affordable housing development
- **Mayor Wright Homes (MWH)**, an existing Hawaii Public Housing Authority residential community on a Honolulu city block located within a ¼ mile of the proposed Iwilei rail station, proposed to be converted to an urban mixed-use affordable and market-rate rental development
- **Aiea Mill Site**, located in the Aiea community of Oahu, planned for an affordable senior living facility adjacent to the new Aiea Public Library

Not only are the planned projects located in different counties, they are also very different in terms of project size, development intensity, mix of multi-family (rental) vs single family (for sale) products, levels of affordability (including workforce housing and market-rate housing), sponsorship (private and/or public), status of processing and obtaining entitlements, and types of obstacles to overcome. In addition, these five proposed projects are at varying stages of completing project budgets and infrastructure cost estimates, projecting revenues and expenses, and identifying or securing construction and/or permanent financing. Chapter 6 of this report includes specific recommendations that are tailored to facilitate successful development of each of the five planned projects, and includes a preliminary assessment of project infrastructure requirements and costs. Also, many of the recommendations delineated below pertain to all of the projects in some fashion, while other recommendations may pertain more particularly to one or more of the projects, in which case a parenthetical that lists specific projects will appear at the end of the recommendation.

AFFORDABLE/WORKFORCE HOUSING FUNDING TOOLS AND INCENTIVES

The State of Hawaii and its constituent counties have access to a variety of funding tools, some of which they use regularly and some of which they use infrequently or not at all; still others are only concepts at this time and additional legislation must occur to create and/or improve them. Other legislation may need to occur simply to increase the dollars that get funneled through these funding tools. The primary objective of this process, of which this report is merely a first step, is to expand the universe of funding alternatives and, ultimately, to unlock more money for affordable/workforce housing and infrastructure needs in Hawaii.


Five Proposed Housing Projects
Lima Ola
Aiea Mill Site
Mayor Wright Homes
Pulelehua
Hualalai Court
Google Earth
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Image Landsat / Copernicus
Data LDEO-Columbia, NSF, NOAA

The challenges of funding affordable/workforce housing and infrastructure call for continued innovation and creativity, and an ability to combine tools into comprehensive strategies. The concepts and ideas in this report are intended to help public sector and private sector stakeholders learn about the tools, encourage consideration of emerging approaches, and, where appropriate, even stimulate creation of new or modified versions of the tools.

Financing policies and selection criteria must be developed to determine the best funding tools and ideas for affordable/workforce housing and infrastructure in Hawaii and to ensure that a sustainable, system-wide plan for affordable/workforce housing and infrastructure funding is in place that offers as much long-term fiscal stability and predictability as possible. There are many critical funding needs in Hawaii. Whether it's increasing affordable/workforce housing, improving public school learning environments, or upgrading and expanding infrastructure systems, there will be stiff competition for every dollar that may be produced by alternative funding sources.

There may be opportunities where processes and procedures can be streamlined to make affordable/workforce housing funding tools more readily accessible, consistent with Implementing Actions of the 2017 State Housing Functional Plan, prepared by HHFDC under the direction and oversight of the Act 127 Special Action Team, and other HHFDC policy and procedure guidelines. This may allow for more affordable/workforce housing units to be constructed, and to be constructed more quickly. Funding tools discussed in this report, together with some examples of where potential changes might be made, are outlined below.

1. **Federal, State, and local funding tools and incentives are available to facilitate production of affordable/workforce housing**, including the following:

    a. Low Income Housing Tax Credits (LIHTC)
    b. Rental Housing Revolving Fund (RHRF)
    c. Hula Mae Multi-Family Bonds (HMMF)
    d. Dwelling Unit Revolving Fund (DURF)
    e. General Excise Tax (GET) Exemption
    f. Local County Funds
    g. Affordable Housing Development Impact Fees and In-Lieu Fees
    h. Alternative Product Types and Reduced Cost Housing
    i. Chapter 201H Incentives
    j. Other Federal Programs
        - HOME
        - ESG/HOPWA
        - National Housing Trust Fund
        - CDBG
        - Section 8
        - HUD-Based Lending Programs

2. **Streamline HHFDC application and scoring processes.** HHFDC has developed a Consolidated Application that merges the first four funding tools listed above. The Consolidated Application is a 130-page document that also contains a long list of

additional exhibits and other required forms that are not included in the document. The Consolidated Application also incorporates multiple scoring systems for different funding programs. While HHFDC has gone to great lengths to eliminate much of the overlap between applications and requirements for different funding tools, it appears that more work toward that end may produce enhanced levels of consistency and simplicity. Streamlining the application and scoring processes may allow for more non-profit and for-profit developers alike to feel less overwhelmed and more capable of working through the application process, which in turn could ultimately lead to development of more affordable housing units.

3. **Subject to the availability of funds, match RHRF funds with other HHFDC sources more often and make it available year-round.** RHRF funds are frequently allocated to projects receiving LIHTC, and the priority during the first round of RHRF funding is to match 9% credits with RHRF. Rather than prioritizing RHRF funding with 9% LIHTC funding at one time during the year when 9% credit awards are made, it may be helpful to pair RHRF funding with other funding tools (e.g., 4% LIHTC) more often or to apply it in a standalone setting more often, and make it available on a rolling basis throughout the year. Note that MWH, due to its sheer size, could utilize the entire balance in the RHRF for years, leaving nothing for other rental projects throughout the State. Therefore, it may be preferable for the legislature to appropriate CIP (taxable GO bonds) for MWH, or a certain amount of RHRF could be set aside for MWH assuming the project meets specific development milestones and, if not, the funds could be released for other projects. (Hualalai Court, Big Island; Pulelehua, Maui; MWH, Oahu.)

4. **Maintain RHRF below-market financing.** RHRF funding typically involves substantially below-market interest rate financing. RHRF funding should continue to be extended as much as possible at interest rates well below market; otherwise, this funding tool becomes nearly equivalent to conventional financing at market interest rates. (Hualalai Court, Big Island; Pulelehua, Maui; MWH, Oahu.)

5. **Continue to build repayment flexibility into RHRF loans.** RHRF loans are generally cash-contingent vehicles, and often no repayment is required until after the first mortgage is fully repaid. It will be helpful to ensure that these loans continue to maintain relaxed and flexible repayment provisions, especially with respect to project cash flow, so that projects will have enough cushion to absorb real estate and interest rate market fluctuations, as well as exposure to other risk factors such as federal tax code implications on the value of tax credits. (Hualalai Court, Big Island; Pulelehua, Maui; MWH, Oahu.)

6. **Reconsider caps on funding tools.** It may be prudent to increase or release altogether any caps on all of the primary funding tools (except federally provided LIHTC) offered by HHFDC – RHRF, Hula Mae, and DURF – so that enough funding dollars are potentially available to meet all funding needs of qualified projects in a given year. (Hualalai Court, Big Island; Pulelehua, Maui; MWH, Oahu.)

7. **Shorten time to appoint bond counsel.** Occasionally, the lag time, between when a 4% LIHTC award is made and when notification is provided regarding who bond counsel will be for the accompanying private activity bonds, can be six months or longer. With a very limited number of bond counsel firms offering expertise in this area of public finance, a short list of qualified firms may be developed so that bond counsel can be appointed within 30 days of an award. (Hualalai Court, Big Island; Pulelehua, Maui; MWH, Oahu.)

8. **Improve HHFDC Board approval process.** Obtaining HHFDC Board approval is often a straightforward, predictable process. It may be possible to improve that HHFDC Board approval process, though, so that deal points are resolved between the developer and HHFDC staff rather than negotiated with the Board, and so that key questions that may arise during the seven-day review period prior to Board action are addressed before the Board meets. The Board may want to focus more on the mission of HHFDC and on the overarching goal of producing affordable/workforce housing units rather than on the details of any one project.

9. **Increase available funding through HHFDC's programs.** HHFDC's mission has focused on doing the most with available funding, which generally means prioritizing its efforts on facilitating development of large rental complexes and supporting the developers of these types of endeavors. HHFDC could do even more in this regard with increased funding for the key programs – RHRF, HMMF, and DURF – that it controls outside of the federal government.

10. **Increase/expand local funding sources.** Similarly, the City and County of Honolulu, together with other counties in the State, may further expand (and/or create) local county funding programs for affordable/workforce housing by increasing funding appropriations, fully utilizing bond amounts up to the bond cap limits, and/or adjusting affordability requirements.

11. **Promote joint development efforts.** Joint development projects could combine market rate and luxury units with lower cost affordable/workforce housing, allowing the market/luxury units to generate the necessary project cash flow to support development of the affordable/workforce housing units. (Pulelehua, Maui; MWH, Oahu.)

12. **Preserve existing affordable housing.** There are many effective ways to facilitate construction of affordable/workforce housing by reducing its costs. Another successful way to facilitate this type of housing is to preserve existing affordable/workforce housing by retaining the affordability of rental units that are at risk of losing government subsidies. The State Housing Functional Plan addresses four broad areas of major concern on a statewide level, with one of those areas being the expansion and preservation of rental housing opportunities. Two of the Implementing Actions contained in the 2017 State Housing Functional Plan include: 1) renovate and/or redevelop public housing facilities; and 2) assist in the acquisition and/or rehabilitation of rental housing projects. According to *Preserving Multifamily*

Workforce and Affordable Housing, published by the Urban Land Institute in 2015, investments in the preservation of existing affordable/workforce housing produce higher financial returns than investments in new construction. The report cites research from HUD indicating that preservation costs 30% to 50% less than development of new units, and points out that preservation may be even more beneficial because it creates a positive social impact by improving the stability of existing neighborhoods and communities.

If new affordable/workforce housing projects are being produced around the State, but at the same time existing affordable/workforce housing projects are losing their affordability funding and/or affordability restrictions and are being converted to market rate rental or for-sale condo projects, then the net progress in meeting the needs of low income households will be severely diminished. One of the policies set forth in the 2016/2017 Qualified Allocation Plan is that no more than one acquisition/rehabilitation project per calendar year may be awarded 9% tax credits. This policy may need to be reconsidered so that, as critical rehabilitation projects present themselves, enough flexibility is available to fund them, together with a renewed emphasis on rehabilitation from other funding tools as well.

13. **Offer various tax exemptions.** In addition to GET exemptions, real property tax (RPT) exemptions and other exemptions (e.g., income tax) should be considered for specifically designated affordable/workforce housing projects developed by both non-profit and for-profit entities. For example, real property tax incentives may include property tax exemptions or deferments with specific time limits and/or dollar amounts, subject to existing statute or ordinance. Currently, RPT exemptions vary from county to county in Hawaii, but they could be coordinated to be as expansive and consistent as possible going forward.

INFRASTRUCTURE FUNDING TOOLS AND INCENTIVES

There may also be opportunities to modify, supplement, or introduce funding approaches to accelerate the installation of critical infrastructure. Funding tools discussed in this report to facilitate construction of public facilities and backbone infrastructure, along with some examples of how potential changes could be made, are delineated below.

1. **An array of potential funding tools and incentives are available to fund infrastructure**, and may include the following:

   <u>Municipal Bonds</u>

   a. General Obligation Bonds
   b. Revenue Bonds
   c. Land-Secured Bonds
      - Community Facilities District
      - Improvement District

Other Public Financing Sources

d. Tax Increment Districts
e. Development Impact Fees
f. State Revolving Fund
g. Federal Programs

Private and Other Funding Sources

h. Grants/Donations
i. Land Dedication/Public Land Equity Program
j. Traditional Public-Private Partnership
k. Alternative Public-Private Partnership (Joint Development)
l. Public-Public Partnership (Joint Use)
m. Other Cost Reduction Strategies
n. Traditional Revenue Generation Strategies (e.g., RPT, GET)
o. State Lottery

2. **Leverage long-term ground lease revenue.** Certificates of Participation (COPs) and lease revenue bonds are efficient and straightforward methods of securing tax-exempt financing for public facilities by taking advantage of an available stream of revenue, such as a long-term ground lease executed between the State or a county and a developer. (Lima Ola, Kauai; MWH and Aiea Mill Site, Oahu.)

3. **Utilize CFD financing.** Community Facilities Districts (CFDs) offer a flexible form of land-secured financing for all types of infrastructure and all types of development. An implementing ordinance for CFDs should be adopted by the County of Maui; it has initiated discussions and drafts of legislation, and should complete that process. The other three counties have already adopted implementing ordinances to utilized CFDs. (Pulelehua, Maui; MWH and Aiea Mill Site, Oahu.)

4. **Combine funding tools.** Combining CFDs with reimbursable GO bonds may be the basis for an effective public-private financing partnership. (Pulelehua, Maui; MWH and Aiea Mill Site, Oahu.)

5. **Utilize Tax Increment Financing (TIF).** Tax Increment Districts (TIDs) may facilitate development and the accompanying significant increases in real property tax revenue. Not all of the future tax increment must be directed to a TID; a portion can be retained by a county and directed to the general fund to cover the cost of providing municipal services. (Pulelehua, Maui; MWH and Aiea Mill Site, Oahu.)

6. **Revise Big Island TIF ordinance.** Only the County of Hawaii has adopted an implementing ordinance for TIDs; the other three counties should each adopt a TID ordinance. A couple of key changes to the Big Island legislation, at Hawaii County Code Chapter 33, must be enacted to make the use of TIF on the Big Island beneficial. (Pulelehua, Maui; MWH and Aiea Mill Site, Oahu.)

7. **Obtain AG opinion to bond against TIF.** An opinion from the Attorney General (AG) confirming that bonds can be secured solely by tax increment would provide the needed assurance to most effectively use TIDs. Alternatively, or in addition to a positive AG opinion, TIDs can be combined with CFDs to create another attractive form of public-private financing partnerships. (Pulelehua, Maui; MWH and Aiea Mill Site, Oahu.)

8. **Increase funding for infrastructure through DURF.** Pursuant to Act 132 (SLH 2016), substantial funding is needed for planning and construction of crucial regional state infrastructure for housing projects and TOD, including sewer, drainage, roads, water, dry utilities, and schools. For example, HHFDC plans to make an infrastructure loan through its DURF program for the Lima Ola project.

9. **The State and the counties could plan and construct the necessary infrastructure for residential development, particularly affordable/workforce housing.** As government has done in other populated areas in the State, it could construct the necessary infrastructure for areas designated for residential and commercial growth, at least for areas or projects that will involve affordable/workforce housing. Kakaako is an example of how the State and City installed significant portions of infrastructure upfront. In return, they will experience increases in revenues such as income taxes, general excise taxes, and real property taxes, which may more than compensate for the expenses associated with the statewide and municipal services these government entities will provide to the area.

10. **Enter into public-private partnerships.** The State and counties may want to consider executing many more public-private partnerships (P3), including traditional P3 approaches that simply focus on the installation of public improvements and alternative P3 approaches that involve development of a real estate project together with the construction of public improvements and/or affordable/workforce housing. This joint development approach typically entails a private developer working with a public agency to complete a residential and/or commercial development project together with infrastructure and/or affordable/workforce housing on land owned by the public agency through a long-term ground lease agreement. Joint development projects may utilize basic funding tools such as developer equity or project cash flow, institutional financing such as traditional acquisition and development bank loan financing, and many of the public financing tools described in this report. (Lima Ola, Kauai; MWH and Aiea Mill Site, Oahu.)

    As the Hawaii Authority for Rapid Transportation (HART) high-speed rail project unfolds, it will create numerous development opportunities along the rail line in the form of Transit-Oriented Developments (TODs) and other more traditional development projects. These new development areas are likely to shift where student populations and a variety of infrastructure requirements are concentrated on Oahu. The rail line may offer many opportunities to bundle state-of-the-art, urban infill, vertically-oriented school projects, other infrastructure, and affordable/workforce housing with new market rate development projects.

11. **Enable joint use opportunities.** One way to reduce capital costs, which is essentially the same as finding more money for infrastructure, is to look for synergies between various infrastructure projects. By grouping infrastructure projects together, communities might be able to create viable efficiencies. This paradigm could involve joint use of schools with parks, drainage facilities, community centers, and parking facilities.

    Minimizing land requirements can also help to contain infrastructure costs. For example, current state standards for school development require significant amounts of acreage for school sites. Land costs and possibly other construction costs may be reduced if the land requirements are also reduced. Implementing smaller school footprints, where possible, would also tend to be consistent with the basic tenets of TOD, fostering compact, efficient development. Combining reduced land requirement standards with joint use infrastructure projects could produce meaningful cost reductions.

12. **Reduce operating costs and achieve environmental and sustainability goals (e.g., non-incineration waste-to-energy).** There are many possible ways to reduce both capital costs and operating costs of public facilities. Operating cost reductions may allow not only for a more efficient, productive operation, but also free up revenue to be directed to other vital uses or to debt service on bonds that could fund capital improvement projects. A related example links directly to the State's ambitious goal to be 100% reliant on renewable energy sources by 2045. This particular approach involves development of multiple, sustainable, non-incineration, closed-loop, waste-to-energy systems in multiple networks throughout the State. It would expand on the anaerobic digester system used on Oahu at select wastewater treatment plants, and move from a waste-to-energy approach implemented at the H-POWER plant in the Campbell Industrial Park to a non-incineration approach that meets multiple environmental and sustainability goals, leverages financing sources, reduces overall construction costs, improves energy supply reliability, and reduces building operation and maintenance (O&M) costs.

13. **Modify tax levels and earmark new revenue.** Assuming that State and county general funds will be strained or unavailable, new tax revenue proposals would not be intended to redirect existing tax revenue to infrastructure or affordable/workforce housing funding from other budget/department areas. Instead, the funding ideas would involve an increase to the existing tax rates. Tax increase proposals could be permanent, or they could include sunset provisions with specified expiration or renewal dates. These tax increases could be implemented in combination across multiple tax categories, which may lower the tax increases for each individual tax category and spread the incremental tax burden over different segments of the resident, business, and tourist population. The notion here is that any tax increase would be earmarked, or dedicated, specifically for infrastructure construction/modernization and/or affordable/workforce housing, and funds and accounts separate from the general fund would be established for these purposes.

Research comparing tax rates in Hawaii to other states suggests that there may be some room to move certain tax rates up somewhat. Hawaii's average residential RPT rate across the four counties for primary residences is at the very low end among all states, and is only about 40% of the national average. Hawaii's GET is also comparatively low, sitting at the very low end among all states and only about 60% of the national average (a little higher on Oahu with the 0.5% surcharge for high-speed rail, and a little lower on the other islands).

14. **Implement a state-run lottery.** Only a handful of states have not adopted state-run lotteries, and Hawaii is one of them. State lotteries have become a significant source of revenue for many states, netting tens of billions of dollars for state budgets each year. Lottery money can be used for many purposes, but most states use all or a portion of it for K-12 public school funding. Public schools, together with other key infrastructure required around the State, and potentially affordable/workforce housing as well (directly or indirectly), could be funded in part through a state lottery in Hawaii.

LAND FOR HOUSING

Finding available, appropriate, cost-effective parcels of land to construct affordable and workforce housing is becoming somewhat problematic for developers in the State. A few recommendations to make land more accessible to developers of both affordable and market-rate housing are as follows.

1. **Maintain State inventory of publicly-owned urban lands and infrastructure needs.** Legislation could be adopted that would require the State and counties to designate a specific department to maintain and update a list of their publicly-owned lands.

2. **Encourage land exchanges to support agricultural sustainability, food self-sufficiency, and housing.** Consider adopting legislation that provides a process for the exchange of publicly-owned urban lands for privately owned agricultural lands (or public-public exchanges and facilitated private-private exchanges) for optimal sites at prices that would encourage development of affordable housing, which would mutually benefit the state goals of preservation of agricultural lands, food security, and housing.

3. **Offer to lease or sell State lands for housing and other mixed-use developments.** Given the severe housing shortage in Hawaii, the State should consider offering the sale or long-term ground lease of publicly-owned lands which could include housing, either at below-market or near-zero cost. HRS would need to be amended to allow leases that are longer than 65 years.

4. **Implement 21st Century Schools Pilot Projects to allow Department of Education (DOE) public school lands to be leased for housing and new DOE revenue.** DOE was authorized to implement pilot programs for the lease, or lease-back, of up to three public school land sites to developers required to modify, construct, or utilize DOE facilities, creating a new revenue source for DOE from the redevelopment of underutilized DOE facilities into housing projects, and/or new construction of DOE facilities or renovation of existing, underutilized facilities into 21st century schools that would meet the challenges of 21st century learning. These DOE pilot projects may be able to provide lands for mixed-income housing if the ground lease revenue is sufficient.

5. **Execute condemnation proceedings where applicable.** Private vacant lands, blighted lands, and urban renewal areas that are capable of being developed with affordable/workforce housing may need to be condemned by the State or counties under proper conditions.

ENTITLEMENTS AND PERMITTING

Hawaii's land use system of entitlements and permitting often involves multiple layers of State and county processes that, in some instances, may overlap or replicate one another. Provided below is a list of entitlements and permitting process recommendations.

1. **Accept county petitions to the State Land Use Commission (LUC) for land use boundary amendments to allow housing, which would provide more efficient county planning for housing and infrastructure projects and would avoid piecemeal LUC petitions.** A county could be allowed to file a petition with the LUC to change the land district designation of a "region" of land from an *"agricultural"* or *"conservation"* designation to an *"urban"* designation. This regional boundary amendment process would help provide housing because one of the most common entitlements is the petition to the LUC for a district boundary amendment to change the state land use designation of the proposed housing site from the *agricultural* district to the *urban* district. The county regional petitions would be consistent with all county plans. Petitions may be restricted to those involving LUC district boundary amendments of less than 100 acres. County and LUC jurisdiction and responsibilities would need to be clearly defined.

2. **Employ permit review deadlines and/or a third-party review system to assist with timely professional review of housing projects by government agencies.** County and State agencies that provide comments and recommendations on proposed projects sometimes take a year or longer preparing multiple rounds of comments. Priority review could be given to urgently needed affordable/workforce housing projects, a time limit or deadline could be imposed on the agency's review and comment period, and the agency could be limited to one round of comments. Also, third-party reviews, similar to what is already in place in Honolulu, could be implemented across the State with qualified, certified professional reviewers retained

by applicants, with agency staff retaining ultimate responsibility for approval or denial of applications.

3. **Provide county Housing Directors with discretion and authority.** Permit county Housing Directors to administratively modify – or develop an easy, simple process for County Councils to modify – housing conditions (after application and justification by applicant), which may include allowing in-lieu fees in exchange for actual affordable housing development, allowing off-site housing to satisfy on-site affordable construction, allowing rental units instead of affordable for-sale units, allowing Ohana units to qualify as affordable units, and extending deadlines for certain non-housing project conditions.

4. **Allow concurrent State and county review and approval of overlapping government permit applications.** The Pulelehua project would benefit from joint or concurrent State Department of Health and County Board of Water Supply permit processing and approvals of infrastructure improvements for water source, transmission, and treatment facilities. (Pulelehua, Maui.)

5. **Grant an expedited process for LUC land use district boundary amendments.** The Pulelehua housing project would also benefit from expedited processes for LUC and county approval of minor project changes which do not substantially affect environmental conditions, or warrant an amended Supplemental Environmental Impact Statement. (Pulelehua, Maui.)

INCLUSIONARY ZONING AND IMPACT FEES

Jurisdictions with good intentions sometimes impose conditions on market-rate housing and affordable/workforce housing that produce unintended consequences that actually serve to minimize, or even halt, development of housing for lower income households. Some of the policies to carefully consider, and to only implement after thoughtful Hawaii-specific analyses, include the following.

1. **Inclusionary Zoning.** A 2010 study by the Economic Research Organization at the University of Hawaii (UHERO) concluded that inclusionary zoning has not worked in a number of jurisdictions around the country, and is not working on Oahu. Also, during the eight-year period from 2006 to 2014 that the Maui County inclusionary zoning ordinance was in effect, barely any affordable housing units were constructed. This type of housing condition can also lead to a focus on housing for lower income households and, in turn, exclude desperately needed housing for families earning slightly more than 140% of AMI, such as households comprised of experienced or supervisory government employees, health professionals like nurses, and public safety staff providing fire protection and police services, because developers may find that they need to combine high-end housing with affordable housing to make the project economics pencil.

2. **Development Impact Fees.** State Department of Transportation connection fees, Department of Education school impact fees, and any other development impact fees imposed by the State or counties should be based on facts, detailed analysis, county- or area-specific considerations, and a rational and proportional nexus that is both fair and accurate. In addition, an ability to waive such fees on affordable and workforce housing projects, with the State and/or county paying the fees on behalf of the developer, would make such projects that much more affordable.

TRANSIT-ORIENTED DEVELOPMENT

Pursuant to Act 130 (SLH 2016), the Hawaii Interagency Council for Transit-Oriented Development (TOD Council) has the potential to have a major impact on the planning and construction of infrastructure and housing for all income levels, for the following reasons.

1. **High Priority Areas.** The TOD Council has identified three *High Priority Areas* for the State to pursue: Iwilei-Kapalama; Halawa Stadium; and East Kapolei. These areas have enormous potential for TOD development, which would include affordable/workforce housing and market-rate housing. (MWH, Oahu.)

2. **CIP Budget Priorities.** The TOD Council evaluated and made recommendations for the 2017 legislature to fund the FY 2018 TOD CIP Budget Priorities and infrastructure projects that would support housing and mixed-use projects.

3. **2017 Work Plan.** The TOD Council 2017 Work Plan identified in the 2016 TOD Council Report will be reviewing the application of TOD policies and tools on every island.

4. **Strategic Plan.** The TOD Council will be developing a Statewide TOD Strategic Plan estimated to be completed in December 2017, which will include statutory and policy changes necessary to facilitate TOD in every county of the State.

HOMEBUYER AND RENTER SERVICES

In many instances, successful homeownership or rental situations require education, preparation, practice, and support services. A variety of supporting services to assist housing consumers, both prospective homebuyers and renters, are being provided and expanded through local State organizations and national organizations. The Hawaii HomeOwnership Center (www.hihomeownership.org), the Home Ownership Assistance Program (HOAP) offered through the Department of Hawaiian Home Lands (DHHL) (www.hoap.hawaii.gov), and the Hale Program also offered through DHHL (www.dhhl.hawaii.gov/hale) provide all manner of homebuyer and homeowner supportive services. Organizations such as Volunteers of America (www.voa.org) and the Corporation for Supportive Housing (CSH) (www.csh.org) also provide an array of supportive services to renters and those seeking rental housing, including case management, independent living and personal finance skills, vocational services, peer support services, social activities, health/medical services, mental health services, alcohol and substance abuse services, services for those formerly incarcerated, services unique to senior citizens and veterans, and specialized programs for people with disabilities.

DHHL is a state agency tasked with the mission of managing the Hawaiian Home Lands trust effectively and developing and delivering lands to native Hawaiians through residential, agricultural, and pastoral leases. DHHL delivers lands to native Hawaiian lessees by providing affordable homes for 99 years at a lease rate of $1.00 per year. The lessee is responsible for paying for the cost of the house and the terms of their mortgage. Thousands of applicants are on the residential waitlists on each island of Hawaii. Many years ago, DHHL surveyed the first 100 applicant files on each island’s residential waiting list to determine why these applicants remained on the waitlist. The survey results showed that many of the applicants self-deferred because they could not pre-qualify for a mortgage loan, they were unfamiliar with the home buying process, or they simply felt they would not be able to buy a home. Because of low income, high debt, and poor credit, many of those on the waitlist would never be able to afford a home.

HOAP was developed to address these needs and to encourage successful homeownership on Hawaiian Home Lands. Now, DHHL not only builds homes, but helps beneficiaries become home owners. Part of the program’s objective is providing these families with useful knowledge and resources to ensure that each family is successful and every dollar borrowed is managed responsibly. Case management services are available to homeowners who need help improving their credit to refinance their existing mortgage or to qualify for a home repair loan. Also, intensive counseling and debt management plans are available to families facing foreclosure or bankruptcy.

HOAP also compliments existing programs to assist future homeowners who need down payment assistance. Certain income restrictions may apply to these programs, and HOAP can identify potential families that may qualify for these programs.

DHHL recognizes that not all barriers to homeownership are a result of credit issues. That is why HOAP has expanded into job training, employment, and social services. In today’s housing market, with the rise in cost of construction increasing total mortgage costs, one way to homeownership is through a better paying job. Improving one’s skill set or a career change could be the answer. Job training and employment opportunities offered through HOAP are available to all native Hawaiians. Also, for many families, drug and alcohol addiction prevents them from achieving homeownership. Oftentimes, a family member may be caught in the cycle of drug and alcohol abuse, which drains financial resources. Drug abuse can also result in the loss of a home either through foreclosure or criminal charges.

It is recommended that this vital and successful service be used as a template to extend similar services to all prospective homebuyers and existing homeowners in the State who fall within the affordable/workforce housing income range. This may need to be a joint effort between HHFDC and the counties, with initial guidance provided by DHHL and the folks at HOAP.

2017 STATE HOUSING BILLS AND 2018 HOUSING INITIATIVES

Over 10 bills passed the State Legislature in 2017 that in some manner support housing production. These bills range from homebuyer assistance programs, to prioritizing affordable and workforce housing, expanding exemptions that benefit housing, increasing HHFDC housing program bond or funding authorizations, focusing on rental housing construction, and other topics.

A series of draft housing initiatives for 2018 contemplated by the Governor's office, State legislators, County leaders, private sector stakeholders, and others was prepared late this year. Ideas to maximize State financing tools, to increase State participation in regional infrastructure development, to streamline government approvals and to remove unnecessary or duplicative processes, and to address other issues such as treating residential rental projects and for-sale projects differently, as well as government-assisted vs privately funded residential projects, are being discussed and considered. In September 2017, a Governor's conference with the housing stakeholder's working group met to review these ideas and advance additional ideas with the ultimate goal of increasing market-rate, workforce, and affordable housing in Hawaii.

CHAPTER 1
INTRODUCTION

PURPOSE OF REPORT

This final report is submitted pursuant to a grant awarded to the Hawaii Institute for Public Affairs (HIPA) from the Twenty-Eighth Legislature of the State of Hawaii, to develop a statewide Action Plan for the delivery of housing for Hawaii residents. HIPA in turn retained professional consultants to assist with the preparation of the report, including: the Land Use Research Foundation (LURF) to consult on planning, permitting, and legislation; Goodwin Consulting Group (GCG) to provide expertise on housing and infrastructure financing; and R.M. Towill Corporation (RMTC) to review infrastructure requirements and costs. The Hawaii Housing Finance & Development Corporation (HHFDC) was designated as the expending agency to oversee the grant on behalf of the State legislature. HHFDC, the various counties in the State, and housing developers and stakeholders also contributed information and made recommendations regarding the housing process and programs.

The original intent of the grant application was to provide a comprehensive reference document relating to housing in Hawaii for elected officials, policy makers, administrators, housing developers, and members of the public. However, due to budget constraints and a short time window, the scope of services under the grant was amended to primarily focus on a plan to facilitate five potential housing projects, one from each county, and another Transit-Oriented Development (TOD) project in the City and County of Honolulu (City). Nonetheless, this final report has evolved into a reference document with useful information and recommendations relating to housing in Hawaii, and an Action Plan relating to the following areas:

1. Creating access to land for housing.
2. Streamlining the land entitlement and permitting process for housing projects and creating housing pilot projects.
3. Utilizing State and county financial incentives.
4. Analyzing infrastructure needs, costs, and phasing, and providing funding for infrastructure and housing developments.
5. Identifying and employing a Financing Toolbox for housing in Hawaii.
6. Proposing legislation to facilitate the development of housing in Hawaii.
7. Assembling a Housing Project Team.
8. Expanding outreach to government and the community.
9. Supporting buyer/renter qualification.

This report is a starting point to initiate a dialogue among public-sector and private-sector stakeholders regarding funding, legislative, and administrative ideas that may be implemented in whole or in part, separately or in combination, to increase the production and availability of affordable/workforce housing in Hawaii. Submittal of this Action Plan to the Twenty-Ninth Legislature at this time hopefully will lead to presentations, briefings, and hearings with the State administration, county mayors, State legislators and county council members, the development community, and others who may be involved in the effort to construct housing that is affordable to working families in Hawaii. This report may be used as the basis to establish more consistency and certainty for affordable/workforce housing developers across State and county programs designed to facilitate this type of housing. It may also lead to further research into, and analysis of, additional planned housing projects and additional legislation.

ORGANIZATION OF REPORT

This report is organized into the following six chapters:

1. **Introduction**
   Chapter 1 discusses the scope of the report, outlines its organizational structure, and recognizes contributions from others to complete this report.

2. **Affordable Housing Programs**
   Chapter 2 describes many local, State, and federal affordable housing funding tools and incentives, and offers recommendations to expand, improve, or introduce their use in Hawaii.

3. **Potential Infrastructure Funding Tools**
   Chapter 3 summarizes the different types of funding tools and concepts that may be used to pay for backbone infrastructure and other public facilities, including recommendations to facilitate their use.

4. **Financing Policies and Selection Criteria**
   Chapter 4 previews a sampling of preliminary financing policies and criteria that may be used to select the best funding tools to apply to affordable/workforce housing and infrastructure.

5. **Housing Barriers and Opportunities**
   Chapter 5 presents various challenges and opportunities to the production of housing, especially affordable/workforce housing, together with recommendations to tackle the challenges and capitalize on the opportunities.

6. **Evaluation of Five Planned Housing Projects**
   Chapter 6 describes the five proposed housing projects that are evaluated in this report, discusses the primary challenges facing each project, and offers recommendations that may allow these projects to advance; it also includes the R.M. Towill Corporation (RMTC) assessment of infrastructure costs for each project.

The report also includes a series of appendices. Appendix A presents the housing ladder for each county in Hawaii, which illustrates household income levels from the extremely low level to above the moderate level, together with the associated affordable home prices and monthly rental rates. Appendix B through Appendix F generally contain a Project Fact Sheet (with details about the primary contacts, project development program and phasing, affordability levels, project schedule, entitlements, infrastructure costs, financing plans, etc.), locator map, zoning and phasing maps, renderings, and photos of the existing project site for each of the five planned housing projects evaluated in this report. Appendix G provides the full RMTC preliminary assessment of project-specific onsite and offsite infrastructure costs.

ACKNOWLEDGEMENTS

It is important to recognize at the outset all of the contributions to this report, made either directly or indirectly, by the following:

- HHFDC staff
- Governor's Office and other State agencies
- County mayors and council members
- County Housing Agency staff and other county staff
- Developers, landowners, and consultants associated with the five planned housing projects evaluated in this report
- Others in the development community, both non-profit and for-profit organizations
- HUD staff

CHAPTER 2
AFFORDABLE HOUSING PROGRAMS

BACKGROUND

Many financing tools and incentives for affordable/workforce housing are already being used in the State of Hawaii. The State and counties utilize a variety of funding tools and incentives generated at the federal, State, and local levels. Some of these tools and incentives may only be applied to a few select development projects because the source of funding is limited, while others could potentially be applied to every project.

This chapter describes a collection of funding tools and incentives that the State and counties may utilize, together with landowners and developers, to pay wholly or partially for affordable/workforce housing units so urgently needed throughout the State. This report is the first step in a process to improve, expand, and increase the types and amount of funding tools and incentives, ultimately to make more dollars available for, and to produce more, units to meet the needs of lower income households in Hawaii.

An illustration of many funding options and how they relate to each other in Hawaii is provided on the following page in the graphic prepared by the U.S. Department of Housing and Urban Development (HUD). Some funding tools are provided at the federal level and administered by the State and in some cases allocated to the counties, or in other cases are provided directly to the City and County of Honolulu. Other funding tools are generated at the State level and either used at the State level or allocated to the counties. Still other tools are developed and utilized at the local county level. These and other funding tools and incentives are described in detail in the remainder of this chapter.

Most of the information presented in this section of the report is provided directly by HHFDC through their website or through the documents they make available to public agencies, developers, and the public. Much of the text in this chapter is excerpted *verbatim* from HHFDC or the Hawaii Revised Statutes (HRS), Division 1, Title 13, Chapter 201H. HUD deserves credit for some of the descriptions provided below as well.

HHFDC ACTIVITY

One noteworthy barometer of how much affordable housing is being constructed in the State is recent development activity experienced through HHFDC with respect to funding applications and awards. Of course, not every affordable/workforce housing unit developed in the State required some form of public assistance, but it is challenging at the 30%-80% of area median income (AMI) household income levels to develop this type of housing without some funding assistance.

Summary of HUD Funding

State of Hawaii

- Hawaii Housing Finance and Development Corporation
  - **Federal**: LIHTC, Private Activity Bonds (Hula Mae), HOME, Housing Trust Fund and ESG / HOPWA
  - **State**: Rental Housing Revolving Fund, Dwelling Unit Revolving Fund, State LIHTCs
- Hawaii Public Housing Authority
  - Public Housing Operating/Capital Fund and HCV Section 8

Hawaii Counties

- City and County of Honolulu
  - HCV Section 8, HOME/CDBG, ESG/HOPWA, Local County Funds
- County of Hawaii
  - HCV Section 8, CDBG, Local County Funds, HOME (2018)
- County of Maui
  - HCV Section 8, CDBG, Local County Funds, HOME (2017)
- County of Kauai
  - HCV Section 8, CDBG, Local County Funds, HOME (2016)

HOME

Housing Trust Fund:
50% to Honolulu and 50% to Hawaii/Maui/Kauai Counties).

HUD: Continuum of Care Grants

- Non-Profits Agencies
- State of Hawaii and Hawaii Counties

Figure 1 on the following page tracks affordable housing funding applications to HHFDC, and funding awards made by HHFDC, over the seven-year period from 2010 through 2016. Application data is available for 2017, but award data is not, so 2017 information is not included in the table. Descriptions of the funding programs listed in Figure 1 are provided throughout this chapter.

There do not appear to be any striking trends contained within the annual data over seven years. However, the seven-year totals and seven-year averages presented in Figure 1 do provide some valuable insight into affordable housing development during this timeframe. Applications entailing over 8,400 dwelling units were submitted requesting funding through HHFDC totaling $1.5 billion. On average over the seven-year period, applications included nearly 1,200 units per year and $217 million in funding requests, or $181,000 per unit in funding assistance.

Note that some applications involved two financing structure alternatives, one employing 9% tax credits and one employing 4% tax credits. If an award was made for a project involving two funding alternatives, then only the submittal corresponding to the award is accounted for in the table; if an award was not made, then only the 9% credits alternative is accounted for. However, some applications failed to meet scoring and other thresholds, and some applications were withdrawn by the applicant. Also, some applications were submitted more than once over two years or more. These applications are included in the table to reflect the level of application activity, but some of these applications are double counted over time in the seven-year totals and seven-year averages.

HHFDC funding awards are quite high given the unqualified, withdrawn, and duplicate applications noted above. Over the seven-year period of study, awards comprised over 5,500 dwelling units and totaled almost $950 million. Funding awards averaged approximately 790 units per year and $135 million, for a per-unit average of $171,000 in funding assistance for new construction and acquisition/rehabilitation.

These awards leave a total over seven years of approximately 2,900 units and $575 million in unfunded requests, averaging 410 units and $80 million per year. More in-depth study would likely reveal that this disparity between applications and awards is not an issue of available funding, but an issue of unqualified, withdrawn, and duplicate applications. In other words, an affordable housing developer who submits a quality application for a qualified project, who does not subsequently withdraw the application, or who is persistent enough to re-apply a second time if at first denied, is very likely to not only receive a funding award for his/her project, but receive an award in an amount that is very close to the request. This paradigm may change in the future, particularly with respect to the limited amount of volume cap 9% tax credits, so more funding will need to be made available as the demand for affordable/workforce housing continues to rise, the push to build more of this housing intensifies, and the quantity of qualified applications surges.

Figure 1
Hawaii Housing Finance and Development Corporation
Awards vs Applications
($ in Millions)

	2010	2011	2012	2013	2014	2015	2016	7-Year Total	7-Year Average
Applications[1]									
LIHTC									
Non-Volume Cap (4%)									
Federal	$9.1	$7.5	$0.0	$13.4	$3.1	$5.4	$17.8	$56.3	$8.0
State	$4.6	$4.0	$0.0	$5.7	$1.5	$2.7	$8.9	$27.4	$3.9
Volume Cap (9%)									
Federal	$5.1	$8.1	$11.3	$7.5	$4.9	$8.1	$2.3	$47.3	$6.8
State	$2.4	$4.1	$5.6	$3.8	$2.5	$4.1	$1.2	$23.7	$3.4
HMMF	$130.5	$152.7	$0.0	$218.3	$52.2	$94.5	$269.6	$917.8	$131.1
DURF	$2.2	$0.0	$0.0	$0.0	$16.9	$9.8	$0.0	$28.9	$4.1
RHRF[2]	$29.4	$54.3	$42.7	$70.4	$21.2	$80.8	$123.6	$422.4	$60.3
Total	**$183.3**	**$230.7**	**$59.6**	**$319.1**	**$102.3**	**$205.4**	**$423.4**	**$1,523.8**	**$217.7**
Affordable Housing Units[3]	**1,359**	**1,215**	**709**	**2,066**	**645**	**1,116**	**1,317**	**8,427**	**1,204**
Total Funding per Unit ($000)	**$135**	**$190**	**$84**	**$154**	**$159**	**$184**	**$321**	**$181**	**$181**
Awards[1]									
LIHTC									
Non-Volume Cap (4%)									
Federal	$8.4	$1.5	$0.0	$9.0	$4.6	$2.8	$11.9	$38.2	$5.5
State	$4.2	$1.1	$0.0	$4.5	$2.3	$1.4	$8.5	$22.0	$3.1
Volume Cap (9%)									
Federal	$3.3	$3.0	$3.0	$3.0	$2.6	$5.6	$1.8	$22.3	$3.2
State	$1.5	$1.5	$1.5	$1.5	$1.3	$2.8	$0.9	$11.0	$1.6
HMMF	$118.7	$25.0	$0.0	$152.8	$70.6	$53.0	$185.3	$605.4	$86.5
DURF	$2.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$2.2	$0.3
RHRF[2]	$15.7	$24.2	$20.7	$6.5	$42.7	$51.1	$85.6	$246.5	$35.2
Total	**$154.0**	**$56.3**	**$25.2**	**$177.3**	**$124.1**	**$116.7**	**$294.0**	**$947.6**	**$135.4**
Affordable Housing Units[3]	**1,091**[4]	**481**[5]	**317**	**1,416**	**554**[6]	**680**[7]	**1,000**[8]	**5,539**	**791**
Total Funding per Unit ($000)	**$141**	**$117**	**$79**	**$125**	**$224**	**$172**	**$294**	**$171**	**$171**
Awards vs Applications									
LIHTC									
Non-Volume Cap (4%)									
Federal	-$0.7	-$6.0	$0.0	-$4.4	$1.5	-$2.6	-$5.9	-$18.1	-$2.6
State	-$0.4	-$2.9	$0.0	-$1.2	$0.8	-$1.3	-$0.4	-$5.4	-$0.8
Volume Cap (9%)									
Federal	-$1.8	-$5.1	-$8.3	-$4.5	-$2.3	-$2.5	-$0.5	-$25.0	-$3.6
State	-$0.9	-$2.6	-$4.1	-$2.3	-$1.2	-$1.3	-$0.3	-$12.7	-$1.8
HMMF	-$11.8	-$127.7	$0.0	-$65.5	$18.4	-$41.5	-$84.3	-$312.4	-$44.6
DURF	$0.0	$0.0	$0.0	$0.0	-$16.9	-$9.8	$0.0	-$26.7	-$3.8
RHRF[2]	-$13.7	-$30.1	-$22.0	-$63.9	$21.5	-$29.7	-$38.0	-$175.9	-$25.1
Total	**-$29.3**	**-$174.4**	**-$34.4**	**-$141.8**	**$21.8**	**-$88.7**	**-$129.4**	**-$576.2**	**-$82.3**
Affordable Housing Units[3]	**-268**	**-734**	**-392**	**-650**	**-91**	**-436**	**-317**	**-2,888**	**-413**

[1] Applicants in Round 2 in August of 2015 are included with 2016 applicants since all of those 2015 Round 2 applicants received funding in 2016. Awards as of January 12, 2017, are included with 2016 awards since all of these early January 2017 awards are for 2016 applications.

[2] RHRF includes small amounts for the now discontinued RARF.

[3] Includes resident manager units.

[4] Adds 62 units related to Lokenani Hale, and funding sources are added as well. Excludes 48 units related to Hale Makana O Nanakuli and 164 units related to Hale Mohalu II since both projects received the majority of their funding in earlier years.

[5] Excludes 64 units related to Ewa Villages Ph 1 and 48 units related to Hale Makana O Nanakuli since both of them received little or no funding in 2011. Also excludes 76 units related to Ewa Villages Ph II since the majority of its funding was received in 2008. Excludes 62 units related to Lokenani Hale and 120 units related to Ko'oloa'ula Ph 1, both of which are shown in 2010; RHRF for these projects are moved from 2011 to 2010.

[6] Excludes 84 units related to Hale Mohalu II Family IV, which are shown in 2013; RHRF for this project is moved from 2014 to 2013.

[7] Excludes 154 units related to Kulana Hale at Kapolei, which are shown in 2014; RHRF for this project is moved from 2015 to 2014.

[8] Excludes 62 units related to Kamakana Elderly Apts, which are shown in 2015. Also excludes 82 units related to Kunia Village, which are shown in 2013, and 84 units related to Ola Ka 'Ilima, which are shown in 2014.

Sources: Hawaii Housing Finance & Development Corporation; Goodwin Consulting Group. *12/12/2017*

Low Income Housing Tax Credits

The Low-Income Housing Tax Credit (LIHTC) program is a financing tool for private developers and non-profit entities to construct or rehabilitate affordable rental units. Federal and state tax credits may be used to obtain a dollar-for-dollar reduction in income tax liability for 10 years and five years, respectively. Typically, the tax credits are syndicated, or sold, to qualified investors in exchange for an equity investment in the project. The developer/owner must agree to maintain the project as an affordable rental complex for a minimum of 30 years.

Many affordable housing projects rely on both federal and state tax credit allocations and minimize the use of tax-exempt bond financing (i.e., federally-subsidized loans), resulting in a high percentage of development costs covered by tax credit financing. Projects utilizing CDBG/HOME and other similar funds would be considered federally subsidized, but the federally-subsidized amount may be excluded from the qualified cost basis before applying the tax credits against the remaining basis. Although HHFDC generally provides loans rather than grants, if a grant were to be made, typically a general partner would take the grant money and loan it to the limited partners to include in the eligible cost basis. A project can receive a maximum credit that yields a present value of approximately 70% of the qualified basis of the property, commonly referred to as "9% credits." Land costs and other certain costs, such as the costs to construct a non-residential portion of the project, may not be included in the eligible basis.

Other affordable housing projects obtain "4% credits," and these projects are typically highly leveraged with federal or state subsidized loans and receive a maximum credit that yields a present value of roughly 30% of the qualified basis of the property. These 4% credits are guaranteed over and above the tax credit allocation limits; 4% credits are awarded automatically with an allocation of tax-exempt bond funds.

The federal LIHTC is a program administered by the U.S. Internal Revenue Service. HHFDC is responsible for the administration of the LIHTC program for the State. A state LIHTC equal to 50% of the federal LIHTC is also available to qualified applicants. To qualify for tax credits, owners must meet the following general guidelines in addition to other program requirements, as discussed further below:

Income Restriction

The tax credit is available only for units rented to low income occupants. This means that a project must have:

- at least 20% of its units rented to households with incomes of 50% or less of AMI, as determined by HUD; or
- at least 40% of the units must be rented to households with incomes of 60% or less of AMI.

Rent Restriction

Low income rents are restricted based on the number of bedrooms in a unit and the area median income as established annually by HUD for the county where the project is being developed. If the tenant pays for utilities, the rent must be adjusted by the applicable utility allowance.

Minimum Requirements and Scoring System

HHFDC is required to prepare a Qualified Allocation Plan (QAP) to establish criteria for evaluating affordable housing project LIHTC applications and for allocating tax credits to those projects that best meet the needs of the State. Competition for the 9% (volume cap) tax credits is fierce because these funds are extremely limited; approximately $5.6 million and $2.8 million in federal and State 9% tax credits, respectively, were awarded to projects in Hawaii in calendar year 2015. The QAP is developed to assist HHFDC in maximizing and leveraging the use of all of the State's limited resources to address the substantial need for rental housing that is, in particular, accessible and affordable to low income households in Hawaii. The primary minimum threshold requirements outlined in the 2016/2017 QAP are provided below:

1. The project owner/applicant must be established and registered with the State Department of Commerce and Consumer Affairs.

2. The applicant must control the site.

3. A comprehensive market study evaluating the housing needs of low income people in the area to be served by the project must be prepared by an objective third party and be considered fresh (i.e., completed less than six months prior to the date an application is filed).

4. The applicant must certify, with certifications and forms, that all lower income units in the project will be made available to people on waiting lists for low-income public housing and/or an acceptable shelter program.

5. The general contractor's profit, including general requirements and overhead, is limited to 14% of hard construction costs.

6. The developer's fee, including overhead and management/consulting fees, is limited to 15% of total development costs.

7. A minimum debt service coverage (DSC) ratio of 1.15 is applied to various project financing structures, and specified operating parameters and assumptions must be utilized (e.g., inflation rates, vacancy rates, replacement reserve allocations).

8. A Phase I environmental assessment (EA) is required.

9. The applicant must commit to minimum affordability periods, general 30 to 45 years depending on the type of project.

10. To obtain 4% credits, the developer must have a minimum experience level of at least one LIHTC project placed in service, and the entity designated to manage the project on an annual basis must have at least one project currently under management.

11. To obtain 4% credits, applicants must have a commitment from a State or local agency to issue private activity bonds, or may submit an application for private activity bonds through HHFDC concurrent with an application for the 4% credits.

Each application for 9% credits will be evaluated and awarded points in accordance with a criteria point system delineated in the QAP. A project can receive a maximum of 120 points spread over 18 criteria. The scoring system matrix provided in the QAP is presented on the following page, and is described in detail in the QAP.

Applying for LIHTC

Application packages are available at HHFDC. Also, HHFDC provides staff assistance for the tax credit program and reviews developer applications. Awards of Low Income Housing Tax Credits are subject to approval of the HHFDC Board of Directors. Application deadlines in 2017 were as follows, and award dates are generally three to four months later:

- **Volume Cap LIHTC (9% credits):** February 15, 2017

- **Non-Volume LIHTC (4% credits):** Applications accepted throughout the year

D. Criteria Point System:

Each application will be evaluated and awarded points in accordance with the following criteria. **Unless otherwise indicated, all references to low-income unit(s) or low-income rental unit(s) shall mean LIHTC unit(s).**

	CRITERIA	**POINTS**
1.	LIHTC Resource Efficiency – Use and Leverage.	0-9
2.	County Income Adjuster	0-4
3.	Overall project feasibility.	0-22
4.	The ratio of developer fee as a percentage of total project cost.	0-7
5.	Project will be receiving project-based rental assistance subsidies for the first time.	0-7
6.	State/Local Government Support.	0-6
7.	Energy Efficient and Green Building.	0-4
8.	Project location and market demand.	0-6
9.	Developer experience.	0-7
10.	Project will provide low-income units for a longer period than is required under Section 42 IRC.	0-7
11.	Project will give preference to tenant populations.	0-2
12.	Project serving tenants with special housing needs.	0-2
13.	Project will provide a greater percentage of low-income units than required under Section 42 IRC.	0-10
14.	Project is participating with a local tax-exempt organization and is sponsored by a qualified non-profit, as defined in Section 42 IRC.	0-3
15.	Projects offering tenants an opportunity for home ownership.	0 or 1
16.	Project is located in qualified census tract, the development of which contributes to a concerted community revitalization plan as determined by HHFDC.	0 or 2
17.	Historic Nature.	0 or 1
18.	Waiver of Qualified Contract	20

*** Refer to narrative section for more details.**

RENTAL HOUSING REVOLVING FUND

The Rental Housing Revolving Fund (RHRF) provides "equity gap" low-interest loans or grants to qualified owners and developers constructing affordable housing units. (Note that RHRF was formerly known as the Rental Housing Trust Fund.)

The RHRF was established to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. Permitted uses of the fund may include, but are not limited to, planning, design, land acquisition, costs of options, agreements of sale, down payments, equity financing, capacity building of nonprofit housing developers, or other housing development services or activities as provided in rules adopted by HHFDC. The rules may provide for a means of recapturing loans or grants made from the fund if a rental housing project financed under the fund is refinanced or sold at a later date. The rules may also provide that moneys from the fund will be leveraged with other financial resources to the extent possible.

The following may be deposited into the fund: appropriations made by the legislature; private contributions; repayment of loans; interest; other returns; and moneys from other sources. Moneys available in the fund are used for the purpose of providing, in whole or in part, loans or grants for rental housing projects in the following order of priority:

1. Projects or units in projects that are allocated low-income housing tax credits pursuant to the state housing tax credit ceiling, or projects or units in projects that are funded by programs of HUD and the U.S. Department of Agriculture – Rural Development, wherein:

    - At least 50% of the available units are for persons and families with incomes at or below 80% of AMI, of which at least 5% of the available units are for persons and families with incomes at or below 30% of AMI; and

    - The remaining units are for persons and families with incomes at or below 100% of AMI;

    - Provided that HHFDC may establish rules to ensure full occupancy of RHRF projects.

2. Mixed-income rental projects or units in a mixed-income rental project wherein all of the available units are for persons and families with incomes at or below 140% of AMI.

HHFDC may provide loans and grants through the RHRF, provided that HHFDC establishes loan-to-value (LTV) ratios to protect the RHRF from inordinate risk and that under no circumstances shall the rules permit the LTV ratio to exceed 100%; and provided further that the underwriting guidelines include a DSC ratio of not less than 1.00. HHFDC's policy is not to provide grants.

For many years, the Rental Assistance Revolving Fund (RARF) was used to provide interim construction financing for the development of rental housing projects. Due to some overlap between the RARF and RHRF, Act 128 enacted in 2016 transferred any remaining money in the RARF fund to the RHRF program.

Eligible applicants include qualified nonprofit and for-profit corporations, limited liability companies, partnerships, and government agencies. All awards are made competitively and are subject to the availability of funds.

Applying for RHRF

Application packages are available at HHFDC, and applications for calendar year 2017 were due February 15, 2017. HHFDC provides staff assistance for the RHRF program and reviews developer applications. Awards of RHRF are subject to approval of the HHFDC Board of Directors and the Governor.

HULA MAE MULTI-FAMILY BOND PROGRAM

The purpose of the Hula Mae Multi-Family (HMMF) tax-exempt bond program is to promote the development of new, or the rehabilitation of existing, rental housing projects through the issuance of mortgage revenue bonds for interim and/or permanent financing at below market interest rates. HHFDC serves as the issuer of the bonds. Issuance of bonds through the HMMF program is subject to statutory bonding authority (currently $1 billion), an allocation of the Private Activity Bond volume cap by the State's Director of Finance, and approval of the Governor. The program has issued over a half billion dollars in bonds to date.

Private activity bond issuance limits are determined annually by the Internal Revenue Service (IRS). In October 2016, IRS Ruling Revenue Procedure 2016-55 established the private activity bond volume cap for 2017, which is the greater of: (i) $100 multiplied by the state population; or (ii) $305,315,000. For Hawaii, the cap would be $305 million, which in part sets the upper limit of housing production under, and availability of, the 4% LIHTC program.

Qualified Owners

Non-profit or for-profit entities determined to be qualified by experience and financial responsibility to construct or rehabilitate an affordable rental housing project must agree to enter into a Regulatory Agreement with HHFDC providing for the regulation of the rents, project operations, and disposition of the assets of the project.

Eligible Projects/Tenants

1. Projects must set aside a minimum of either:

    - 20% of the units for tenants earning less than 50% of AMI; or
    - 40% of the units for tenants earning less than 60% of AMI.

2. Minimum compliance term for income restrictions is the longer of 15 years or the term of the bonds.

Financing Structure

Bonds may be used for interim and/or permanent financing. HHFDC will act as a conduit to issue the tax-exempt bonds, and the owner must submit for HHFDC's approval the financing team for the project (e.g., trustee, letter of credit lender, underwriter, bond counsel).

Applying for Hula Mae Multi-Family Loans

A completed Consolidated Application must be submitted to HHFDC (see below for a description of the Consolidated Application). The Consolidated Application is available from HHFDC, and Consolidated Applications for the HMMF program are accepted throughout the year.

DWELLING UNIT REVOLVING FUND

The Dwelling Unit Revolving Fund (DURF) provides below market rate construction financing loans – generally interim financing – including funding for land acquisition, the planning, entitlement, and development of on-site and off-site infrastructure, and other development and construction costs related particularly to mixed-use affordable housing projects that entail for-sale housing together with rental and special needs housing. DURF was established pursuant to Act 105, Session Laws of Hawaii (SLH) 1970, which authorized the issuance of $125 million of general obligation bonds to carry out the purposes of the Housing Development Program.

DURF revolving loan terms and repayment provisions are generally negotiated on a project-by-project basis. Also, projects using DURF financing that include for-sale housing are subject to the HHFDC Buyback and Shared Appreciation Equity requirements, and these requirements generally apply to county as well as State-sponsored/funded projects.

Applying for DURF

A completed Consolidated Application must be submitted to HHFDC (see below for a description of the Consolidated Application). The Consolidated Application is available from HHFDC, and Consolidated Applications for the DURF program are accepted throughout the year.

Buyback Program

The Buyback program entails a requirement that all owners on title of the property must occupy and use the property purchased as their principal residence, and that the sale and transfer of the property is restricted during the period that the program is in effect until the restriction expires. This restriction gives HHFDC the first option to purchase the property in the event of a sale or transfer during the restricted period. The restriction automatically terminates at the end of 10 years after the recording date.

HHFDC will determine the repurchase price of the property during the restriction period as follows: owner's original base purchase price + allowable escrow fees paid by the owner at the time of original purchase + cost of capital improvements added by the owner + simple interest of 1% per year on the original sales price and capital improvements.

Shared Appreciation Equity Program

The Shared Appreciation Equity (SAE) program is implemented with an encumbrance (or lien) on the property that requires the owner to share any net appreciation in the property with HHFDC when the property is sold, transferred, rented, or no longer used as a principal residence. If the SAE is not paid when due, 12% annual simple interest will accrue on the amount owed to HHFDC and, if required, HHFDC will take legal action to collect it.

Net appreciation is generally calculated by subtracting the original sales price and allowable closing costs from the fair market value of the property. HHFDC's share of the net appreciation would be stipulated in an SAE Agreement, which is specific to each transaction.

CONSOLIDATED APPLICATION FOR FINANCING

A Consolidated Application is available for parties interested in applying for financing from the following programs for the development of affordable housing in the State:

- Low Income Housing Tax Credits (LIHTC)
- Rental Housing Revolving Fund (RHRF)
- Hula Mae Multi-Family Bonds (HMMF)
- Dwelling Unit Revolving Fund (DURF)

Refer to the descriptions of each of these four programs above for information regarding program requirements and other details. The 2017 schedule of important events and the 2017 fee schedule are provided on the following two pages.

Recommendations Going Forward

There may be opportunities where processes and procedures can be streamlined to make these affordable housing funding tools more readily accessible and, therefore, affordable housing units more quickly constructed, consistent with Implementing Actions of the State Housing Functional Plan and other policy and procedure guidelines of HHFDC. Some examples, as they relate to the Consolidated Application process, are provided below.

STATE OF HAWAII
Hawaii Housing Finance and Development Corporation

2017 Consolidated Application
Schedule of Important Events

Program	Application Due Dates	Award Dates	Availability of Funds (Subject to availability of funds)
LIHTC – 9% (From State's Annual Volume Cap)	February 15, 2017 2:00 PM	May/June 2017	Subject to the availability of State's LIHTC volume cap.
LIHTC – 4% (with Private Activity Bond Allocation)	Open, applications accepted throughout the year.	Depends on the date an application is received.	Subject to the issuance of a tax-exempt private activity bond.
RHRF FY2017	February 15, 2017 2:00 PM	To Be Determined *Note: RHRF program requires the HHFDC Board to adopt an approved and rejected list prior to award.*	Upon Governor's approval and satisfactory completion of required documentation.
HMMF	Open, applications accepted throughout the year	Depends on the date an application is received.	Upon Governor's approval and satisfactory completion of required documentation.
DURF	Open, applications accepted throughout the year.	Depends on the date an application is received.	Upon Governor's approval and satisfactory completion of required documentation.

Applications available: December 1, 2016

All dates are subject to change

STATE OF HAWAII
Hawaii Housing Finance and Development Corporation

2017 Consolidated Application
Fee Schedule

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

1. The Consolidated Application is a 130-page document that also contains a long list of additional exhibits and other required forms that are not included in the document. The Consolidated Application also incorporates multiple scoring systems for different funding programs. While HHFDC has gone to great lengths to eliminate much of the overlap between applications and requirements for different funding tools, it appears that more work toward that end may produce enhanced levels of consistency and simplicity. Streamlining the application and scoring processes may allow for more non-profit and for-profit developers alike to feel less overwhelmed and more capable of working through the application process, which in turn could ultimately lead to development of more affordable housing units.

2. RHRF funds are frequently allocated to projects receiving LIHTC. While projects seeking 4% credits plus RHRF funding may apply during the first round of RHRF funding, the priority for the first round is to match 9% credits with RHRF because the timing of 9% credit awards is critical. Typically, 4% credit new construction projects need larger amounts of RHRF, and so they are generally funded after 9% credit projects are awarded. Rather than prioritizing RHRF funding with 9% LIHTC funding at one time during the year when 9% credit awards are made, it may be helpful to pair RHRF funding with other funding tools (e.g., 4% LIHTC) more often or to apply it in a standalone setting more often, and make it available on a rolling basis throughout the year.

3. RHRF funding typically involves substantially below market interest rate financing. RHRF funding should continue to be extended as much as possible at interest rates well below market; otherwise, this funding tool becomes nearly equivalent to conventional financing at market interest rates.

4. RHRF loans are generally cash-contingent vehicles, and often no repayment is required until after the first mortgage is fully repaid. It will be helpful to ensure that these loans continue to maintain relaxed and flexible repayment provisions, especially with respect to project cash flow, so that projects will have enough cushion to absorb real estate and interest rate market fluctuations, as well as exposure to other risk factors such as federal tax code implications on the value of tax credits.

5. It may be prudent to reconsider, increase, or release altogether any caps on all of the primary funding tools (except federally provided LIHTC) – RHRF, Hula Mae, and DURF – so that enough funding dollars are potentially available to meet all funding needs of qualified projects in a given year. Some examples include the following:

    - Based on the dire need for rental housing, the current legislative session may see requests to increase the bond authorization ceiling from $1 billion to $2 billion, including funding for the Hula Mae Multi-Family bond program, which, together with the 4% non-volume cap LIHTC, is often part of the financing for the development of affordable rental housing for families at or below 60% of AMI.

- Act 84 (SLH 2015) established a maximum dollar amount of $38 million to be distributed to the RHRF from the conveyance tax; this "cap" may need to be repealed. Housing developers use LIHTC and the RHRF to provide gap and permanent financing for affordable rental projects. More funding is needed for the RHRF, because large corporations may anticipate corporate tax cuts from Congress and the new President, which could reduce the use of LIHTC by corporations.

- Act 84 (SLH 2015) also established percentage distributions from the conveyance tax for various special funds: 50% for the RHRF; 10% for the Land Conservation Fund (LCF); and 25% for the Natural Area Reserve Fund (NARF). The funding for RHRF's share could be increased to 85% or more, while the shares for the LCF and NARF could be repealed, with those two programs being funded through the general fund, as noted below.

  - ✓ In its 2012 *Study of the Transfer of Non-General Funds to the General Fund, Report No. 12-04*, the State Auditor found that the LCF and NARF *"do not meet the criteria for continuance and should be repealed; there is no clear link between the benefits sought and user or beneficiary charges. In addition, the means of financing ... is not appropriate. Based on our analyses, we conclude that these funds or accounts earmarked by the legislature should be repealed and that the unencumbered balance totaling $49.7 million should lapse to the general fund."*

  - ✓ The 2012 study went on to say that *"designating revenue for specific purposes flows from the "benefit theory" of public finance, which postulates that those who benefit from a program should pay for it. Revenue earmarking is more defendable when there is a clear benefit-user charge as opposed to when there is no such linkage and earmarking is used solely as a political shield to protect a program by providing it with an automatic means of support ..."*

  - ✓ The State Auditor also issued the following specific findings relating to the LCF and NARF: *"Another example of a fund that has no benefit-user charge linkage is the Department of Land and Natural Resources' Land Conservation Fund ... Hence, beneficiaries of the conservation and preservation programs are state residents as a whole, and as such the programs should be supported by funding from a broader tax because of the broad public benefit ... The program should draw support from the general fund rather than a tax charged on individuals and companies involved in real estate transactions. Likewise, the Natural Area Reserve Fund has minimal linkage between the benefits and the fund revenue, which come from conveyance taxes paid on real estate transactions ... Individuals that pay this tax may* *benefit from the Natural Area Reserve program, but so do other Hawaii residents and visitors to the state."*

- Provide $50 million in General Obligation Bond funding for the RHRF to help finance rehabilitation of, acquisition of, and development of rental units. (Executive Biennium Budget requests (CIP) for FY 2018.)

- Although developers tend to prefer State tax credits to loans, developers may exchange State LIHTC for low interest loans. Appropriate $8.4 million in General Obligation Bond funds for LIHTC loans. (Executive Biennium Budget request (CIP) for FY 2018.)

6. Occasionally, the lag time between when a 4% LIHTC award is made, and when notification is provided regarding who bond counsel will be for the accompanying private activity bonds, can be six months or longer. With a very limited number of bond counsel firms offering expertise in this area of public finance, a short list of qualified firms may be developed so that bond counsel can be appointed within 30 days of an award.

7. Obtaining HHFDC Board approval is often a straightforward, predictable process. It may be possible to improve that HHFDC Board approval process, though, so that deal points are resolved between the applicant and HHFDC staff rather than negotiated with the Board, and so that key questions that may arise during the seven-day review period prior to Board action are addressed before the Board meets. The Board may want to focus more on the mission of HHFDC and on the overarching goal of producing affordable and workforce housing units rather than on the details of any one project.

EXEMPTION FROM GENERAL EXCISE TAX (GET)

HHFDC and counties, pursuant to HRS 46-15.1, may approve and certify for exemption from general excise taxes (GET) any qualified person or firm involved with a newly constructed, or moderately or substantially rehabilitated, affordable housing project meeting specific income limit and eligibility criteria.

In addition to GET exemptions, real property tax (RPT) exemptions and other exemptions (e.g., income tax) should be considered at the State and county levels (as the City and County of Honolulu has regarding RPT exemptions), for specifically designated affordable/workforce housing projects developed by both non-profit and for-profit entities. For example, real property tax incentives may include property tax exemptions or deferments with specific time limits and/or dollar amounts, always subject to existing statute or ordinance. These types of exemptions/incentives typically involve a regulatory agreement.

LOCAL COUNTY FUNDS

The County of Maui and other counties have established, and continue to fund, various programs to support development of affordable housing. The City and County of Honolulu, for example, maintains an Affordable Housing Fund, as promulgated through ROH Chapter 6, Article 63 (other counties do as well). The purpose of this special fund was to provide and maintain affordable housing for persons and families earning up to 50% of AMI. Moneys were to be used to provide and expand affordable housing opportunities and suitable living environments through land acquisition, development, construction, and maintenance of affordable housing for sale or for rent, provided that the housing remains affordable in perpetuity. This special fund is infused with an appropriation of 0.5% of the estimated real property tax revenue.

Charter Amendment 5, on the ballot in November 2016, was approved to allow the Affordable Housing Fund to serve households earning up to 60% of AMI provided that the housing remains affordable for 60 years. These kinds of amendments and revisions to local funding sources will further the development of affordable housing around the State. The City and County of Honolulu, together with other counties in the State, may further expand (and/or create) local county funding programs for affordable/workforce housing by increasing the funding appropriation and/or adjusting the affordability requirements.

AFFORDABLE HOUSING DEVELOPMENT IMPACT FEES AND IN-LIEU FEES

Establishing an affordable housing impact fee program or in-lieu fee program is a complex process that must not only comply with rational nexus and proportionate relationship legal standards, but must be fair and based on an evaluation of the affordable housing needs for which the fee will be used, and must also be reasonable, practical, and based on an evaluation of the extent to which market rate housing units can support various fee levels. Currently, the State does not have a statewide constitutional Housing Element provision where such nexus for residential inclusionary requirement has been established.

An affordable housing impact fee to be levied only against market rate housing units could be used to capitalize and replenish a housing trust fund. The proceeds of the housing trust fund could in turn be used as a reliable source of funding to supplement or leverage other programs that facilitate construction of affordable housing. The trust fund would be established as a sustainable, renewable source of funding, offering below market and/or zero interest rate loans that are repaid and, therefore, recycled through the program. One-time, lost-forever funding approaches such as rent subsidies should be avoided.

As more fully described in the chapter on infrastructure funding tools, joint development projects could combine market rate and luxury units with lower cost housing, allowing the market/luxury units to generate the necessary project cash flow to support development of the affordable and workforce housing units. Integrating impact fee revenue through the issuance of housing trust fund loans, as well as incorporating other workforce housing and infrastructure funding tools, into a mixed-use development may significantly improve the pace of affordable and workforce housing production.

ALTERNATIVE PRODUCT TYPES AND REDUCED COST HOUSING

The State and counties may encourage, through zoning changes and other code modifications, development of newer and upcoming building prototypes, such as: modern, efficient, and minimalist prefab housing now being designed and constructed by forward-thinking companies offering well-planned spaces; ultra-low-cost one-bedroom houses (also called $20K Homes by the Rural Studio project at Auburn University in Alabama) that can be built for under $20,000; and micro apartments, or microflats, that are typically one-room self-contained living units of approximately 200 square feet, popping up in places like San Francisco and Seattle on the mainland, but also in other urban areas all over the world.

One of the best ways to facilitate affordable housing is to figure out creative ways to cut building costs, whether that's smaller sized units, a more efficient production process, or innovative building materials. Another effective way to facilitate affordable housing by reducing costs is to preserve existing affordable housing by retaining the affordability of rental units that are at risk of losing government subsidies. The 2017 State Housing Functional Plan, prepared by HHFDC under the direction and oversight of the Act 127 SAT (Special Action Team), addresses four broad areas of major concern on a statewide level, with one of those areas being the expansion and preservation of rental housing opportunities. Two of the Implementing Actions contained in the draft State Housing Functional Plan include: 1) renovate and/or redevelop public housing facilities; and 2) assist in the acquisition and/or rehabilitation of rental housing projects. According to *Preserving Multifamily Workforce and Affordable Housing*, published by the Urban Land Institute in 2015, investments in the preservation of existing workforce housing produce higher financial returns than investments in new construction. The report cites research from HUD indicating that preservation costs 30% to 50% less than development of new units, and points out that preservation may be even more beneficial because it creates a positive social impact by improving the stability of existing neighborhoods and communities.

If the State is producing new affordable and workforce housing projects, but at the same time existing affordable housing projects are losing their affordability funding and/or affordability restrictions and being converted to market rate rental or for-sale condo projects, then the net progress in meeting the needs of low income households will be diminished. One of the policies set forth in the 2016/2017 QAP is that no more than one acquisition/rehabilitation project per calendar year may be awarded 9% tax credits. This policy may need to be reconsidered so that, as critical rehabilitation projects present themselves, enough flexibility is available to fund them.

CHAPTER 201H PROCESS

Chapter 201H authorizes HHFDC to develop or assist in the development of housing projects by exempting them from certain 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. These projects must primarily or exclusively provide affordable housing units, they must meet minimum health and safety standards, and they must not contravene any safety standards, tariffs, or rates and fees approved by the Public Utilities Commission (PUC) or various Boards of Water Supply.

The 201H expedited processing tool provides for greater design flexibility and cost savings for affordable housing projects. HHFDC establishes its affordability threshold for projects as those projects that primarily are affordable to households with incomes at or below 140% of AMI for each county. County governments have similar powers, and county governments establish their own affordability threshold criteria, which may differ from the state's affordability level of serving households with incomes at or below the 140% level.

The particular exemptions requested through the 201H process are generally processed through the appropriate county agencies. For most developments, the county agencies will accept and process 201H applications. Developers are encouraged to begin the 201H process by first contacting the applicable county.

Occasionally, a county agency denies a 201H expedited processing request. If the project meets the state's eligibility criteria, the developer may apply to HHFDC for 201H expedited processing after a county denial. HHFDC requires that the developer conduct at least one public meeting to solicit community input on the proposed project.

Threshold Requirements for Applications to HHFDC

The minimum requirements for HHFDC to accept an application for review of 201H expedited processing include the following:

1. Developer has site control.

2. Developer provides an explanation as to why the request is not being processed through the county.

3. Developer provides a description of the project and a breakdown of affordable vs. market-rate units. The State currently requires that a 201H expedited processing project primarily or exclusively include housing units affordable to households with incomes at or below 140% of AMI. The current income limits are available on the HHFDC website at http://www.hawaii.gov/dbedt/hhfdc (the 2016 income limits and housing ladders for each county are provided as Appendix A to this report).

4. Developer acknowledges that any for-sale affordable units will be subject to HHFDC buyback and shared appreciation equity provisions.

5. Developer submits an approved EA – if an EA is required – or an equivalent document under any one of the following conditions:

- The project is equal to or greater than 15 acres in size;
- The project will rely on non-public sewer or water systems; or
- The project is a subdivision and requests subdivision exemptions.

Application to HHFDC

1. Before submitting an application for the 201H expedited process to HHFDC, the developer is encouraged to discuss the proposed project with HHFDC staff.

2. The developer must conduct or participate in at least one public meeting to solicit community input on the proposed project.

3. The project must meet federal, State, and county health and safety standards as determined by the appropriate governmental agencies.

4. Once the developer completes and submits the HHFDC 201H application, the $2,000 fee, and any other required documentation to HHFDC, HHFDC staff will review the application.

5. HHFDC may request additional information, if necessary, to determine that the developer is an "eligible developer" – qualified by experience and financial responsibility – to construct housing of the type described and of the magnitude encompassed by the given project. This information may relate to, but is not limited to, credit worthiness, additional years of financial statements, etc.

6. HHFDC may also request additional information, if necessary, to determine eligibility and feasibility of the project. This additional information may include, but is not limited to, data to determine credit worthiness, detailed information on operating costs for private sewer and/or water systems, traffic studies, etc.

Line Agency Review

1. HHFDC staff will prepare a cover letter for use by the developer to distribute plans and exemptions to all appropriate county, State, and/or federal agencies.

2. The cover letter will request that the agencies complete their review within the county's standard 201H review time. To the extent feasible, it is HHFDC's practice to include proposed 201H exemptions in the draft EA for concurrent line agency review.

3. Agencies will review the plans and exemptions requested to ensure that the projects and exemptions requested do not negatively affect public health and safety.

4. The developer and/or the project's architect/engineer/consultant will work directly with agencies to address their concerns. The developer's architect/engineer may have to modify plans to address agency comments.

HHFDC Approval

1. After all agency concerns are addressed and after HHFDC makes a determination on the developer's qualification to develop the project, HHFDC shall render its decision on the applicant's qualification and the proposed housing project at an HHFDC Board meeting held in the county in which the proposed project is located. Board approval may be contingent, such as on completion of an EA or Environmental Impact Statement (EIS).

2. Upon approval by HHFDC of the proposed housing project and the satisfaction of any contingent requirements, HHFDC will submit the Chapter 201H Exemption Request package for review and approval of the requested exemptions to the appropriate City or county council. The package will typically include preliminary plans, outlined specifications, a draft agreement between HHFDC and the developer ensuring the project is built and operated as presented by the developer, and a draft resolution that itemizes each proposed exemption. The developer must provide sets of plans which reflect all amendments agreed upon during the project review by applicable agencies for inclusion in the 201H Exemption Request package.

Review by City/County Council

1. The Council has 45 days from receipt of the 201H Exemption Request package to act on the resolution. The Council may require modifications to the project during the course of its deliberations.

2. The 201H Exemptions Request package may first be reviewed in a committee hearing. The developer or representative shall be present at all committee meetings to make a presentation on the project and respond to any questions or concerns regarding the proposed project.

3. If approved at the committee level, a Committee Report recommending adoption of the 201H resolution is referred to the full Council for formal adoption. The developer or representative shall be present at the full Council meeting to respond to any questions or concerns regarding the proposed project.

4. Council action on the exemption request may take one of the following forms:

    - The Council may vote to approve the exemption request; or

    - The Council may vote to approve the exemption request with conditions, including a time limit on development; or

    - The Council may vote to deny the exemption request; or

- The Council may choose not to act upon the exemption request. If no action is taken, the exemption request is deemed to be approved after the 45-day Council review period lapses.

Review by State Land Use Commission

If LUC approval is required, the developer must follow the process as specifically described in the Hawaii Administrative Rules (HAR) for the Land Use Commission, HAR Chapter 15-15. Generally, notices of intent to file must be made to the public, the Land Use Commission, and particular State and county officials not less than sixty days prior to the filing of the petition. Pre-application meetings may be required. The developer must also provide additional information to the Land Use Commission.

Project Development Phase

1. If the requested council and/or Land Use Commission approvals are obtained, HHFDC and the developer will execute a development agreement with the approved exemptions and developer requirements.

2. The approved resolution should be attached to the building permit application.

OTHER 201H FINANCING TOOLS AND INCENTIVES

Pursuant to Chapter 201H, HHFDC may implement other financing tools and incentives to facilitate the development of affordable/workforce housing, in addition to those already described above. Some have never been implemented, some have become inactive, some may be instituted in the future, some may be revised and reintroduced in another form, and some may be provided by non-profit and community organizations.

By and large, these other tools and incentives are directed toward individual homebuyers. For example, the Mortgage Credit Certificate (MCC) program was authorized by Congress in the 1984 Tax Reform Act as a means of providing housing assistance to families of low and moderate income. The MCC reduces the amount of federal income tax owed, producing more available income to qualify for a mortgage loan and assist with monthly home-related expenses. The MCC is available to homebuyers who meet household income and home purchase price limits established for the MCC program, as well as other federal eligibility regulations. HHFDC is an Issuer of Mortgage Credit Certificates.

HHFDC's mission over the years has focused more on doing the most with the funding available, which generally means prioritizing its efforts on facilitating development of large rental complexes and supporting the developers of these types of endeavors. HHFDC could do even more in this regard with increased funding for the key programs – RHRF, HMMF, and DURF – that it controls outside of the federal government.

FEDERAL PROGRAMS

HOME Program

Each year HHFDC prepares its Consolidated Plan (Annual Action Plan), which is an application to HUD for funding through the HOME Investment Partnerships Program (HOME), the Emergency Solutions Grant (ESG) program, and the Housing Opportunities for Persons with AIDS (HOPWA) program. These funds are utilized in the Counties of Hawaii, Kauai, and Maui on a three-year cycle; the City and County of Honolulu prepares its own Annual Action Plan and receives a direct allocation from HUD annually.

The Consolidated Plan process is mandated by HUD to ensure that jurisdictions receiving direct federal assistance develop and utilize a plan for its housing and related needs of very low, low, and moderate income families in a way that improves the availability and affordability of decent, safe, and sanitary housing within a suitable living environment. HHFDC administers the HOME program, and the State Department of Human Services (Benefits, Employment and Support Services Division) administers the ESG and HOPWA programs.

The HOME program is a federally-funded program that was created by the National Affordable Housing Act of 1990. This program is intended to be a locally designed and administered program that expands the supply of decent, safe, affordable, and sanitary housing, with primary attention on rental housing. This includes new construction or acquisition and/or rehabilitation of rental housing units affordable to very low and low income families. HOME funds can also be used for tenant-based rental assistance and new construction, acquisition, and/or rehabilitation of housing for homeownership. The HOME Program requires that all HOME funds be utilized to assist households earning 80% or below of AMI. The program is also intended to strengthen the ability of state and local governments to design and implement affordable housing strategies, and to provide both federal financing and technical assistance.

Each year, HUD determines by formula the amount of HOME funds that states and units of local governments are eligible to receive. The State of Hawaii receives the minimum allocation of approximately $3 million in HOME funds each year. Significantly smaller amounts were anticipated for the more targeted funding sources of ESG (approximately $400,000) and HOPWA (approximately $200,000).

National Housing Trust Fund

The National Housing Trust Fund (HTF) was established under Title 1 of the Housing and Economic Recovery Act of 2008 to complement existing federal, state, and local efforts to increase and preserve affordable housing primarily for extremely low income households (those earning less than 30% of AMI), including homeless families. Governor Ige designated HHFDC to administer HTF funds on behalf of the State. HHFDC anticipated receiving approximately $3 million in HTF funding for the first time in 2016.

HHFDC allocates its HTF funds to the counties for rental housing activities. After retaining 5% of the annual allocation for administrative costs, HHFDC allocates 50% to the City and County of Honolulu. The remaining 50% is allocated to one of the other three counties in accordance with the annual rotation of HOME funds. The County of Kauai received the remaining 50% allocation in 2016, the County of Maui is slated to receive it in 2017, and the County of Hawaii will receive it in 2018.

Community Development Block Grants

The Community Development Block Grant (CDBG) program works to promote decent affordable housing, to provide services to the most vulnerable in the community, and to create jobs through the expansion and retention of businesses. HUD determines the annual CDBG appropriation to states and local jurisdictions by using a formula comprised of several measures associated with community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relation to other metropolitan areas. Not less than 70% of CDBG funds must be used for activities that benefit low and moderate income persons. In addition, each activity must meet one of the following national objectives for the program: benefit low or moderate income persons; prevent or eliminate slums or blight; or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available. HHFDC does not receive this funding; counties receive and administer funding through this program.

Section 8

Section 8, or rent subsidy, funding involves regular and enhanced tenant-based housing choice vouchers (HCV). Enhanced vouchers can cover a higher rent than would ordinarily be allowed under the regular vouchers. Section 8 project-based voucher (PBV) assistance is available for multi-family housing, including new construction and substantial rehabilitation of existing buildings. Section 8 assistance is used throughout the State; for example, recent data indicates that almost 250 more families in Maui County are being served by this program over the last two years (December 2016 compared to January 2015).

This tool is generally applicable for projects serving very low income households with incomes up to 30% of AMI (the extremely low income, or ELI, household income category). It is administered by the Hawaii Public Housing Authority (HPHA) and the City and County of Honolulu on Oahu, and it is administered by county housing agencies on the other islands.

Other HUD Financing

There are many experienced HUD lenders, such as Love Funding (www.lovefunding.com), offering refinance, construction, rehabilitation, and acquisition financing programs for multi-family and affordable housing projects. Although many are subject to various FHA requirements, the programs can provide an important source of permanent and other financing for workforce housing projects. A couple of examples include the following:

1. A pilot program offered by some lenders couples long-term, assumable financing with 4% or 9% LIHTC funding, including projects with Section 8 Housing Assistance

Payment (HAP) contracts. Permanent financing parameters include an 85% loan-to-value (LTV) ratio and a 1.15 debt service coverage (DSC) ratio. Terms up to 35 years and market competitive interest rates are offered.

2. The HUD Section 221(d)(4) program provides non-recourse, assumable construction and permanent financing for new affordable housing apartment complexes. The financing covers 85% of replacement cost and involves a 1.15 DSC ratio. Terms up to 40 years and market competitive interest rates apply.

CHAPTER 3
POTENTIAL INFRASTRUCTURE FUNDING TOOLS

STATE CONTEXT

Infrastructure is essential to support development across the State and is integral to building vibrant communities. However, there are many different pieces to the entire infrastructure puzzle. As new funding ideas are contemplated, all stakeholders must keep the perspective that there are many critical funding needs in Hawaii. Whether its increasing workforce housing, improving public school learning environments, or upgrading and expanding infrastructure systems, there will be stiff competition for every dollar that may be produced by alternative funding sources.

In July 2010, HIPA published its *Report on the State of Physical Infrastructure in Hawaii*. The purpose of the report was to not only increase attention on the State's existing inventory of infrastructure, but also to collect information about the short-term needs (six years, from 2010 through 2015) for infrastructure around the State. This report is considered the first of two phases, with the second phase proposed to address long-range planning, demands from future development, and land use and funding policies. The Phase I report concludes among other things that, even though it is generally recognized how integral infrastructure is to our daily lives, "Hawaii's physical infrastructure is old and failing, requiring billions of dollars for repairs, maintenance and upgrades."

Critical backbone infrastructure and public facilities expenditures, attendant land acquisition costs, and other related expenses for water treatment, storage, and transmission, wastewater treatment and effluent reuse, drainage and flood control, landfill, transfer station, and other solid waste facilities, roads and bridges, mass transit hubs, equipment, and maintenance facilities, public buildings/civic centers and public safety facilities, neighborhood, community, and regional parks, trails, bikeways, and other recreation improvements, schools and libraries, energy systems, and disaster preparedness are projected to be several billion dollars statewide in the near- to medium-term, not including Honolulu's high-speed rail project. Add courthouses and jails, medical centers, universities, performing arts centers, and other necessary and/or desirable public facilities, and the costs get even higher.

Clearly, with a price tag measured in billions, it will take some creative and aggressive funding to manage the infrastructure required just to address existing repairs and upgrades throughout the State. Tens of thousands of new dwelling units – not just market-rate units but workforce/affordable housing units as well – together with millions of square feet of commercial and industrial space are anticipated to be developed around the State over the next few decades. Layering the infrastructure needs associated with new development on top of the existing requirements will push much of that incremental infrastructure burden onto the private sector and require still more innovative funding to handle it.

A lack of housing that is affordable to working families throughout the State has become an increasingly pressing issue. Boosting the stock of affordable, or workforce, housing will be much more challenging, if not nearly impossible, without also boosting the types of funding tools for, the amount of funding for, and the availability of all manner of public capital improvement projects.

One of the largest barriers to residential development, particularly affordable/workforce housing, is the lack of major off-site infrastructure (sewer, drainage, roads, water, dry utilities, schools, etc.). Also, off-site infrastructure costs can be a contributor to the high cost of housing if these costs are borne by developers and passed on to homebuyers and apartment renters. When government entities (State and counties) designate certain areas for residential or commercial growth, they should also ensure that their infrastructure plans and required funding will timely accommodate such growth.

INFRASTRUCTURE FUNDING APPROACH

The State and counties have access to a variety of funding tools, some of which they use regularly and some of which they use infrequently or not at all; still others are only concepts at this time and additional legislation must occur to create and/or improve them. While there are some variations between mechanisms, most funding techniques are authorized by law to pay for any backbone infrastructure or public facilities that the State or a county may own and operate. This includes not only the costs to construct the public improvements, but also the costs associated with right-of-way/public lands, design and engineering, inspection and project management, and financing district formation and administration costs. Some funding tools may also be utilized for purposes other than infrastructure, such as general obligation bonds to fund housing projects, and revenue bonds to fund loan programs for lower-income county residents. This chapter describes an array of funding mechanisms the State and counties may employ, together with landowners and developers, to pay for needed improvements to all types of existing infrastructure and for new infrastructure required to support development in general, and workforce housing in particular, around the State.

Communities can fund infrastructure using many tools, strategies, and innovative models. The first step in paying for infrastructure is identifying a funding source. In the context of infrastructure development, a funding mechanism often refers to a revenue stream. Some types of infrastructure generate revenue directly by charging users a fee. For example, user fees are charged for transit systems, many parking facilities, water and wastewater systems, and toll roads and bridges; this revenue can be used for operations and maintenance and/or capital improvements. Other types of infrastructure, like sidewalks, local and arterial surface streets, parks, and public schools, rarely generate revenue directly because they are free to use. To pay for this type of infrastructure that does not generate revenue, local governments typically rely on revenue from taxes, non-user fees, and other sources.

Once a funding source is identified, state and local governments can approach paying for infrastructure generally in two ways: pay-as-you-go, or financing. In a basic pay-as-you-go approach, an improvement is installed only when enough revenue has been collected to cover the entire cost of the improvement. In contrast, with a financing approach, the improvement is paid for before revenue equal to the full cost of the improvement is available, typically by borrowing against future revenue and issuing bonds that are paid back over time with taxes, user fees, or other revenue sources.

There may be legal, even constitutional, issues in Hawaii associated with some of the ideas presented below, and of course there may be political, operational, economic, and other issues that need to be addressed as well. The primary objective of this process, of which this report is merely a first step, is to expand the universe of funding alternatives and, ultimately, to unlock more money for infrastructure needs in Hawaii.

The challenges of funding infrastructure call for continued innovation and creativity, and an ability to combine tools into comprehensive strategies. Some of these tools have rarely been applied to infrastructure in Hawaii and might require modification to be applicable. The concepts and ideas in this report are intended to help various stakeholders learn about the tools, encourage consideration of emerging approaches, and, where appropriate, even stimulate creation of modified versions of the tools.

MUNICIPAL BONDS

General Obligation Bonds

General Obligation (GO) bonds are governed by the State Constitution and Hawaii Revised Statutes (HRS) Chapter 47. The security for these bonds is the full faith and credit of the State or a county, and the principal and interest payments on the bonds are a first charge on the general fund of the State or county. Total funded debt (outstanding GO bond debt and other debt such as state revolving fund loans) cannot exceed 15% of the total assessed value of real property in a county. Although not State law, but certainly pertinent, sound fiscal policy endorsed by the Government Finance Officers Association (GFOA) suggests that debt service on funded debt generally not exceed 15% of total general fund revenues. GFOA is a large professional organization of state and local finance officers in the Unites States and Canada that supports financial management of government agencies by developing financial policies and best practices and by offering education, training, and networking opportunities. At the State level in Hawaii, principal and interest on outstanding GO bonds cannot exceed 18.5% of general fund revenues; by way of a couple examples at the county level, the threshold for the City and County of Honolulu is 20%, and the County of Hawaii has informally adopted GFOA’s 15% guideline.

GO bonds that finance revenue-generating facilities are considered reimbursable GO bonds to the extent that the revenues are actually used to reimburse the general fund for debt service payments it has made. Reimbursable GO bonds may also fund facilities that do not generate revenue; instead, these bonds are reimbursed by revenues created with another funding source, such as special taxes from a CFD (see below). Reimbursable GO bonds are generally excluded from the 15%-20% debt limitations identified above.

GO bonds are structured with level debt service, a typical bond term of 20 years and a maximum bond term of 25 years – although reimbursable GO bonds may extend 35 years – and the first principal installment included in annual debt service must occur within five years of the time bonds are issued. Interest on the bonds is tax-exempt. Debt service coverage and a debt service reserve fund are not required. Certain county staff have in the past noted that reimbursable GO bonds appear to be a viable, even desirable, funding tool under appropriate circumstances. Those circumstances may be instances where the public facility being financed provides some kind of regional or environmental benefit, or assists a county in meeting specific public policy goals related to workforce housing, economic development, or other similar objectives; in addition, a mechanism to generate revenue to pay debt service on the bonds must be in place, or an ability to put it in place must exist.

Revenue Bonds

Revenue, or enterprise, bonds are governed by the State Constitution and HRS Chapter 49. The security for revenue bonds is a county general fund, an enterprise fund (e.g., a fund collecting bi-monthly consumer water charges), or some dedicated revenue stream of the county or an enterprise. They are issued to fund revenue-generating activities (e.g., public facilities or systems), and the issuer is obligated to charge and collect enough revenues to make the endeavor self-sufficient. Annual debt service coverage requirements are typically 110% to 125%, and a debt service reserve fund is usually required in an amount equal to approximately 7% of the bond issue (which equals one year of debt service), depending on the interest rate and bond term. The maximum bond term is 30 years, and the bonds are generally structured with level debt service. Interest on these bonds is tax-exempt.

Certificates of Participation (COPs) and lease revenue bonds, governed by HRS Chapter 37D, are other forms of revenue bonds that provide long-term State financing for public improvements via a lease or installment sales structure. COPs permit the acquisition or construction of specific equipment, land, or facilities through the incurrence of debt. Although the structure of COPs can sound complicated, it is actually an efficient and straightforward method of securing tax-exempt financing for public facilities by taking advantage of an available stream of revenue, such as a long-term ground lease.

The issuance of COPs does not require the formation of a special district and is typically authorized by approval of a resolution by the State or State agency. COPs are secured by the covenant of the State or State agency to make annual appropriations in an amount sufficient to service the certificates. The appropriations may come from the general fund or from a designated special fund, such as an enterprise fund for sewer and water services. COPs are not secured by the full faith and credit, or taxing power, of the State.

Land-Secured Bonds

Improvement District (ID) financing is governed by HRS Section 46-80 and implemented by various county codes as follows: Revised Ordinances of the City and County of Honolulu (ROH) Chapter 36; Hawaii County Code (HCC) Chapter 12; Maui County Code (MCC) Title 14, Article 3, Chapter 14.36-14.60; and Kauai County Code (KCC) Title X, Chapter 10. The security for these bonds is an assessment levied on property inside the specified boundaries of an ID, which is typically repaid in annual installments. Annual installments/assessments are generally added to the property tax bill and collected at the same time as property taxes.

Business Improvement Districts (BIDs) are another form of land-secured financing; the County of Hawaii, for example, has language that governs BIDs at HCC Chapter 35. The source of this revenue stream is special assessments levied on property within the boundaries of the BID. Annual assessments are generally added to the property tax bill and collected at the same time as property taxes. Clearly, a BID is very similar to an ID, except that the primary purpose of a BID is typically to fund annual operating costs (e.g., security, landscaping, marketing, trash removal, graffiti abatement) associated with the needs of local businesses, rather than to fund infrastructure.

Community Facilities District (CFD) financing is governed by HRS Section 46-80.1 and implemented by the following county codes: ROH Chapter 34; HCC Chapter 32; and KCC Chapter 26. The County of Maui has not adopted an implementing ordinance for CFDs. The security for these bonds is an annual special tax levied on property inside the specified boundaries of a CFD. Annual special taxes are generally added to the property tax bill and collected at the same time as property taxes. It appears that State improvements, such as DOE and DOT facilities, may be financed directly through a CFD established by a county (note that "county" as used in this report means a county in Hawaii or the City and County of Honolulu) or together with the State through a Joint Community Facilities Agreement or Joint Powers Agreement between a county and the State.

These two financing techniques – an ID and CFD – share obvious similarities, but also have key differences. For example, interest on land-secured bonds is tax-exempt in almost all cases. Some other similarities, as well as the differences, include the following:

Similarities between IDs and CFDs

1. These districts are usually formed over project areas where development has not yet occurred, with the project landowners/developers working together with a county to complete the formation process. Once development starts, detailed disclosure about how the district works and its impact on homeowners and other owners is provided to prospective homebuyers and other buyers.

2. There is no commitment from a county to pay the assessments or special taxes in the event of a delinquency or default; instead, the ultimate remedy for non-payment is foreclosure on the property that is delinquent. ID bonds and CFD bonds do not count against a county's capacity to issue GO bonds.

3. ID and CFD bonds are typically sold without bond ratings to sophisticated individuals and institutional investors. These bonds are often used to reimburse landowners/developers who install public improvements, but can be used to fund the improvements directly.

4. ID and CFD bonds can be secured by the taxing power of a county as reimbursable GO bonds, with reimbursement from annual assessment or special tax proceeds.

5. Bonding capacity is based on two factors: 1) the amount of bonds that can be supported by the annual assessment or special tax proceeds, including 110% debt service coverage plus annual administrative costs; and 2) a minimum value-to-lien ratio of typically 3-to-1, where “value” is the appraised value of the property inside the district at the time bonds are issued (including the value of the improvements that will be funded), and “lien” is the amount of bonds proposed to be issued (including any outstanding bonds that are also land-secured).

6. After the district is formed, a county is responsible for managing the annual levy, complying with state and federal continuing disclosure requirements, monitoring delinquencies, and pursuing foreclosure on delinquent parcels.

Differences between IDs and CFDs

1. Successful formation of an ID involves avoiding a majority protest of landowners with 50% or more of the total assessment, while successful formation of a CFD can involve avoiding a protest from owners of more than 55% of land, or from more than 55% of landowners, within the district boundaries.

2. An ID sets a fixed assessment amount for each parcel, while a CFD sets a maximum annual special tax for various land use categories, may distinguish between developed vs. undeveloped property, and is designed to offer other forms of flexibility.

3. The ID assessment must be based on a finding of special benefit (i.e., the parcel upon which the annual assessment is levied must be deemed to receive a direct and special benefit from the improvements being funded, and the amount of the assessment that relates to the special benefit conferred on the parcel must be based on its proportionate share of benefit relative to the other parcels within the district), while the CFD special tax may be based on special or general benefit or on any other reasonable factor.

4. Primarily because of the special benefit requirement, an ID generally can only fund local facilities (e.g., subdivision streets, in-tract water and sewer lines, neighborhood parks), while a CFD may fund local and regional facilities (same as an ID plus, for example, collector streets and highways, water source/distribution and wastewater treatment/conveyance, and regional parks).

5. Also due to the special benefit limitation, funded improvements typically must be located inside the designated boundaries of an ID, while improvements funded through a CFD may be located inside or outside district boundaries.

6. ID assessments must be levied on land owned by public agencies if that land receives a special benefit, while public land in a CFD may be exempted from the special tax levy.

7. Bonds issued through an ID are structured with level debt service, while CFD bonds may be structured with level or escalating debt service. An escalating debt service can be arranged to increase annually at a small percentage, which produces approximately 15% to 20% more bonding capacity and, therefore, more money to fund infrastructure.

Multiple IDs have been formed throughout the State, many dating back 50 years or more. Within the past decade, a few CFDs have been formed in Hawaii and many others have undergone the process of formation but did not get completed for a variety of reasons, the primary one being the slumping real estate market during the recent national recession. However, the Kukui'ula CFD in Kauai was formed in 2008 and approximately $12 million of CFD bonds were sold in mid 2012. That financing was well-received by the land-secured bond market, achieving a strong (i.e., relatively low) interest rate and setting a solid precedent in Hawaii for these types of bonds.

The trend in California and in other states with a financing tool similar to a CFD is to move toward CFDs and away from IDs due to many of the differences between IDs and CFDs noted above. Hawaii seems to be moving in the same direction. For these reasons, it is assumed that the preferred land-secured financing mechanism for public facilities in Hawaii would be CFDs. A brief comparison of key elements of the three CFD ordinances already in place is provided below.

Comparison of Existing CFD Ordinances in Hawaii

<u>CFD Improvements and Bonds</u>

1. HCC and KCC include among authorized improvements that may be funded through a CFD both public and private facilities, as long as the Council determines that there is a public/governmental purpose for the privately-owned facilities.

2. HCC specifically lists school sites and facilities as authorized improvements, ROH does not include school sites and facilities on its list of authorized improvements, and KCC does not include a list so is silent on the ability to use a CFD to fund schools.

3. All three ordinances allow water, sewer, and other utility connection fee obligations to be funded through a CFD.

4. HCC permits the issuance of reimbursable GO bonds, the debt service of which would be paid with annual special tax proceeds collected through the CFD and/or bonds issued through the CFD; also, CFD bonds may be used to refund GO bonds.

CFD Formation

5. The Resolution of Intention (ROI) to form a CFD fixes a time and place for the public hearing, which must occur between 30 to 60 days after ROI is adopted under ROH and KCC; HCC stipulates that time to be 60 to 90 days.

6. ROH and HCC allow the public hearing to be waived if 100% of the landowners within the CFD petition to waive the hearing; KCC does not include such a provision.

7. HCC stipulates that the CFD can only be formed if the appraised value of the land is at least two times the estimated cost of the proposed improvements to be funded. This is an unusual requirement, one that does not exist in ROH or KCC.

8. All three ordinances state that CFD formation proceedings must stop if protests are received from owners of more than 55% of the property within the CFD, or from more than 55% of the landowners who own property within the CFD.

CFD Special Taxes

9. Pursuant to all three ordinances, the special tax rates established for a CFD do not need to be based on special benefit; they can be spread in any manner deemed reasonable by the Council.

10. HCC and KCC require that notice of the special tax lien be recorded with the Bureau of Conveyances or Land Court, and HCC includes the form of such notice; ROH does not appear to include this requirement (but it probably should).

Combining CFDs with Reimbursable GO Bonds

The County of Hawaii has explored, but has not had the opportunity to implement yet, a technique that combines a CFD with reimbursable GO bonds to accelerate funding for needed infrastructure or to fill funding gaps that may occur with disharmonious development schedules that could leave pieces, or voids, of unconstructed infrastructure. A CFD is typically designed to levy a special tax on developed property first. Because of the extended timeframe often involved for all of the homes and other land uses in a larger development project to ultimately build out, a CFD would generally need to levy an annual special tax on the undeveloped portions of land within its boundaries to collect enough revenue to pay debt service on bonds until such time that all development had occurred. In other words, landowners and developers would need to fund the difference between the annual bond debt service and the special tax revenue collected from developed property, which would be in the form of a special tax levy on their vacant land.

The essence of the proposed funding technique is to shift part of the risk of development timing from the developer/landowner to a county. This risk transfer can be accomplished by having a county issue reimbursable GO bonds. A CFD would be established, but a special tax would only be levied on developed property for a specified time; undeveloped property would be exempt from the special tax during that time. Debt service on the GO bonds would be paid first from special tax revenue collected through the CFD, and second from the county general fund to the extent needed to cover the difference between debt service and special tax revenue. Basically, the GO/CFD combination eliminates the potential burden on vacant land for a specified time and shifts that burden to the general fund.

GO bonds are generally rated and/or insured and, consequently, would be issued at a much more cost-effective (i.e., lower) interest rate than unrated/uninsured CFD bonds, and do not involve a debt service coverage ratio above 100%. Since the term of a GO bond issued by a county is typically 20 years (although that term could be extended with a reimbursable GO bond) while the term of a CFD bond is typically 30 years, the lower interest rate does not by itself reduce annual debt service, but it significantly lowers the total borrowing costs, and no coverage requirement lowers the maximum annual special tax that would need to be established upon CFD formation to cover debt service. GO bonds also do not require a reserve fund (typically 7%-8% of a CFD bond amount depending on interest rates and bond term, and assuming a level debt service structure) and would not necessarily need to include any capitalized interest (typically 10%-15% of a CFD bond amount depending on interest rates and the length of time covered by funded interest), so the actual amount of bonds issued would be much less compared to CFD bonds; this, too, translates into a lower annual special tax that would need to be collected from homeowners and commercial/industrial owners.

Issuing GO bonds and forming a CFD are two pieces of a three-part proposal: the third component of this technique is to reimburse a county for its general fund contribution. This financing proposal goes well beyond a CFD-only approach in terms of a county's role in a public-private financing partnership. In addition to the upfront costs a county might absorb under the CFD-only approach, this GO/CFD combination requires a county to contribute general fund revenues for multiple years until a special tax on undeveloped property kicks in or enough special tax revenue is generated from developed property to cover debt service on the GO bonds. Moreover, the GO bond aspect of the proposal could result in a lower total bond amount, lower annual debt service, and lower special tax requirement, all considerable benefits to the private sector participants in this financing.

To achieve the reimbursement, the CFD special tax rates would be set higher than they otherwise would need to be to simply cover the debt service on the GO bonds. To be more precise, they would be set at an amount that allows a county to be fully reimbursed for the annual general fund contributions it is estimated to make, with interest equal to the rate on the bonds, by some specified date, but no later than the time the bonds are scheduled to mature.

There are many factors that could influence how long it takes for a county to be fully reimbursed for its general fund contributions. Probably the most critical is the pace of new development. If development occurs faster than expected, a county will be repaid more quickly; conversely, if development is slower, the reimbursement will take longer. The quantity, not just the timing, of development would also affect a county's reimbursement. Other property slated for new development but not part of the initial CFD could at a later time, when it's ready, annex into the existing CFD or form another CFD that contributes to a county reimbursement. If necessary, the CFD(s) could continue to collect special tax revenue after the GO bonds have been retired until a county is fully reimbursed.

In summary, this approach shifts a portion of the risk associated with the timing of development from developer-owned vacant land to a county's general fund. However, the CFD would be formed to set the special tax rates at an amount that would allow a county to be fully reimbursed, with interest, for its general fund obligations. This effectively turns a county contribution into an investment with a stated rate of return, and also facilitates property tax and other tax-generating development.

Comparing Debt Financing Tools

Figure 2, presented on the following page, is a matrix that compares, in general terms, interest rates and bond terms for GO bonds, revenue bonds, and CFD bonds. The matrix also illustrates how much net bond proceeds would be available to pay for infrastructure from a hypothetical $100 bond issue, and shows what the annual debt service on that bond issue would be, for each type of bond. Figure 2 demonstrates that a GO bond easily produces the highest amount of net proceeds for infrastructure, but also results in the highest annual debt service. The annual debt service would be less if the term of a GO bond issue was extended to 25 years, or if a reimbursable GO bond was utilized with a term of, say, 30 years, but then total interest costs would be higher. Uses of total gross bond proceeds that result in net proceeds for infrastructure include costs of issuance, a reserve fund, and capitalized interest, as described below:

- ***Costs of Issuance***: Contingent and non-contingent fees and expenses of bond counsel, financial advisor, special tax consultant, and other members of the finance team; bond underwriter's discount; administrative costs associated with State or county staff time and, in some cases, an issuer fee; printing costs, trustee costs, and related expenses; in the case of CFD bonds, oftentimes the first year's annual administrative costs for county staff time and consultant expenses are included (future year administrative costs are included in the annual special tax levy).

- ***Reserve Fund***: Set aside, and invested for the term of the bonds, to offset any delinquencies or other deficiencies in enterprise revenue or special tax collections.

- ***Capitalized Interest***: Invested in a short-term instrument, these funds are drawn down to pay interest on the bonds, giving development projects within a CFD some time to generate cash flow before they are required to make debt service payments; may be established to fund interest for up to 24 months.

FIGURE 2
COMPARISON OF FINANCING TOOLS
GO BONDS, REVENUE BONDS, AND CFD BONDS

	GO Bonds	Revenue Bonds	CFD Bonds
Bond Term (Years)	20	30	30
Bond Interest Rate	4.0%	4.5%	5.5%
Hypothetical Bond Amount	$100.00	$100.00	$100.00
Costs of Issuance	($3.00)	($4.00)	($4.50)
Reserve Fund	$0.00	($7.00)	($7.50)
Capitalized Interest [1]	$0.00	$0.00	($13.00)
Net Proceeds Available for Infrastructure	$97.00	$89.00	$75.00
Annual Debt Service	$7.36	$6.14	$6.88
Debt Service Coverage [2]	100%	120%	110%

[1] Assumes capitalized interest funds will cover debt service for two years to provide flexibility in development project cash flow before a project is required to support debt service. While the maximum allowable capitalized interest is presented, bonds can be issued with less, or without any, capitalized interest.

[2] The amount of revenue, as a percentage of debt service, that must be demonstrated can be collected.

OTHER PUBLIC FINANCING SOURCES

Tax Increment Districts

Tax Increment Districts (TIDs) are governed by HRS Section 46-101 to 46-113 (the Tax Increment Financing Act) and HCC Chapter 33 (Hawaii County); the other three counties have not adopted an implementing ordinance for TIDs. The source of this revenue stream is an increase in property tax revenue, or tax increment. The increment results not from an increase in property tax rates, but from an increase in taxable property value primarily due to redevelopment or new development. A specific geographic boundary must be drawn for a TID.

Pursuant to HCC Chapter 33, a TID may be formed to fund public improvements in a "targeted area," which is defined as an area significantly impacted by blight, as explained more fully below. To form a TID, it must be determined that the infrastructure to be funded by the TID cannot be funded in a reasonable time without tax increment financing, and the total assessed value of all Hawaii County TIDs at the time of a new TID formation cannot exceed 10% of the total assessed value of all property in the County. Furthermore, the boundaries of a

TID must be within or co-terminus with the boundaries of an ID or CFD. Since no new taxes or other annual burdens are being proposed with a TID, protest or election proceedings are not required; instead, TIDs are adopted by ordinance of the County Council. TIDs have not been implemented yet in Hawaii County or elsewhere in the State.

It is important to note that any amount of property tax diverted to a TID and away from the county general fund represents money not available to cover the cost of services typically paid with general fund revenue, as least while the TID is in effect. Although a TID does not create a new stream of revenue, like a CFD, it can be an effective tool for areas where otherwise there would be no, or less, development and the accompanying upside potential for property tax revenue. Also, all of the tax increment does not have to be directed to the TID; a specified percentage can be allocated to a TID, with the remainder continuing to flow to the county general fund. Since the tax increment is not current property tax revenue, but future property tax revenue that does not yet exist, this tool is simply implementing a different way to use some or all of the future revenue for a temporary, or interim, period of time specified when the TID is established. All future tax increment reverts back to the county once the TID expires. Tax increment financing can be a strategic public sector investment in critical infrastructure that does not take a bite out of existing county property tax revenue.

The current law in the County of Hawaii, having been instituted approximately two decades ago, contains certain provisions that severely limit the applicability of this financing tool. To make it more useful, HCC Chapter 33 would need to be amended to eliminate the following two requirements from the law:

1. That the area to be included within a tax increment district be a targeted area; and

2. That the area to be included within a tax increment district be designated as an improvement district or community facilities district with identical boundaries.

Targeted Area

A targeted area is a specific geographic area determined by the Council to be significantly impacted by blight. The finding of blight must demonstrate that an area, or the properties within that area, poses serious health, safety, and criminal risks or suffers from extensive economic dislocation or deterioration.

The blight requirement within Chapter 33 appears to be inconsistent with state statute. The Tax Increment Financing Act, upon which Chapter 33 is based, does not require a finding of blight. Instead, the Urban Renewal Law, at HRS Chapter 53, provides for the establishment of redevelopment project areas and the requirement for a blight finding. In fact, two years after the State Legislature originally enacted legislation to allow counties to use tax increment financing, it deleted the requirement that this funding tool be utilized by a redevelopment agency or as part of an urban renewal plan so that it could be used in situations where blight did not exist. If the County Council determines the need to create a redevelopment project area and make a finding of blight for a specific area, it may do so under HRS Chapter 53.

For the Council to simply employ tax increment financing in an area where a finding of blight cannot be made, the first proposed revision, above, to Chapter 33 must be adopted. Of course, if the Council desired to utilize tax increment financing in a particular area for which it also desires to create a redevelopment project area and specifically address conditions of blight (i.e., effectively implementing Chapter 33 as it is currently written), it could couple its powers under HRS Chapter 53 with those under HCC Chapter 33, as revised. Note that many states are authorized to use tax increment financing for purposes other than the redevelopment of blighted areas. General economic development intentions, such as to facilitate commercial and industrial development, to expand the employment and tax base, to promote construction of affordable/workforce housing, or to support school facility concurrency, are among those other purposes.

HCC Chapter 33, as revised, would continue to include provisions that protect against excessive use of tax increment financing and that address potential public policy issues. The Director of Finance, the Director of Public Works, and the Director of Planning need to prepare or be consulted on comprehensive reports that document and justify the need to form a TID, and the total assessed value of all TIDs (at formation) cannot exceed 10% of the assessed value in the County. In addition, tax increment generated within a district can be apportioned by the Council between the tax increment fund and the general fund to account for the budgetary impacts on the County resulting from development within the proposed TID.

Improvement District or Community Facilities District

As described above, IDs and CFDs are land-secured financing mechanisms. The debt service on bonds issued through one of these districts is paid by the annual levy of special assessments or special taxes on property within the district, and the bonds are secured by the value of the land and improvements inside the district.

Similar to the finding of blight requirement, the ID or CFD requirement seems inconsistent with the Tax Increment Financing Act contained in the HRS. There is no condition within the Tax Increment Financing Act to combine a TID with an ID or CFD. Furthermore, the requirement in a provision at the beginning of HCC Chapter 33 to involve an ID or CFD appears to change later in that chapter of the code when reference is commonly made only to an ID, not to both an ID and a CFD. Given the preference for CFDs, as outlined in the land-secured financing section above, this ambiguity could be problematic in the future.

For any given project or development area, it may be prudent to implement a CFD, or a TID, separately or combined, with either identical or divergent boundaries. The most efficient financing program will need the flexibility to mix and match these financing tools as conditions dictate. Of course, if the second proposed change, above, to Chapter 33 is adopted, and if circumstances warrant, the Council could always implement a TID together with a CFD just as the law originally prescribed. In fact, Chapter 33, as revised, would specifically allow the Council the option, but not the obligation, to couple a TID with an ID or CFD.

Bonds Secured by Tax Increment

There is another potential impediment to using a TID to its fullest extent, but this obstacle is outside the control of the counties. While the Tax Increment Financing Act authorizes the issuance of tax increment bonds that may be secured in whole or in part by tax increment, it is uncertain whether the State constitution allows for the issuance of bonds solely with a pledge of tax increment. Therefore, a constitutional amendment confirming a county's ability to issue tax increment bonds may be needed to correct this issue. Constitutional amendments do not happen often, and there are strict procedures and timeframes regarding how and when they will be considered. Alternatively, an opinion from the Attorney General (AG) confirming that tax increment bonds can be issued could also provide the needed assurance to effectively use this financing tool.

Although this impediment may preclude the issuance of bonds secured by tax increment, counties can still use TIDs right now. Rather than bond against the stream of tax increment, infrastructure could be funded on a pay-as-you-go basis by applying annual tax increment revenue to pay directly for improvements. To bond against tax increment revenue, tax increment generated through a TID would have to be used to pay debt service on other bonds. It may be possible to issue reimbursable GO bonds and use tax increment to pay the debt service, but since tax increment technically cannot secure bonds, those GO bonds might count against a county's capacity to issue other forms of funded debt, such as additional GO bonds. However, it probably is possible to form a CFD and establish maximum special tax rates sufficient to pay debt service on CFD bonds, but use tax increment revenue to pay all or a portion of the debt service on those bonds and, in so doing, reduce or eliminate the special tax that actually gets levied. Alternatively, or concurrently, some or all of the tax increment could allow for more CFD bonds to be issued. These CFD bonds would not count against a county's capacity to issue GO bonds. This approach would be less efficient than simply issuing bonds secured by tax increment, but it may be a way to utilize TIDs and indirectly bond against tax increment if the State constitution cannot be amended or an opinion from the AG cannot be rendered.

There are also other benefits to using TID and CFD financing together. CFD financing can provide a source of funding for infrastructure sooner than traditional tax increment financing, and development risk related to future development and the generation of tax increment can be shifted to the private sector. Figures 3 and 4 on the following page illustrate how traditional tax increment financing using Tax Allocation Bonds (TABs) works first, and second how combining TID and CFD tools can accelerate funding for needed infrastructure.

FIGURE 3
TRADITIONAL TAX INCREMENT FINANCING

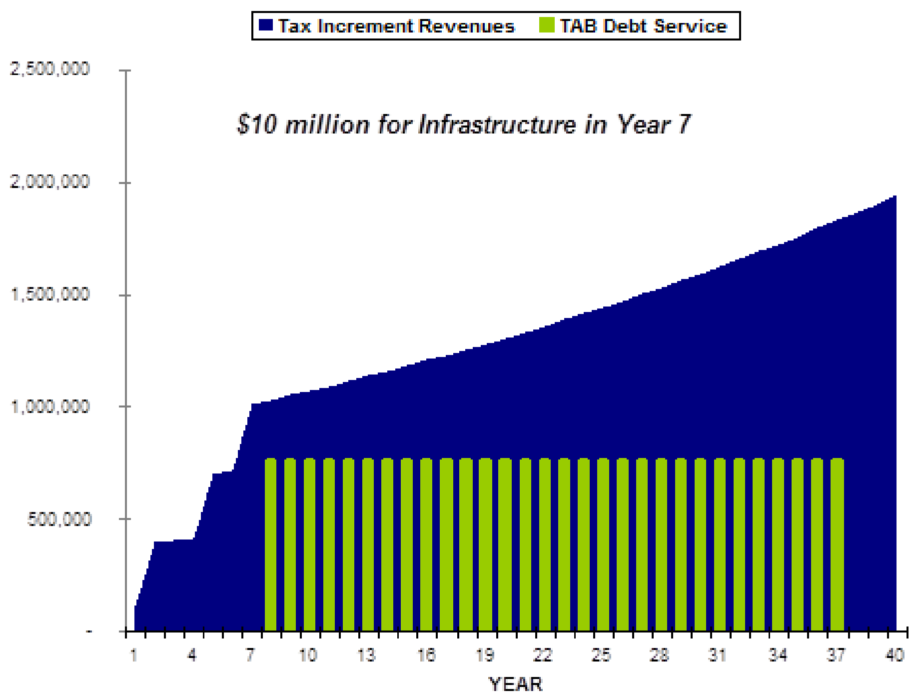
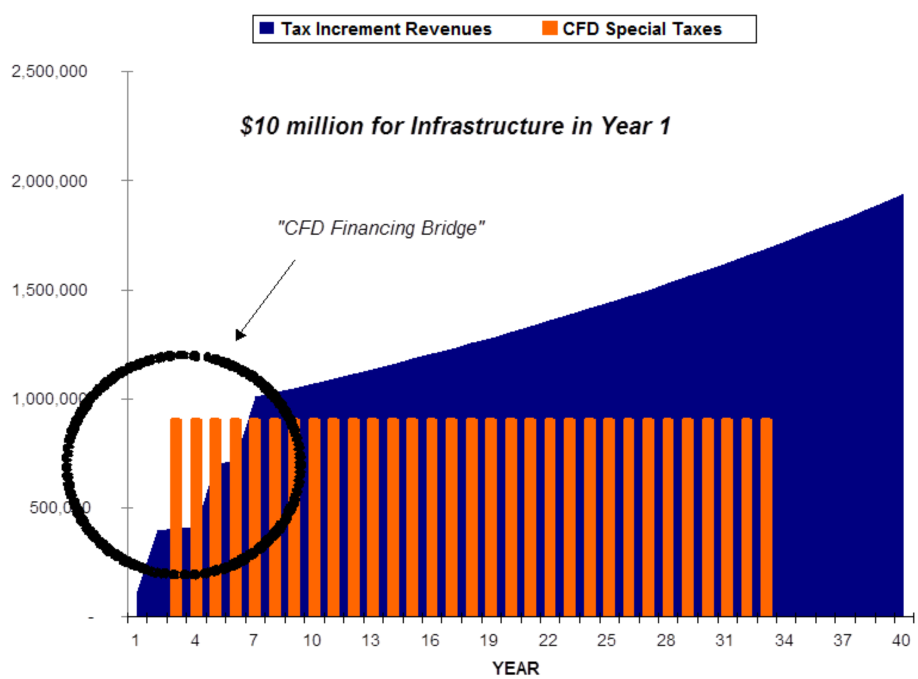


FIGURE 4
COMBINED TID AND CFD FINANCING



Combining tax increment financing with CFDs has been done successfully in California, and may prove to be an attractive form of public-private financing partnerships where both the public agency and private landowner/developer contribute funding (the public agency through a TID and the private landowner/developer through a CFD). Forming TIDs will allow a community to retain, or capture, some of the tax revenue it generates and use it right there to meet its own needs directly. Tax increment needs to be one tool in a county's financing toolbox, and it will facilitate the process of mixing and matching and timing funding options with infrastructure requirements. However, while there may be value in earmarking local tax dollars for local infrastructure projects, the extra administration cost of that approach needs to be recognized (although administration costs would be funded by the tax increment), as does the possibly lower bonding capacity of issuing CFD bonds supported by tax increment as opposed to simply issuing GO bonds.

Development Impact Fees

Impact fees are governed by HRS Section 46-141 to 46-148, and implementing ordinances have been adopted in two counties: ROH Chapter 33A (for Ewa); and MCC Title 14, Article 4, Chapter 14.62-14.78. Hawaii and Kauai Counties have not adopted development impact fee programs. Also, HRS Chapter 302A Section 1601-1612 (Act 245) allows DOE to collect school impact fees within defined impact fee districts. The source of this revenue stream is fees on new development generally collected at the time a building permit is issued, but fees may be collected when final subdivision approval occurs or at other times (e.g., when a certificate of occupancy is issued). Impact fees are a pay-as-you-go mechanism because the fee revenue to fund infrastructure trickles in as development occurs, so it is not useful to finance large components of infrastructure that are needed upfront or early in the development cycle. Also, existing infrastructure deficiencies cannot be funded with impact fees; the State or a county would need to identify another source to fund any current facility inadequacies.

Development impact fees are levied for the purpose of defraying all or a portion of the costs of a public facility, improvement, or amenity that benefits new development. The collection of development impact fees does not require formation of a special district; a fee program is generally implemented by adoption of a resolution or ordinance. To establish, increase, or impose a fee, a public agency is commonly required to specifically identify the public facilities funded by the fees and determine how there is a reasonable relationship, or "nexus," between the type of development project and the need for the facilities, the cost of the facilities, and the need to impose a fee. Because fees are collected as development occurs and certain facilities will need to be in place prior to development, often developers are expected to advance fund or construct certain fee program infrastructure required to serve a development project. The improvements that are advance funded may be improvements anticipated to be funded through a proposed fee program, CFD bond proceeds, or another source of financing.

If a developer is required to advance fund or provide shortfall funding for improvements constructed initially, the developer may be entitled to fee credits or reimbursements from future development. The policies and procedures for providing fee credits and reimbursements would need to be established in the implementing documents for the proposed fee program and should be consistent with prior development agreements, if any, between the State or a county and developers. The State or a county would establish a mechanism within the proposed fee program that offers credits against subsequent fee obligations and reimbursements from future fee revenues if a developer privately builds infrastructure items that are included in the proposed fee program or other impact fee programs.

Since any form of debt financing carries inherent risks, potentially for public and private sector stakeholders alike, maximizing the use of impact fees will in turn minimize the need for debt financing. Also, impact fee programs are designed to ensure that infrastructure costs are equitably allocated to new development based on the benefit each type of land use derives from the infrastructure being funded. For these reasons, impact fees can be an integral part of any infrastructure financing plan, forming the foundation upon which the rest of the financing plan can be developed.

State Revolving Fund

State Revolving Fund (SRF) loans are obtained from the State by the counties generally to fund critical water and sewer projects. The source of funds to repay the loan is some kind of dedicated revenue source, such as bi-monthly charges billed to and collected from DWS water customers throughout the counties, but may also require a pledge of the full faith and credit of the county. This funding is available for specified purposes and at attractive, low-interest loan terms, and funded projects must meet various eligibility and priority criteria. Loan terms typically involve 0.5% to 3.0% interest rates for 20 years, and loan amounts generally range from $1.5 million to $12.0 million. Examples of SRF programs include the Water Pollution Control State Revolving Fund, Clean Water State Revolving Fund, and Drinking Water State Revolving Fund. These programs fund projects to, among other things, prevent contamination of groundwater and coastal water resources, and to achieve or maintain compliance with drinking water standards.

Federal Programs

The vast majority of the burden to provide funding for public facilities rests with states and local governments. However, there are numerous funding programs available at the federal government level. The U.S. Department of Education plays a small role in addressing school facility needs, but there are some dedicated funding programs at the federal level. The Department of Agriculture also offers the Rural Community Facilities Program to help rural communities improve their facilities. The Department of Energy provides grants through its Energy Efficiency and Conservation Block Program, which are earmarked for energy efficiency and conservation projects. The Department of Commerce, through the Economic Development Administration, provides grants to fund the construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments, attract private sector capital, and promote regional competitiveness. The current program provides up to $3 million of matching grants, per project. Also, the Department of Transportation provides funding through a variety of programs and legislation, including Safe Routes to School infrastructure grants, essential highway and public transportation programs, and alternative transportation programs that support TOD.

Federal funding programs often involve unpredictable amounts of money and are often hyper competitive to obtain. However, this is typically a "free" funding source, so every attempt to secure any federal dollars should be made. The State, and counties (as applicable), should aggressively and diligently endeavor to maximize the use of federal sources to fund infrastructure. However, it is recognized that these funding sources may eventually be lost on a temporary, or even permanent, basis. Extra care must be taken in basing funding decisions on the future availability of federal money since these sources are outside the State's control.

PRIVATE AND OTHER FUNDING SOURCES

Grants/Donations

Local, national, and global non-profit organizations and private charities offer a variety of grants with a charitable purpose. They can also make program-related investments, at below-market interest rates, to support their philanthropic mission and leverage their donations. These entities have an array of unique funding sources available to them, including: corporate and foundation gifts; events, sponsors, and memberships; education and tours; royalties and advertising; endowments; and donation campaigns. They can also access grants and loans generally unavailable to public agencies, as well as provide technical assistance or advocacy and advisory services. Every reasonable effort should be made by the State, and counties (as applicable), to secure various grants and donations since they represent a form of "free" money. However, the amount of such funding is generally small and the timing cannot be predicted or relied upon, so it should not be included as a funding source (unless it has already been obtained) for the infrastructure identified in any serious, implementation-oriented public facilities funding plan.

Optional and Opt-Out Donations can prove to be creative sources of funding for infrastructure. Optional donation programs allow people to select higher cost options for certain government functions, with the extra amount above the base cost used to provide funding for special interests or causes. For example, California offers multiple special interest license plates that support a range of causes such as environmental programs, arts education, child safety programs, and need-based college scholarships. There is an extra charge when the special plate is ordered, as well as an extra annual renewal fee as long as the plate is in service. Opt-out donation programs typically involve an extra charge that is added to the cost of a product or service. For example, the Green Bucks program in the Lake Tahoe area allows local businesses to collect an extra amount on room nights, season passes, lift tickets, golf rounds, etc., to fund shoreline access and protection measures in the area. Designed as an "opt-out" program, customers are billed the extra amounts unless they actively choose not to participate.

Land Dedication/Public Land Equity Program

Under its police powers, government may regulate land in the interest of public health, safety, or welfare. Instead of purchasing land, governments have used their regulatory police powers to require the dedication of land as a condition of permit approval. So as not to encourage private landowners to challenge dedication requirements as a "taking" (an exercise of the government's eminent domain power without just compensation), a cooperative approach is recommended that includes all stakeholders that may be involved in the dedication of lands for various infrastructure components. One of the best ways to establish a public land equity program (PLEP) is to develop a plan that sets forth the network of desired public facility lands and equitably distributes the land requirements as proportionately as possible to participating private landowners. Credits to landowners for public facility land allocations that are disproportionately high, and fee/payment requirements for public facility land allocations that are disproportionately low, would be factored into the PLEP. The PLEP may also be a tool to facilitate land swaps that could even out the public facility land burdens and/or better locate public facility lands to where they may be optimally used.

Public-Private Partnership (Public Infrastructure)

In a traditional public-private partnership (P3) arrangement, a contract is structured so that the risks and rewards of the infrastructure project are shared based on the skills, assets, and strengths of the public- and private-sector participants. Typically, the private entity provides the capital to finance a public project, such as a parking facility, toll road, hospital, or airport, then collects some portion of the revenue generated by the project. In addition to financing, any combination of project design, construction, and operation/maintenance can be assumed by the private participant.

The private-sector partner in a P3 agreement is often a large, even global, company that specializes in owning and operating a portfolio of infrastructure businesses ranging from water enterprises to transportation facilities to renewable energy systems. Increasingly, union pension operations are establishing infrastructure investment funds, infusing needed capital into various infrastructure projects, not only to diversify their investment portfolios but to facilitate transactions that create jobs for skilled union workers.

Public-Private Partnership (Joint Development – Residential/Commercial/Infrastructure)

Rather than simply focusing on the installation of public improvements in a traditional P3 approach, an alternative P3 approach involves development of a real estate project together with the construction of public improvements. This joint development approach typically entails a private developer working with a public agency to complete a residential and/or commercial development project together with infrastructure on land owned by the public agency. In many instances, joint development projects may utilize basic funding tools such as developer equity or project cash flow, institutional financing such as traditional acquisition and development bank loan financing, and many of the public financing tools described herein. Joint development agreements may contain stipulations for joint financing, joint construction, cost sharing, and revenue sharing, including the terms and conditions for long-term ground lease payments to the public agency and/or completion by the private entity – and dedication to the public agency – of specific infrastructure. Joint development on vacant or underutilized public lands may make sense from a public service, community benefit, and economic stimulus perspective, and at some point a public land trust or PLEP may facilitate this type of joint development. Careful balance, though, must be struck sometimes between what a community wants to see developed and what the highest and best use of the land is. While affordable and workforce housing, community centers, and similar uses may be desirable, they also may not pencil from an economic standpoint and/or may not generate any funding for public facilities unless combined in a mixed-use environment with market-rate development.

As the Hawaii Authority for Rapid Transportation (HART) high-speed rail project unfolds, it will create numerous development opportunities along the rail line in the form of Transit-Oriented Developments (TODs) and other more traditional development projects. These new development areas are likely to shift where student populations and a variety of infrastructure requirements are concentrated on Oahu. The rail line may offer many opportunities to bundle state-of-the-art, urban infill, vertically-oriented school projects and other infrastructure with new development projects.

Public-Public Partnership (Joint Use)

One way to reduce capital costs, which is essentially the same as finding more money for infrastructure, is to look for synergies between various infrastructure projects. By grouping infrastructure projects together, communities might be able to create viable efficiencies. This paradigm could involve joint use of schools with parks, drainage facilities, and community centers. It could also involve joint use with parking facilities, which could entail paid parking in commercial areas or simply shared parking with residential areas. Joint use scenarios will depend on the type of public facility being considered, safety parameters, and other factors to ensure that the uses are compatible with surrounding land uses and community activities. The public-public joint use approach looks to capitalize on synergies among different infrastructure projects, such as construction, operations and maintenance (O&M), and joint financing efficiencies for multiple public improvements.

Minimizing land requirements can also help to contain infrastructure costs. For example, current state standards for school development require 12.5 acres for an elementary school, 16.5 acres for a middle school, and 49 acres for a high school. Land costs and possibly other construction costs may be reduced if the land requirements are also reduced. Implementing smaller school footprints, where possible, would also tend to be consistent with the basic tenets of TOD, fostering compact, efficient development. Combining reduced land requirement standards with joint use infrastructure projects could produce meaningful cost reductions.

Other Cost Reduction Strategies

There are many possible ways to reduce both capital costs and operating costs of public facilities. Operating cost reductions may allow not only for a more efficient, productive operation, but also free up revenue to be directed to other vital uses or to debt service on bonds that could fund capital improvement projects. For example, utility expenses for each public school facility are centralized at the DOE office, so there may not be accountability at the local/school level in this regard. Establishing standards and incentives for local accountability may help reduce operating costs. A related example links directly to the State's ambitious goal to be 100% reliant on renewable energy sources by 2045. This particular approach involves development of multiple, sustainable, non-incineration, closed-loop, waste-to-energy systems in multiple networks throughout the State. It would expand on the anaerobic digester system used on Oahu at select wastewater treatment plants, and move from a waste-to-energy approach implemented at the H-POWER plant in the Campbell Industrial Park to a non-incineration approach.

The concept could involve anaerobic digesters, fuel cells, and thermal gasification reformers (non-incineration) to process all manner of waste from any source by virtually 100% and to produce ultra-clean combined heating/cooling and power for numerous public facilities, as well as synthetic gas, pure hydrogen, or clean diesel and jet fuels. This type of process generates some of the most promising alternative fuels for energy production and transportation, is scalable to meet increasing demands, minimizes waste that would otherwise end up in a landfill, reduces fossil fuel consumption, and eliminates greenhouse gas and other adverse emissions. By integrating this type of energy system into public and private construction or renovation processes, public agencies and private entities could meet multiple environmental and sustainability goals, leverage financing sources, reduce overall construction costs, improve energy supply reliability, reduce building O&M costs, and even revitalize communities and promote economic development.

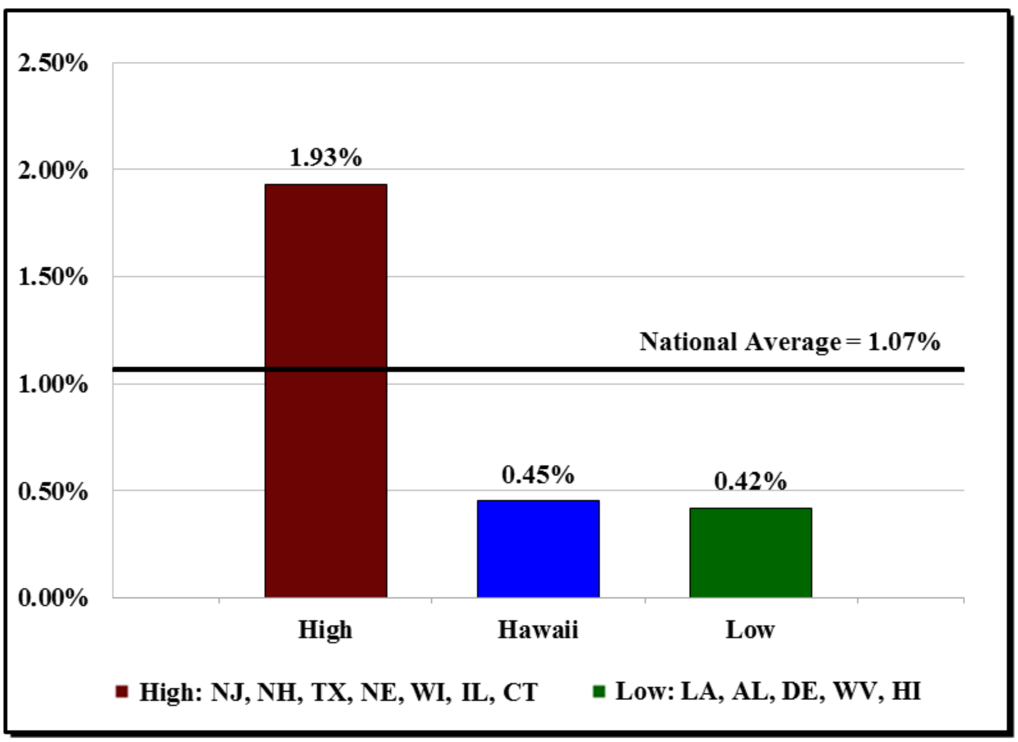
Traditional Revenue Generation Strategies

Assuming that State and county general funds will be strained or unavailable, the tax revenue proposals below are not intended to redirect existing tax revenue to public facility capital funding from other non-infrastructure budget/department areas. Instead, the following funding ideas involve an increase to the existing tax rates. Tax increase proposals could be permanent, or they could include sunset provisions with specified expiration or renewal dates. These tax increases could be implemented in combination across multiple tax categories, which may lower the tax increases for each individual tax category and spread the incremental tax burden over different segments of the resident, business, and tourist population. The notion here is that any tax increase would be earmarked, or dedicated, specifically for public facility construction and modernization, and funds and accounts separate from the general fund would be established for that purpose.

- ***Property Tax (RPT)***: Each county in Hawaii has established a special fund that sets aside a portion of real property tax revenues for open space acquisition; Hawaii County also has a separate special fund for open space maintenance. These property tax set-asides range from 0.5% to 2.0%, with approximately $12 million collected annually in recent years. Property tax rates vary from county to county and can depend on factors such as whether a residential unit is a primary residence; rates for residential property range from approximately 0.35% to 0.55% for primary residences and from approximately 0.60% to 0.95% for second homes. For Fiscal Year 2015-16, the City and County of Honolulu anticipated property tax revenue of $1.005 billion, County of Maui $266 million, County of Hawaii $242 million, and County of Kauai $113 million. Total property tax revenue for Fiscal Year 2015-16 across the State was expected to total $1.63 billion. A relatively modest increase in property tax rates could produce significant incremental property tax revenues earmarked for public facility capital funding, which would constitute a county, or local, contribution to such funding. Alternatively, a separate statewide property tax could be instituted.

Two current studies, one at www.tax-rates.org and another one at www.taxfoundation.org, estimate effective property tax rates across the country on owner-occupied housing by simply dividing total home value by the actual amount of property tax paid. The two studies are consistent in terms of which states involve a high property tax levy and which involve a low property tax levy, but the calculated tax rates vary somewhat between the studies. The states with the highest property tax rates include New Jersey, New Hampshire, Texas, Nebraska, Wisconsin, Illinois, and Connecticut, with property tax rates that average between 1.78% and 2.08%. The lowest property tax rate states include Louisiana, Alabama, Delaware, West Virginia, and Hawaii, with rates that average between 0.36% and 0.47%. The average effective property tax rate across all 50 states ranges between 0.99% and 1.14%. It appears that Hawaii's property tax rates are below the national average by a factor of two to three times. Figure 5 below illustrates this situation. Of course, there are some differences between how property tax revenue is used in Hawaii compared to how it is used in most other states. Property tax in many states is distributed to cities, counties, special districts (such as road districts and fire districts) and, most notably, schools, while in Hawaii only counties receive property tax revenue. However, those responsible for paying the property tax on residential property – homeowners – pay a much lower tax in Hawaii than in almost all other states; from a taxpayer perspective, Hawaii property tax rates are very low.

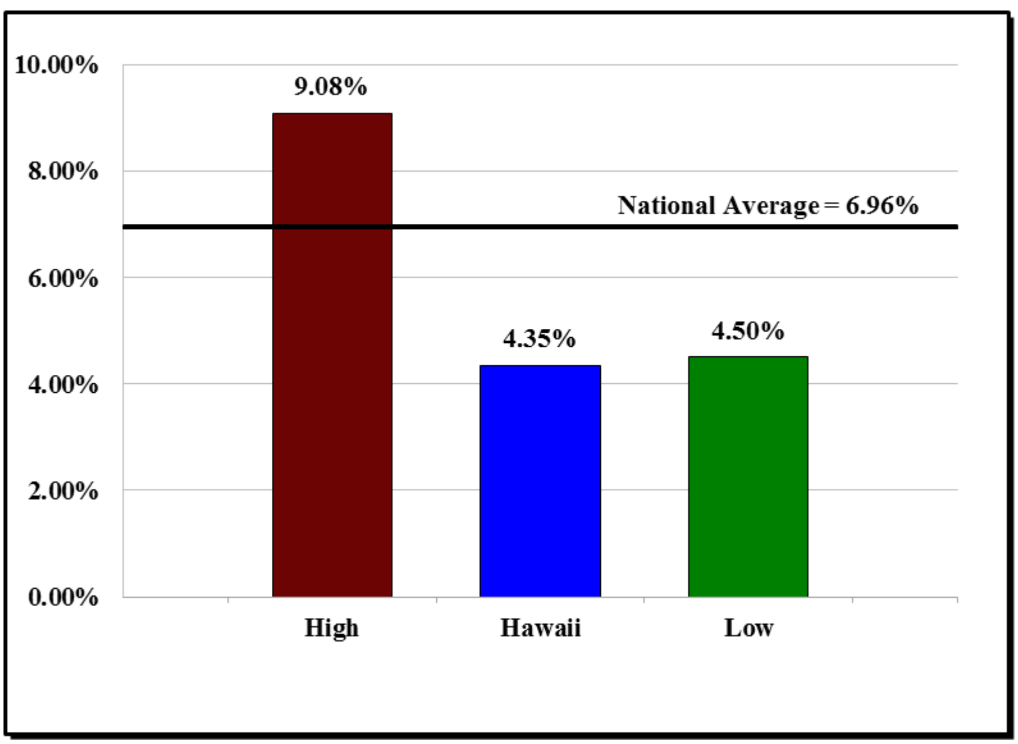
FIGURE 5
PROPERTY TAX RATE COMPARISONS



- ***Sales Tax (General Excise Tax – GET)***: GET surcharges have been discussed in the past in Hawaii, and the City and County of Honolulu implemented a 0.5% surcharge to help fund the HART high-speed rail project. The current GET rate is 4.0%, except on Oahu where the 0.5% surcharge increases it to 4.5%; Act 1, SSLH 2017, extended the GET surcharge to December 31, 2030. The State allows businesses to charge a maximum of 4.712%, but they are not required by law to levy the maximum. The State estimated that it would collect $3.2 billion in GET revenue for Fiscal Year 2015-16.

Another current study conducted at www.taxfoundation.org evaluated the effective sales tax rate in each state on a population-weighted basis within each state to account for the fact that both a statewide sales tax and varying local sales taxes are levied in many states. The states with the highest total sales tax rate include Tennessee, Arkansas, Alabama, Louisiana, and Washington; these five states yield an average total sales tax rate of 9.08%. Four states do not have either a statewide sales tax or local sales taxes; of those that do have either a statewide sales tax, a local sales tax, or both, the lowest total sales tax rate states include Alaska, Wisconsin, Wyoming, Maine, and Hawaii, producing an average total sales tax rate of 4.50%. The average total sales tax rate among the 46 states with either a statewide sales tax or local sales taxes, or both, is 6.96%. These data suggest that the sales tax rate in Hawaii is significantly below the average total sales tax rate across the country (see Figure 6 below). However, note that the sales tax, or general excise tax, in Hawaii is probably the broadest sales tax in the country because it is applied not just to retail transactions but to service and business-to-business transactions as well. Nonetheless, the end user, or retail customer, in Hawaii experiences a very low sales tax pinch compared to retail customers in almost every other state.

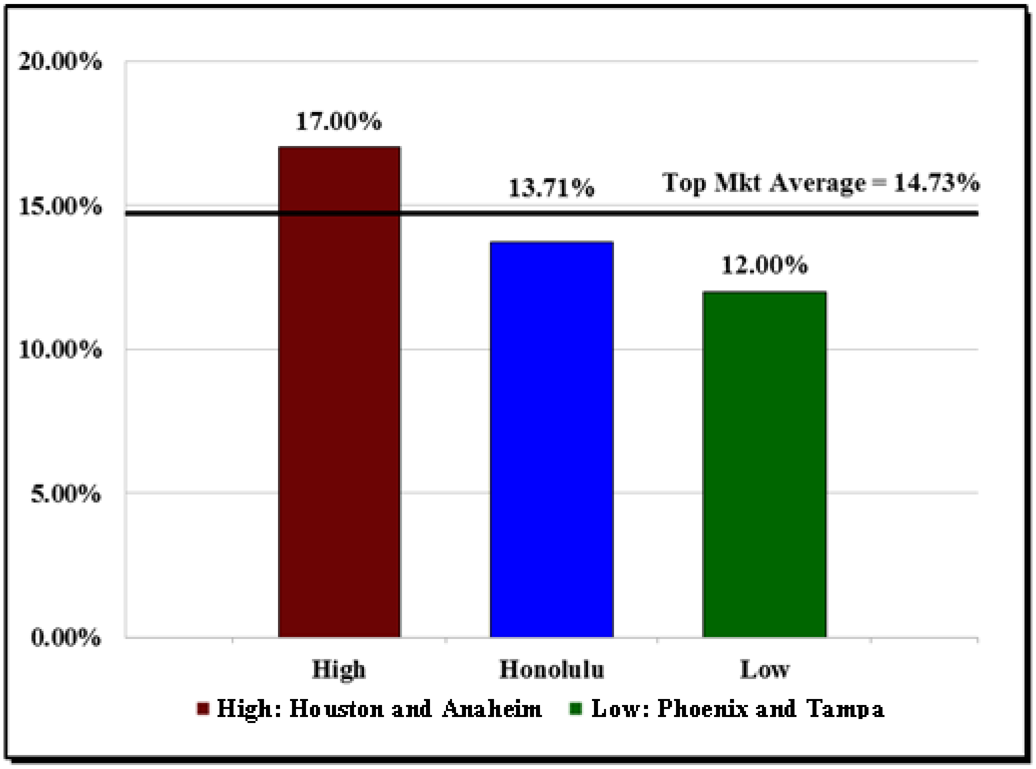
FIGURE 6
END USER SALES TAX RATE COMPARISONS



- ***Transient Accommodations Tax (TAT)***: The State currently allocates approximately 20% of the total $380 million in TAT revenue to the Hawaii Tourism Authority, and another approximately 25% to the counties, which in turn use the funds for a variety of purposes, including park, open space, and beach access/maintenance. The current TAT rate is 9.25%, which has not been raised since 2012. Fiscal Year 2015-16 TAT revenues accruing to the State general fund were estimated to reach $209 million.

  The American Hotel & Lodging Association (AHLA) commissioned its *U.S. Lodging Tax Study* in 2012, which compiled total lodging tax rates in numerous cities throughout the nation. Total tax rates include all lodging taxes, as well as sales taxes levied on room charges, collected at the state and municipality level. Many states and municipalities, including Hawaii, levy both a bed tax and a sales tax on lodging stays. So, while the bed tax in Hawaii seems low at 9.25%, when combined with the sales tax, the total lodging tax can approach 14%. In 2012, at the time the AHLA study was conducted, the Hawaii bed tax was 9% and the total tax rate on lodging in Honolulu was estimated to be 13.71%. However, the AHLA study reviewed the top 25 lodging markets in the country, and Honolulu's total tax rate on lodging ranked 19th among those top 25 markets. The markets with the highest total lodging tax rates were Houston and Anaheim at 17%, and the markets with the lowest were Phoenix and Tampa at 12%; the average across all 25 markets was 14.73%. These results are shown in Figure 7 below. A small increase in the TAT rate in Hawaii to bring it closer to the average for the 25 top national markets may not produce a meaningful amount of revenue to fund infrastructure. Such an increase in the TAT rate was just enacted as part of Act 1, SSLH 2017, which raised the TAT rate from 9.25% to 10.25% effective January 1, 2018, through December 31, 2030. It also makes permanent a $103 million allocation to counties, with excess revenues realized from the levy deposited into the Mass Transit Special Fund.

FIGURE 7
COMPARISON OF TOTAL TAX RATES ON LODGING



- ***Conveyance Tax***: The Land Conservation Fund in Hawaii currently receives 10% of conveyance tax revenue, and the RHRF program through HHFDC receives 50% of conveyance tax revenue, or $38 million, whichever is less. The conveyance tax ranges from 0.10% to 1.25% on the value of a real estate transaction, depending on the amount of the transaction and whether the homeowner's exemption applies. Conveyance tax revenues for Fiscal Year 2015-16 were $66.1 million. Transfer tax (i.e., conveyance tax) data for 37 states was gathered and organized by the National Conference of State Legislatures in September 2012. While a few states, such as Delaware, New York, and Washington, reach transfer tax rates as high as 1.5% - 2.0%, the vast majority of states surveyed fall within the same range as Hawaii's transfer tax. Therefore, there does not appear to be an opportunity to increase the conveyance tax rate to address infrastructure funding needs.

State Lottery

Only a handful of states have not adopted state-run lotteries, and Hawaii is one of them. States that don't have a state-sanctioned lottery include Nevada, Mississippi, Alabama, Utah, Alaska, and Hawaii. There may still be reluctance to gambling of any kind in Hawaii, but with so many other states implementing lotteries, a lottery in Hawaii would not appear to attract the "gaming element" that Hawaii would like to avoid or to somehow disrupt the tourism industry upon which Hawaii's economy so heavily depends. State lotteries have become a significant source of revenue for many states, netting approximately $18 billion for state budgets in 2009, which grew to $21 billion by 2011. According to an article entitled *U.S. Lotteries and the State Taxman* (Reuters, July 15, 2011), 11 states actually collected more revenue from their state lottery than from their state corporate income tax during fiscal year 2009. Lottery money can be used for many purposes, but most states use all or a portion of it for K-12 public school funding. Public schools, together with other key infrastructure required around the State, could be funded through a state lottery in Hawaii

CHAPTER 4
FINANCING POLICIES AND SELECTION CRITERIA

The prior two chapters of the report present many alternative funding concepts that could be applied to fund affordable/workforce housing developments or capital improvements and backbone infrastructure. Some of the concepts will be more workable than others in Hawaii; in fact, the set of workable concepts may change over time. As various stakeholders consider moving forward in a collaborative fashion with the development of new funding tools and ideas, they all will want to ensure that a sustainable, system-wide plan for workforce housing and public facilities funding is in place that offers as much long-term fiscal stability and predictability as possible.

The following financing policies and selection criteria are intended to provide informal guidance to select the best funding tools and ideas for workforce housing and public facilities in Hawaii. They are very preliminary in nature, and are also expected to be refined by stakeholders as discussions and analyses concerning these funding sources ensue.

Principles and/or characteristics to consider for each type of funding source include the following:

1. Will it increase leverage for competitive federal or foundation funding?

2. Will it equalize or more fairly distribute funding allocations between the State and counties so that the State and counties share funding burdens more evenly?

3. What is the impact on residents of Hawaii relative to the impact on tourists? What is the impact on businesses that either do, or do not, provide services to tourists?

4. With respect to the infrastructure funding tools, can workforce housing merit special treatment (e.g., reducing or eliminating a CFD special tax obligation) that minimizes its infrastructure burdens so as to better facilitate its construction?

5. Will the funding source garner support from voters or other impacted constituents?

6. Should there be a direct, or at least a logical indirect, connection (i.e., nexus) between the implementation of the funding tool and the need for increased workforce housing and public facilities funding?

7. What are the most typical uses for the funding tool; how applicable is it to different types of affordable housing and infrastructure?

8. What will it take to get the tool approved for use, from both a legal and political perspective?

9. What is the extent to which implementation of the tool relies on local real estate market conditions?

10. How much funding can the tool generate?

11. How difficult or complex is it to implement the tool initially, and then administer it annually?

12. What is the timeframe, or life cycle, of the funding tool?

13. Is the stream of revenue consistent and frequent or irregular and sporadic?

With respect to the potential set of funding tools in the workforce housing and public facilities funding toolboxes, a community's context, needs, and resources may determine which strategy or combination of strategies is most appropriate. Principles and/or characteristics of the funding strategy or group of funding tools being considered as a whole may include:

1. Does the toolbox establish a broad, long-term vision, yet is flexible enough to respond to changing market cycles, funding opportunities, and other conditions?

2. Can an ongoing monitoring/reporting system and proactive coordination between State and county governments be established to ensure appropriate adjustments are made so that the toolbox, or strategy, can react as necessary to fluid circumstances and take advantage of new possibilities as they emerge?

3. How can workforce housing and public facility investments be prioritized to maximize funding?

4. Can multiple funding sources be used simultaneously or in combination?

5. Is a broad funding base being established, one that will both generate the most funding possible and create the most stable combined revenue stream?

6. Can partnerships be formed to fill the gaps left by traditional funding sources?

7. Can potential funding source combinations be tailored to meet the workforce housing and public facility needs, market conditions, and capabilities of the implementing public- and private-sector entities? In some cases, funding source availability can be as important as timing or phasing in determining which projects get financed and in what sequence.

CHAPTER 5
HOUSING BARRIERS AND OPPORTUNITIES

ACCESS TO LAND FOR HOUSING

Many housing developers are finding it more challenging to locate and secure suitable and cost-effective land parcels for potential affordable/workforce/market housing projects. Whether it's selling land, swapping land, ground leasing land, or implementing other creative ways to get suitable land into the hands of developers that need it, a concerted effort should be made to make land available for this purpose. To increase both the affordability and production of needed housing units, the State and counties may seek more strategic and frequent opportunities to use publicly-owned lands to support housing projects, particularly within TOD areas. Recommendations relating to lands for housing include the following:

1. Act 130 (SLH 2016) created the Hawaii Interagency Council for Transit-Oriented Development (TOD Interagency Council), and Act 127 (SLH 2016) created the Special Action Team (SAT), to coordinate effective and efficient planning for TOD, particularly mixed-use and affordable rental housing projects on State lands in each county. The TOD Interagency Council is reportedly working to complete an inventory of State-owned urban lands and infrastructure needs in 2017. Also, the SAT is developing maps that identify State, county, and private lands, sorted by tiers of development suitability, urban land use, zoned for residential, proximity to infrastructure, outside SMA, and not conservation or IAL. This report respectfully recommends that legislation be adopted that would require the State and counties to designate a specific department to maintain and update this list of their publicly-owned lands.

2. Government agencies and legislative bodies should consider the exchange of publicly-owned urban lands for private agricultural lands, or other exchanges between two public entities, two private entities, or a public and private entity, which would better locate affordable/workforce housing sites and public facility lands to where they could be optimally used, and for prices that would facilitate affordable construction. Legislation which creates the opportunity to exchange State urban lands for private agricultural lands of equal value would be consistent with the goals established by the Governor and State legislature relating to affordable housing and food production. This report respectfully recommends the adoption of legislation that provides a process for the exchange of publicly-owned urban lands for privately owned agricultural lands, which would mutually benefit the state goals of preservation of agricultural lands, food security, and housing.

3. Given the severe housing shortage in Hawaii, the State should consider offering via a request for proposals the sale or long-term ground lease of publicly-owned lands which could include housing, either at below-market or near-zero cost. HRS would need to be amended to allow leases that are longer than 65 years or up to 99 years. The Department of Land and Natural Resources (DLNR) typically approves a set

aside to HHFDC for lease of land to a developer. These leases may also require a super majority approval through an Office of Hawaiian Affairs (OHA) process. (See HRS 171-64.7 regarding legislative approval of the sale or gift of lands, and HRS 171-84 regarding leases to certain developers of housing for low and moderate income families.)

4. In 2013, Act 155 (SLH 2013) was enacted and was subsequently amended by Act 115 (SLH 2015) Relating to Public School Lands, which authorized DOE to implement pilot programs for the lease, or lease-back, of up to three public school land sites to lessees, who shall be required to modify, construct, or utilize DOE facilities to *"benefit public educational purposes,"* which could include a new revenue source for DOE from the redevelopment of underutilized DOE facilities into housing projects, and/or new construction of DOE facilities or renovation of existing, underutilized facilities into 21st century schools that would meet the challenges of 21st century learning. The dual purposes of the DOE pilot programs pursuant to Acts 155 and 115 are to optimize and leverage the use of public school lands to generate new revenue for DOE by offering flexible lease opportunities to provide DOE with more options for public school facility construction, renovation, and expansion, as DOE brings education into the 21st century. Depending on how much ground lease revenue these DOE pilot projects generate, they may be able to provide lands for affordable housing.

5. The State and counties could be given the ability to condemn, under appropriate circumstances, private vacant lands, blighted lands, urban renewal areas, etc., which are capable of being developed as residential and/or mixed-use projects that will incorporate affordable/workforce housing.

LAND USE ENTITLEMENTS AND PERMITTING PROCESSES

Oftentimes a residential project is subject to multiple and consecutive land use approvals by the State Land Use Commission (LUC) and counties that can be duplicative, time-consuming, and potentially unnecessary. The current process results in many landowners being required to apply for, and obtain, the following approvals: county General Plan, county Community Plan, and LUC district boundary amendments from an *agricultural district* to an *urban district* designation. Landowners must subsequently apply for and obtain county rezoning for the same project. The following are recommendations to make the entitlement process more organized and efficient:

1. The development of housing could be expedited if a county filed a petition with the LUC to change the land district designation of a "region" of land from an *"agricultural"* or *"conservation"* designation to an *"urban"* designation. This regional boundary amendment process would be consistent with the county's general plan and development plans; would allow the county to better plan and budget future infrastructure for the region; and would avoid piecemeal LUC petitions by every landowner in the region. This regional boundary amendment process would help

provide housing because one of the most common entitlements is the petition to the LUC for a district boundary amendment to change the state land use designation of the proposed housing site from the *agricultural* district to the *urban* district. The county regional petitions would be consistent with all county plans, because the LUC petition process occurs after the applicable county administration, planning commission, and council have had numerous public hearings and have already designated the lands *"urban"* on their general plans and/or community development plans.

Some implementation steps in this regard might include allowing counties to approve LUC district boundary amendments of less than or equal to 60 acres (currently 15 acres) and to file a petition with the LUC for regional district boundary amendments. The 60-acre threshold would allow projects of "reasonably smaller size" to proceed more quickly, and would be consistent with the Governor's draft affordable housing initiatives for 2018. Also, to remove duplication, the jurisdiction and responsibilities of County planning and zoning must be clearly defined, and the jurisdiction and responsibilities of the LUC could be limited to issues of direct State concern. These issues may include conditions that relate to or require the installation of State infrastructure, including but not limited to public schools, State highways, or State facilities. They may also include conditions that promote or protect specific State policies, including but not limited to, the preservation of State agricultural lands, increasing State agricultural production, protecting or enhancing the State marine and terrestrial environment, protecting traditional and cultural practices, protecting archaeological features and burial grounds, and conditions relating to the public trust doctrine.

2. County and State agencies, including, but not limited to the State Historic Preservation Division (SHPD) and the State Disability and Communication Access Board (DCAB), deliver valuable services by providing comments and recommendations on proposed projects. However, it is understood that these government agency review processes can sometimes take up to a year or longer, involving multiple rounds of comments. One suggestion has been made for the review process to be amended to provide that priority be given to significant and desperately needed affordable/workforce housing projects; that a time limit or deadline be imposed on the agency's review and comment period; and that the agency be limited to one round of comments. After expiration of the time limit, the application would be deemed approved.

   Another suggestion, which has been in operation successfully in the City and County of Honolulu since 2004, is to establish a "third-party review" process for such agencies (ROH §20-2-9 and §20-7). The City's third-party review process allows permit applicants to contract with City-certified third-party reviewers, who review various permits and submit recommendations to the City. The process requires qualified professional reviewers to pass an examination established by the agency and be certified by the agency. These certified third-party reviewers can review and certify compliance/non-compliance with applicable agency rules, regulations, and standards, and provide recommendations to the agency. The agency staff would maintain its responsibility to review, comment, and approve or deny the applications.

3. Allow county Housing Directors to exercise discretion and authority, and to administratively modify – or develop an easy, simple process for County Councils to modify – housing conditions (after application and justification by the applicant), including:

   - Allow *in-lieu fees* in exchange for actual development of affordable housing, so government agencies can accumulate additional resources and have the flexibility to provide a cash loan, grant, or other source to facilitate such housing;

   - Allow *off-site housing* to satisfy housing requirements (without imposing additional conditions), subject to a review of jobs/housing balance conditions, traffic and air quality impacts, and other factors if the off-site location is not within a specified distance from the primary development;

   - Allow *rental units* to satisfy requirements for affordable for-sale units;

   - Allow *"Ohana"* units (i.e., second units, or granny flats) to satisfy requirements for affordable for-sale or rental units; and

   - Extend deadlines for completion of non-housing conditions (such as infrastructure construction or non-residential development) which do not endanger the health and safety of the community.

4. The Pulelehua project, for example, would benefit from joint or concurrent State Department of Health and County Board of Water Supply permit processing and approvals of infrastructure improvements for water source, transmission, and treatment facilities.

5. The Pulelehua housing project would also benefit from expedited processes for LUC and county approval of minor project changes which do not substantially affect environmental conditions, or warrant an amended Supplemental Environmental Impact Statement.

INCLUSIONARY ZONING AND IMPACT FEES

Counties should carefully consider the potential adverse effects on affordable and other forms of housing when inclusionary zoning, various exactions, development impact fees, and other government fees may be imposed. Some of these considerations include the following:

1. The Economic Research Organization at the University of Hawaii (UHERO) published a report entitled *Inclusionary Zoning: Implications for Oahu's Housing*

Market, dated February 12, 2010. Current Inclusionary Zoning (IZ) regulations on Oahu require developers to sell 30% of their housing at below-market rates. Over the years, IZ requirements certainly have resulted in the production of affordable units, but IZ may have resulted in fewer market units being built for the "gap group" of residents with incomes just above 140% of AMI, which includes, for example, working families of experienced/supervisory government employees and health professionals like nurses.

Using the best available data on population, housing, and income, and findings from several decades of inclusionary zoning across the U.S. and Hawaii, UHERO's report concluded that:

- IZ policies have failed in other jurisdictions and are failing on Oahu;
- IZ regulations that require developers to sell housing units at below market rates reduce their revenues, lower the incentives for developers to produce housing, and deter them from starting new projects, all else being equal;
- A comprehensive literature review of IZ policy studies from around the U.S. overwhelmingly indicates IZ policies have undesirable long-term effects. Approximately 90% of the policy studies found that IZ increases the market price of housing and decreases housing units available in the market;
- The IZ policy that was started by the City in 1994, and included buyer income and resale restrictions, had to be lifted in 1999 because of lack of interest in the units, which had IZ restrictions; and
- Eliminating IZ and easing development regulations will result in more housing units and lower housing prices.

Many Maui residents recall that in 2006 a well-intentioned Maui County Council adopted a workforce housing policy involving a 50% IZ requirement, which ended up acting as a "moratorium" on new housing. During the eight-year period until the repeal of the Maui IZ ordinance in December 2014, Maui had only one project with a signed residential workforce housing agreement, and only three units were built and sold at affordable rates.

2. DOT connection fees could be waived, or the fees should be based on the appropriate legal nexus, facts, analysis, and input from the stakeholders who will be affected.

3. DOE obtained approval of the Board of Education for a new urban Honolulu district described as the Kahili to Ala Moana School Impact Fee District. However, the proposed $9,374 school impact fee for each new multi-family unit in the new district, which was slated to occur in 2017, was not approved. The City, non-profit affordable housing developers, and developers of market-rate units have strenuously opposed the proposed school impact fees, based on many issues that need to be resolved.

- **Background.** Hawaii's school impact fee statute is Chapter 302A, Sections 302A-1601 to 302A-1612, Hawaii Revised Statutes. The law includes a specific formula to calculate fee amounts. This formula was based on "greenfield," or new developments on former agricultural lands in rural Oahu, where land for schools was plentiful. The law anticipated that a new formula would be established and implemented for urban school districts, where land was scarce, and future schools would be built vertically.

  Builders of residential projects within School Impact Districts (Districts) are required to provide land for school facilities depending on the numbers of students expected in their projects and the amount of available classroom space in existing area schools. Projects of 50 or more units need an agreement with DOE on the amount of land and or fees to be paid, prior to county approval to subdivide, rezone, or any other approval. Smaller developers and individual homeowner-builders are required to pay a fee-in-lieu of land when their project is too small to entertain a school site. All home builders or buyers must also pay a construction cost fee. All new housing units in the District, including affordable housing units, are subject to the school impact fees. Funds from the impact fees must be spent for land and facilities within the district where they are collected.

  DOE is collecting school impact fees in two school impact districts on Maui and one district on Oahu. DOE is collecting impact fees from the Leeward Oahu District with the assistance of the City and County of Honolulu. Collections in the first three fiscal years to the close of FY 2016 have totaled $823,392. For the island of Maui, DOE has collected fees since January 2011, with the cooperation of Maui County. There are two separate districts on Maui: Central Maui and West Maui. Collections at the close of FY 2016 totaled $2,092,000 across both districts.

  The Board of Education approved a West Hawaii School Impact District on April 15, 2010, which would require a new single-family home to pay a school impact fee of $2,350, and a new apartment or condo a fee of $1,436. Since 2010, DOE has made several unsuccessful attempts to engage the County of Hawaii with regard to the implementation of the West Hawaii Impact District. DOE has reported that work will also be done to update the analysis for the West Hawaii School Impact District, and that implementation of the West Hawaii District will depend on cooperation from Hawaii County.

- **Recommendations.** It is respectfully recommended that DOE follow the spirit, intent, and interpretation of the provisions in the existing DOE Impact Fee law and establish a fair and accurate process to determine impact fees that consider the unique issues associated with urban development, or amend the law and/or rules. Further, the legal justification for imposing DOE impact fees is a legal "nexus" or connection (i.e., all units that will generate school children should pay DOE impact fees to build more classrooms). If there is an attempt by the State to "waive" DOE impact fees, rather than pay them on behalf of the developer, for certain developments providing housing for lower-income households (which will generate school children), then the "nexus" will be eliminated and there may not be any legal grounds to impose the impact fee on the market-rate units.

TRANSIT-ORIENTED DEVELOPMENT

Act 130 (SLH 2016) designates the Office of Planning as the lead state agency for transit-oriented development coordination for State properties along the rail route; establishes the Hawaii Interagency Council for Transit-Oriented Development (TOD Council) within DBEDT to coordinate effective and efficient transit-oriented development planning on a Statewide level; appropriates moneys; and allows DOE to use school impact fees from projects within a county-designated transit-oriented development zone for various purposes, including construction of new school facilities in new or existing sites Statewide.

In December 2016, the TOD Council issued a *Hawaii Interagency Council for Transit-Oriented Development Report to the Twenty-Ninth Legislature, Regular Session of 2017.* That TOD Council Report and the described work of the TOD Council provides the following potential opportunities to facilitate housing for all levels of Hawaii residents:

1. The TOD Council is required to review "all CIP project requests to the legislature for transit-oriented development projects, including mixed use and affordable and rental housing projects, on state lands within county-designated transit-oriented development zones or within a one-half mile radius of public transit stations, if a county has not designated transit-oriented development zones…" (HRS Section 226-A(b)(5)).

   State agencies submitted their TOD-related CIP budget biennium requests, including projects in TOD-designated areas with the potential for TOD. The TOD Council reviewed those CIP projects based on consideration of the Preliminary Review Criteria and factors identified below. The TOD Council will submit their recommendations for priority CIP projects to the Legislature.

   - **Site Considerations**

     - ✓ Proximity to station or commercial center with scheduled public transportation service
     - ✓ Development potential (e.g., size, zoning, adjacent land uses)
     - ✓ Site constraints (e.g., environmental, cultural/archaeological)
     - ✓ Infrastructure capacity
     - ✓ Access to social infrastructure: schools, jobs, services, etc.

- **Agency/Project Readiness**

  - ✓ Site availability (e.g., lease, existing uses, deed restrictions)
  - ✓ Status of project planning
  - ✓ Financial resources
  - ✓ Serves mission & provides public benefits (see below)

- **Other Financial Considerations**

  - ✓ Joint development and/or public-private partnership potential
  - ✓ Market readiness in area / development timing
  - ✓ Location in improvement district or community facilities district
  - ✓ Funding needs (type and amount of assistance needed)

- **Public Benefit**

  - ✓ Mixed-use component: co-location of economic opportunities, public & private services, amenities
  - ✓ Provision of affordable/rental housing, including greater percentage of lowest AMI units
  - ✓ Intermodal connectivity, accessibility
  - ✓ Sustainable development / green building / climate change / resiliency factors
  - ✓ Improvement of public realm, streetscapes

- **Catalytic Impact**

  - ✓ Potential to seed priority State redevelopment/development objectives in neighborhood/region
  - ✓ Alignment with county plans / county catalytic investments in TOD, smart growth

2. Based on efforts undertaken by the 2015-2016 State TOD Task Force, the TOD Council also identified three High Priority TOD areas on Oahu to be given heightened consideration, and for the State to pursue. These three areas have tremendous potential for TOD development, including affordable/workforce and market-rate housing.

   - **Iwilei-Kapalama**. This priority area includes major State projects such as Mayor Wright Homes, Liliha Civic Center, DHHL lands, and UH Honolulu Community College, and has been identified as an area where TOD will be pursued, including infrastructure upgrades.

   - **Halawa Stadium**. The aging 42-year old Aloha Stadium suffers from continuing high maintenance costs, which have led to the consideration of redevelopment of a smaller stadium with a mixed-use sports and entertainment component. A rail station is to be developed on stadium lands, and it is expected that the 100-acre site will soon be released from City and federal deed restrictions. Surrounding uses include the Puuwai Momi public housing project, which is also being considered for higher-density redevelopment.

- **East Kapolei**. The State has large land holdings in this area, and several State agencies are actively exploring and pursuing redevelopment on these lands, including University of Hawaii at West Oahu, DLNR, and DHHL.

3. Act 130 (SLH 2016) also requires the TOD Council to formulate and advise the Governor on the implementation of a Strategic Plan to address TOD projects, including mixed-use projects and affordable and rental housing projects, on State lands in each county. The 2016 TOD Council Report estimates that the Strategic Plan will be completed in December 2017, and will include the following elements:

   - TOD projects on State lands in each county
   - Coordination with counties
   - Inventory of State, county, and private development projects lacking infrastructure
   - Priorities for public infrastructure
   - Promotion of public-private partnerships

4. The following 2017 Work Plan has been identified in the 2016 TOD Council Report:

   - Information gathering and discussion of best practices
     - ✓ TOD financing mechanisms
     - ✓ Public-private partnerships and joint development
   - Review of FY 2018 & FY 2019 TOD CIP budget requests: Priority TOD project planning and implementation
   - Other Counties TOD: Developing and refining TOD-related strategies for each county
   - Development of a Statewide Strategic Plan
     - ✓ Clarify development potential and constraints for each island
     - ✓ Identify and refine potential State TOD projects
     - ✓ Develop recommendations for projects, financing and other implementation tools, and policy

- Additional funding for site master planning and implementation

- Exploring statutory and policy needs to facilitate State TOD

Services Supporting Prospective Homebuyers and Renters

In many instances, successful homeownership or rental situations require education, preparation, practice, and support services. A variety of supporting services to assist housing consumers, both prospective homebuyers and renters, are being provided and expanded through local State organizations and national organizations. The Hawaii HomeOwnership Center (www.hihomeownership.org), the Home Ownership Assistance Program (HOAP) offered through the Department of Hawaiian Home Lands (DHHL) (www.hoap.hawaii.gov), and the Hale Program also offered through DHHL (www.dhhl.hawaii.gov/hale) provide all manner of homebuyer and homeowner supportive services. Organizations such as Volunteers of America (www.voa.org) and the Corporation for Supportive Housing (CSH) (www.csh.org) also provide an array of supportive services to renters and those seeking rental housing, including case management, independent living and personal finance skills, vocational services, peer support services, social activities, health/medical services, mental health services, alcohol and substance abuse services, services for those formerly incarcerated, services unique to senior citizens and veterans, and specialized programs for people with disabilities.

One of the most comprehensive sources of pre-homeownership, post-homeownership, and other related services in Hawaii are the staff at HOAP and their partners and service providers. A detailed description of HOAP's purpose, its program objectives, and its products and services is provided below, courtesy of DHHL.

1. The purpose of HOAP is to prepare and equip Native Hawaiians for homeownership. HOAP offers several vehicles to address barriers that Native Hawaiians may face in achieving homeownership or preserving their home. Understanding that homeownership can make a positive difference for a native Hawaiian family, DHHL is changing its approach to homeownership through HOAP. This program, operated and administered by DHHL, is designed to bridge the gap between the dream of becoming a homeowner and the homes developed on (and off) Hawaiian homelands. HOAP will also help existing homeowners retain their property should a financial crisis impact their lives. Since the program began in 2004, thousands of participants have enrolled in hundreds of homebuyer education courses statewide and several thousand families are working with a counselor.

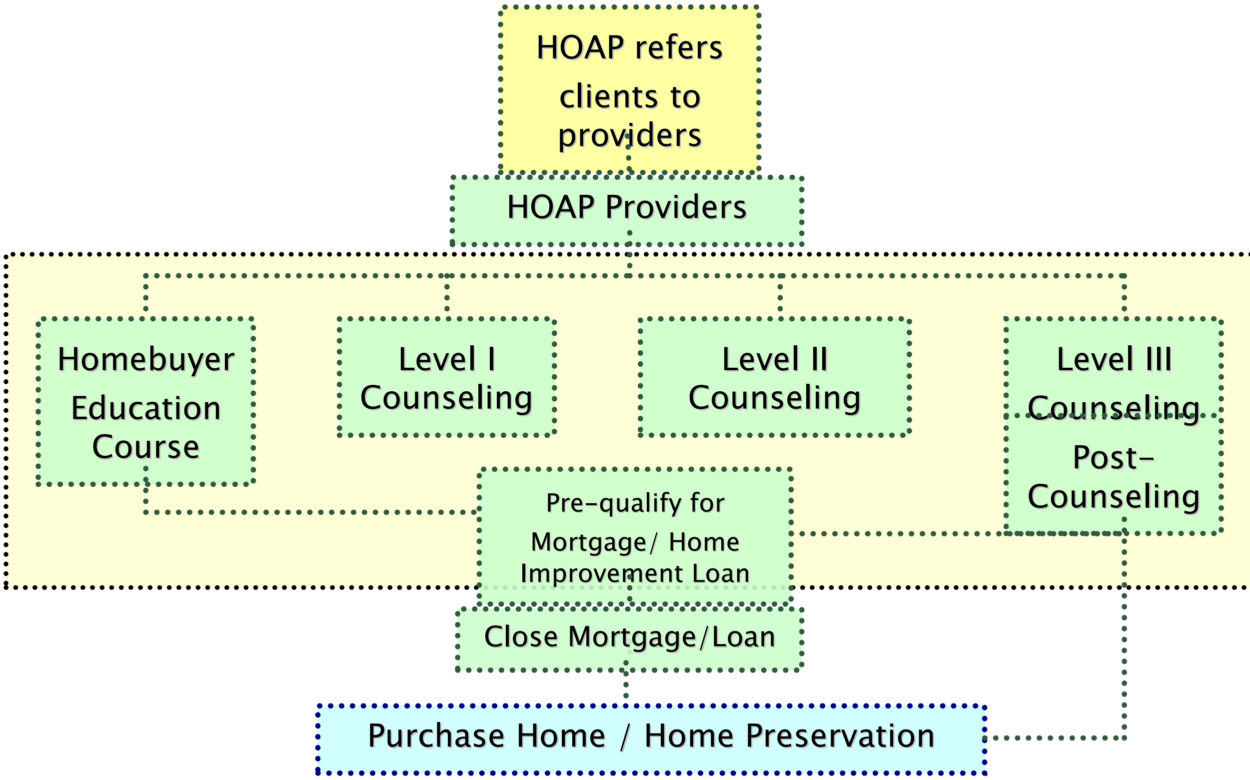
   Financing HOAP each year is dependent upon funding allocated from DHHL trust funds. Therefore, the long-term financial sustainability of HOAP is uncertain, but the need for services that HOAP provides is vital for long-term success of DHHL beneficiaries who desire to attain homeownership. Other options for HOAP funding that are being pursued are partnerships with the Office of Hawaiian Affairs and Kamehameha Schools.

HOAP is a permanent part of DHHL operations, and its goal is to be the best and largest homeownership program in the nation. DHHL intends to expand its program to reach native Hawaiians from all communities, backgrounds, and income levels. Ultimately, the extent and success of the program depends on solid partnerships within the community and both private and public sectors.

It is recommended that this vital and successful service be used as a template to extend similar services to all prospective homebuyers and existing homeowners in the State who fall within the affordable/workforce housing income range. This may need to be a joint effort between HHFDC and the counties, with initial guidance provided by DHHL and the folks at HOAP.

2. HOAP provides three types of services. The first vehicle is the financial literacy services program, which offers a wide-range of education and counseling services to support native Hawaiian prospective homebuyers and native Hawaiian home owners. All services are provided with sensitivity to, and respect for, the native Hawaiian community and its culture. The second vehicle is job training and employment services. This component offers native Hawaiians services to improve job skills and find employment opportunities. Often, the barriers to homeownership are income related, and improving one's economic status through job enhancement can eliminate this barrier. The third vehicle is social services in the area of addictions treatment. Because barriers to homeownership may not always be financially related, there are a growing number of cases where homes are lost because of drug abuse and/or the use of financial resources to support drug and alcohol abuse. To address this issue, HOAP has integrated into its operational plan an addictions treatment component. The following services are available to HOAP clients:

   - **Financial Literacy Services.** HOAP provides financial literacy services through a variety of education, assessment, and case management programs, which are illustrated below and described under the diagram.



- ✓ ***Homebuyer Education Course***. This 8-10 hour course focuses on the factors a prospective home buyer must consider before making a purchase. A curriculum and training manual for the course is "Realizing the American Dream: A Manual for Homebuyers," 3rd Edition, by NeighborWorks® America and instructors cover the following topics: Are You Ready to Buy a Home; Managing Your Money; Understanding Credit; Getting a Mortgage Loan; Shopping for a Home; Keeping Your Home and Managing Finances. Many course instructors are trained by NeighborWorks® America and are certified by the U.S. Department of Housing and Urban Development (HUD). Although the curriculum is geared toward prospective homebuyers, existing homeowners are encouraged to attend a course to better understand personal financial management to preserve their home.

- ✓ ***Financial Assessment***. The first step of the case management and counseling program is capturing a client's current financial situation and identifying factors that may hinder successful home ownership. Clients must provide pay stubs for the previous thirty (30) days, statements for all bank accounts for the previous three (3) months, evidence of other income (e.g., social security benefits, child support, alimony, pension), copies of IRS W-2 or 1099 forms for the previous two (2) years, investment account statements, and a list of monthly expenses. HOAP service providers will also retrieve the client's credit report and score. All this information is used to determine an assessed loan amount (similar to a pre-qualification amount) for the client.

- ✓ ***Case Management***. HOAP offers three levels of case management and counseling. The level of case management for a client depends on the client's financial assessment.

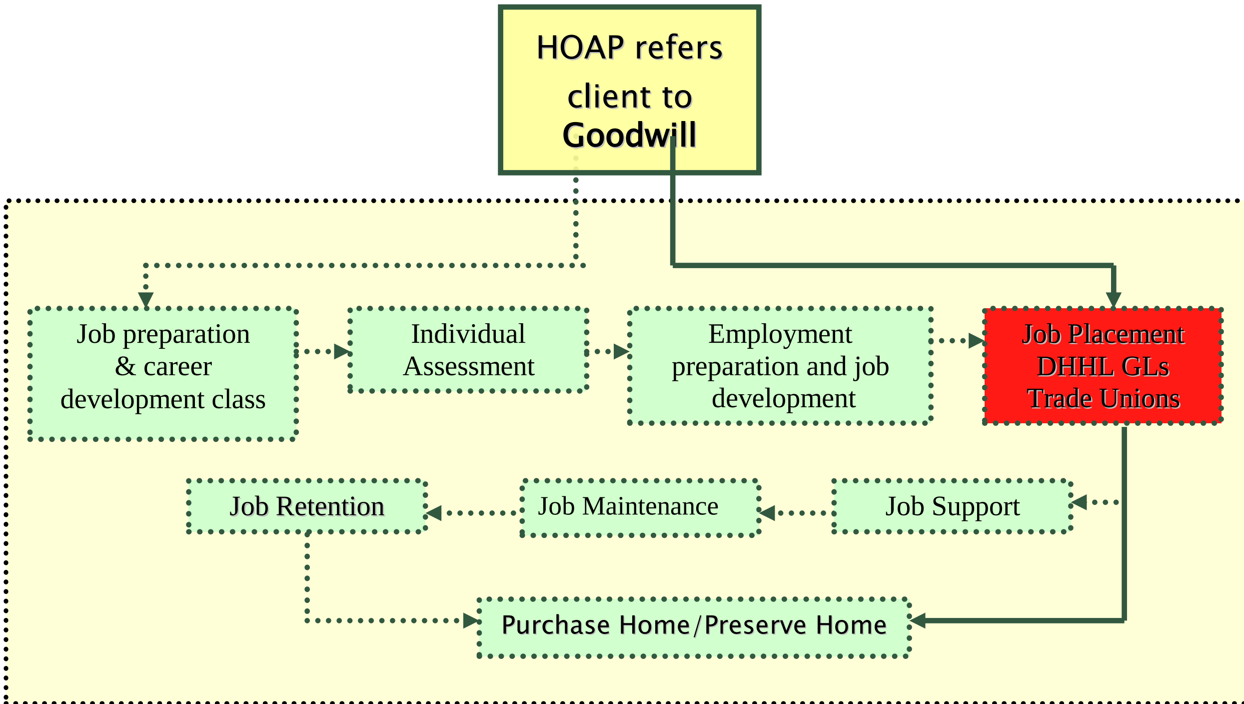
  - **Level I – Basic Case Management** is designed for clients who are not in serious financial disrepair and can follow their own financial action plan with the guidance of a HOAP counselor. These clients could also be categorized as "mortgage ready" in 6 to 12 months. This service helps clients better understand their financial situation through the development of an action plan that includes a budget, steps to improve credit scores, reduce debt, and increase income and savings. This level of counseling requires minimal follow-up by the counselor.

  - **Level II – Intensive Case Management** is designed for clients who need 12 to 24 months to repair credit, pay off debt, save money, and increase their income to maximize their mortgage loan qualification. Services include all those included in the Level I case management regimen but requires the counselor to follow up over a longer period of time.

  - **Level III – Debt Management Plans (DMP) and Bankruptcy Counseling** is designed for HOAP clients who are in serious debt and have delinquent accounts with creditors that need immediate intervention. Through the execution of a DMP, a service provider is able to negotiate an affordable payment plan with creditors, set a payment schedule for the client that is automatically deducted from the client's checking account and deposited with the service provider, who then distributes payments to the client's creditors. The service provider may also be able to negotiate late payment fees, finance charges, and interest rates. The service provider will track the client for a minimum of twelve (12) months. A DMP can last anywhere between 12 to 48 months depending on the size of the debt and number of creditors. If a client is considering bankruptcy, the law requires that prior to filing that person must receive counseling from a non-profit credit counseling agency approved by the Department of Justice. Through HOAP, a client is referred to an agency in Hawaii approved to provide face-to-face, telephone, and/or internet pre-bankruptcy counseling. Upon completion, the service provider issues a certificate valid for 180 days that must be filed with a bankruptcy petition.

- ✓ ***Post Homeownership and Lease Cancellation Prevention Counseling.*** Counseling needed to prevent DHHL lease cancellation will play an important role in DHHL homeownership. HOAP offers post-homeownership and lease cancellation prevention counseling that helps clients prepare for circumstances that may cause financial distress. The loss of a job, medical hardship, increasing debt, or other hardships that cause financial distress should be addressed early to prevent foreclosure on a home. Service providers will be available to provide solutions for families who need financial planning to prevent lease cancellation or mortgage foreclosure. DHHL's Loan Services Branch may refer clients to HOAP should a loan become delinquent. HOAP can assist these clients to control their debt before a lease is threatened with cancellation. For DHHL lessees under a Decision & Order, DHHL's Enforcement Team may require these lessees to attend HOAP counseling to further prevent a lease cancellation from taking place.

- **Job Training and Employment.** HOAP has partnered with Goodwill Industries of Hawaii to be the lead coordinator for all job training and employment opportunities statewide. In addition to delivering the services delineated below, Goodwill will also be the primary intermediary for all businesses that would like to provide employment opportunities through HOAP. DHHL offers commercial general leases (GLs) through its Land Management Division; these general leases may hold opportunities for employment to HOAP clients. National and local businesses who general lease DHHL properties may have employee needs and can make referrals to the primary intermediary to employ native Hawaiians in the surrounding community (e.g., the national chain, Wal-Mart, who has leased DHHL property in Hilo, Hawaii). These opportunities, together with others that may materialize through the Small Business Association, Trade Unions, and other organizations, allow qualified HOAP clients to be trained and placed in various employment situations. The diagram below illustrates this process, and the seven subsets of service provided under the job training and employment umbrella are described beneath the diagram.



- ✓ ***Job Preparation and Career Development.*** HOAP clients will be enrolled in an 8-hour job preparation and career development class to be held at least on a monthly basis. This class will cover a variety of topics relevant to successful job preparation and career development, including, but not limited to: resume/cover letter writing; application preparation; job search techniques; interviewing skills; and positive work habits. The class enables participants to become more aware of their own control over their employment situation while learning important techniques to obtain and maintain employment.

- ✓ ***Individual Assessment, Counseling, and Case Management.*** Individual assessment, counseling, and case management for unemployed or under-employed participants is available for all clients. Personalized one-on-one training sessions outline critical skills needed to be successful in a job search and to secure and maintain competitive employment. During the individual assessment phase, the participant's prior work history, background, goals, and qualifications, barriers to employment, and any pertinent information regarding employment issues, are formally assessed. The assessment provides a timely and accurate portrait of the participant's strengths, interests, and limitations in relation to their employment goals. If needed, participants are encouraged to further their training and education. Workplace functional skills, vocation skills, and work attitudes are also thoroughly assessed. The combined assessment results are used to develop an Individual Service Plan (ISP) that clearly outlines tasks, responsibilities, employment strategies, and goals to achieve self-sufficiency. Case management and counseling services are available to assist participants to obtain and maintain the highest level of competitive employment consistent with the participant's skills, strengths, and experience. Case management and counseling are provided throughout the duration of the program to ensure participants are successfully progressing through each component to reach their employment goal.

- ✓ ***Employment Preparation and Job Development.*** Employment preparation and job development services will ensure that participants are equipped with the knowledge, skills, habits, and attitudes necessary to obtain employment and function effectively in the workplace. Employment counselors will assist participants with establishing solid life management skills, improved work functioning skills, and effective job search skills as needed to remove, restructure, and manage barriers to employment identified in their ISP. The job search focuses on job openings in the local community that suit the participant's needs, interests, and abilities. Participants are also assisted with job leads, networking contacts, and the analysis of local community employment trend information. As needed, a combination of classes, workshops, and individual assistance is provided to prepare participants for successful employment and eventual self-sufficiency. In addition, employment counselors work to establish partnerships with employers in the community to increase participants' opportunities in job search, job acquisition, job placement, job retention, and career path advancement.

- ✓ ***Job Placement.*** The ultimate goal of job placement is a participant who is working successfully in a job that matches the goals outlined in the ISP. Job placement is achieved upon completion of the first day of work. Matching participants with suitable employment opportunities is crucial to successful job placement and retention; therefore, participants are provided with different job leads to maximize job matching success. The participant's strengths, barriers, training, needs, and preferences are considered in terms of job placement. Participants placed into employment are provided with follow-up services to help them successfully maintain their current employment and assess possible opportunities for career path advancement. Employment counselors provide continuous individual support to participants who must now balance the demands of employment, family, and perhaps identify potential additional education and training opportunities.

- ✓ ***Job Support.*** The initial period of employment will be especially challenging for many participants. The goal of job support services is to help participants stay motivated and focused to successfully retain and improve employment. Participants successfully complete this component when they have been employed for ninety (90) days within a one-hundred thirty-five (135) day period from the confirmed job placement date. The participant is provided with comprehensive job support services which facilitate adjustment to the demands of the job and provide assistance to deal with crisis that could lead to job loss. Employment counselors remain in close, regular contact with participants to ensure successful job placement. During this phase, correctly identifying and assessing barriers to successful employment and finding solutions to these barriers are essential for job stability. In addition, employment counselors directly communicate with employers to facilitate the participant's adjustment to the job, and, when necessary, to provide solutions to work-related problems.

- ✓ ***Job Maintenance.*** Job maintenance services continue to provide necessary support for participants to maintain employment. Participants successfully complete this component when they have been employed for one hundred eighty (180) days within a two hundred seventy (270) day period from the confirmed job placement date. Employment counselors remain in periodic contact with participants to support the achievement of their long-term employment goals. Employment counselors also continue to assist participants to overcome identified barriers to job stability. For many participants, support in this phase may mean seeking additional education and training to provide opportunities for career path advancement. Employment counselors work closely with participants to identify potential education and training opportunities.

- ✓ ***Job Retention.*** Job retention services assist participants to maintain long-term employment goals which will lead to independence and self-sufficiency for the participants and their families. Participants who have successfully maintained three hundred sixty-five (365) days of employment have developed the work ethic and skills necessary for long-term job stability. Participants successfully complete this component when they have been employed for three hundred sixty-five (365) days within a four hundred fifty-five (455) day period from the confirmed job placement date. During this final job retention phase, employment counselors offer support and counsel on performance improvements, reliability, salary and wage increase negotiations, application for promotion opportunities, and future career advancement. In addition, participants are referred to a variety of opportunities and community resources that support their continued movement towards established long-term employment goals. Participants who reach this final component have worked hard to successfully overcome employment barriers and achieved full independence for themselves and their families.

- **Social Services – Addictions Treatment Services.** The Salvation Army (TSA) has been contracted to provide addictions treatment services and will be the primary intermediary for statewide referral of HOAP clients that need service. TSA is the social service component of HOAP that specializes in social programs that address drug and alcohol addiction. TSA will be responsible for the intake and referral of all HOAP clients who need addiction treatment services statewide. TSA will be able to provide a continuum of addiction treatment for men and women through the major levels of care described below.

  - ✓ ***Detoxification Unit.*** This unit provides clients withdrawing from alcohol and other drugs (primarily methamphetamine and heroin) with 2 to 7 days of non-medical residential detoxification services in a safe and supportive environment. Detox services include evaluation, medication administration, monitoring of vital signs, individual counseling, addiction education, case management, and referral to a treatment or other recovery setting.

  - ✓ ***Residential Treatment.*** Provides an intensive, individualized plan of recovery for a severely addicted person needing a more structured environment than day or outpatient treatment can provide. Residential services include an average of forty (40) hours of face-to-face treatment activities weekly. The duration of residential stay is variable and ranges from a few weeks to up to ninety (90) days before transfer to a day or outpatient treatment level.

  - ✓ ***Day/Outpatient/Aftercare Services.*** Addictions Treatment Services (ATS) offers day treatment, intensive outpatient, and low intensity outpatient treatment as follows: day treatment clients attend at least four (4) hours daily for five (5) days per week; intensive outpatient clients attend three (3) hour sessions at least three (3) times weekly; and outpatient clients attend between 1-8 hours weekly. Day and/or outpatient treatment is used both as a "stand alone" approach and in combination with detox and/or residential treatment. A minimum of twelve (12) weeks of aftercare is provided for all clients following completion of primary treatment.

  - ✓ ***Specific Treatment Activities*:**
    - ➢ **Bio-psycho-social assessment** includes DSM-IV diagnosis, use of Addiction Severity Index, and rating on the ASAM Placement Criteria.
    - ➢ **Individualized treatment plan** developed by client and primary counselor at admission and updated periodically throughout treatment.

- **Individual counseling** sessions focus on treatment plan issues including treatment progress, relationships, crisis management, trauma and abuse issues, financial matters, unresolved issues from group counseling, and also include case management and discharge planning.
- **Group sessions** include directed process groups, cognitive restructuring groups, gender-specific issues groups, therapeutic goals addiction education groups, and cognitive/social skills training groups.
- **Family renewal services** include family education and support groups, couples classes, and marriage and family counseling.
- **Vocational rehabilitation** services include assessment, pre-employment skills, interview skills, referral to vocational training programs, job search, and employment support and follow-up.
- **Medical, psychiatric, and nursing** services are provided by: 1) an ASAM Board Certified Psychiatrist who conducts psychiatric interviews and serves as Medical Director; 2) a medical internist who provides physical exams for clients; and 3) full-time and part-time registered nurses who handle sick call, TB testing, medications, and clients' overall nursing needs.
- **Case management** ensures timely provision of appropriate services in accordance with treatment plan and referral for problems in areas other than addiction.
- **Pastoral services** provided by Salvation Army chaplain include a variety of spiritual growth opportunities.
- **Recreational/leisure time activities** include low impact activities such as yoga, Brain Gym, ceramics, aerobics, volleyball, swimming, beach outings, and exercising via aerobic machines, or weight training.
- **Support services** include drug testing, three (3) nutritious meals daily supervised by a registered dietician who oversees meal planning and special diets, and transportation services.
- **Continuing care** is required at least weekly for a minimum of three (3) months following completion of primary treatment. Participants continue to share their recovery experiences in a group format and to refine their relapse prevention skills.
- **Community 12-step support group** participation is strongly encouraged for all clients via frequent on-site and community meetings, Big Book, and Step Studies.

- ***Treatment Approach*.** The goal is to provide an integrative treatment approach based on current research and best practices in the field of addiction and offender treatment. The treatment approach is cognitive/behavioral with emphasis on relapse prevention and cognitive skills development. TSA supports the philosophy of total abstinence in the treatment of addiction and the use of 12-step support groups. Programs and services should be accredited nationally by the Commission on Accreditation of Rehabilitation Facilities and locally by the State of Hawaii Department of Health. Treatment should be provided by a multi-disciplinary team of highly experienced clinical staff comprised primarily of certified substance abuse counselors, master's level counselors and social workers, registered and licensed practical nurses supported by medical/psychiatric/dietary consultants, recovering staff, graduate interns, and dedicated volunteers.

2017 State Bills Passed Supporting Housing; 2018 Housing Initiatives

Bills supporting housing that passed the State Legislature in 2017 are presented on the following four pages, based on LURF research conducted August 16, 2017. Housing initiatives for 2018 contemplated by the Governor's office, State legislators, County leaders, private sector stakeholders, and others are delineated on the two pages following the 2017 passed bills. Finally, a two-page agenda from a Governor's conference held in September 2017 involving the housing stakeholder's working group appears at the end of this chapter.

BillNo/Introducer	Title/Description	History
*HB530 **Introducer(s) :** OHNO, AQUINO, BROWER, HOLT, ICHIYAMA, KEOHOKALOLE, KONG, LOWEN, MCKELVEY, MIZUNO, NAKASHIMA, NISHIMOTO, ONISHI, OSHIRO, QUINLAN, SAIKI, TAKAYAMA, TAKUMI, San Buenaventura **Current Referral :** HOU, WAM **Position:**SUPPORT	**Measure Title : RELATING TO HOMEBUYER ASSISTANCE.** **Description :** Updates the Downpayment Loan Program of the Hawaii Housing Finance and Development Corporation. (HB530 CD1) **Comments:** HSG: HHFDC Homebuyer Assistance programs (PRIORITY) **Type:** **HAP – BUYER ASSISTANCE**	7/11/2017 **Act 123**, 07/10/2017 (Gov. Msg. No. 1224).
*HB599 **Introducer(s) :** NAKASHIMA **Current Referral :** HOU, WAM	**Measure Title : RELATING TO THE HAWAII STATE PLAN.** **Description :** Amends Hawaii State Planning Act to prioritize housing opportunities for extremely low- to above moderate- income households, require periodic updates to functional plans, and amend member nomination process for advisory committees for the functional plans. (SD2)	7/7/2017 **Act 082**, on 07/05/2017 (Gov. Msg. No. 1183).

BillNo/Introducer	Title/Description	History
Position:COMMENT	**Comments:** HSG: Amends Hawaii State Planning Act to prioritize hsg for extremely low- to above moderate- income households; requires periodic updates; amends nomination process for functional plan advisory committees. (NAKASHIMA) **Type:** **HAP - POLICY**	
*HB1179 **Introducer(s) :** JOHANSON, BROWER, SAIKI **Current Referral :** HOU, JDL/WAM **Position:**SUPPORT	**Measure Title : RELATING TO HOUSING.** **Description :** Expands the types of rental housing projects that can be exempt from general excise taxes. Allows the Hawaii Housing Finance and Development Corporation to exempt certain affordable rental housing projects from general excise tax and use tax costs. Allows the terms of the section 201H-36(a)(5) prevailing wages to be deemed the prevailing wages serving as the basis of compliance with chapter 104, Hawaii Revised Statutes, for the construction of certain rental housing projects. (HB1179 CD1) **Type:** **HAP-INCENTIVES**	6/23/2017 **Act 054**, 06/22/2017 (Gov. Msg. No. 1154).
*SB584 **Introducer(s) :** ESPERO, S. Chang, Harimoto, K. Kahele, Keith-Agaran, Nishihara **Current Referral :** HSG, CPC **Companion Bill :** HB870 **Position:**SUPPORT	**Measure Title : RELATING TO MORTGAGES.** **Description :** Allows an extended or hanai family member to act as a co-mortgagor in assisting a qualified resident in securing a mortgage to purchase a dwelling unit from the Hawaii Housing Finance and Development Corporation. (CD1) **Comments:** HSG: Co-mortgagors can be extended family or Hanai **Type:** **HAP – BUYER ASSISTANCE**	7/12/2017 **Act 166**, 07/11/2017 (Gov. Msg. No. 1280).
*SB715 **Introducer(s) :** TOKUDA, K. RHOADS, Kouchi **Current Referral :** HSG/WAL, FIN **Position:**SUPPORT	**Measure Title : RELATING TO THE SPECIAL ACTION TEAM ON AFFORDABLE RENTAL HOUSING.** **Description :** Adds the Executive Director of the Hawaii Community Development Authority and the Executive Director of the Hawaii Public Housing Authority to the Special Action Team on Affordable Rental Housing. (CD1) **Type:** **HAP – ADMINISTRATIVE**	7/7/2017 **Act 096**, on 07/05/2017 (Gov. Msg. No. 1197).
*SB911 **Introducer(s) :** KOUCHI (Introduced by request of another party) **Current Referral :** HSG, FIN **Companion Bill :** HB1045	**Measure Title : RELATING TO THE HOUSING LOAN AND MORTGAGE PROGRAM.** **Description :** Increases the Hula Mae Multifamily Revenue Bond authorization amount from $1,000,000,000 to $1,500,000,000. Requires the Hawaii Housing Finance and Development Corporation to submit annual reports to the Legislature describing the activity of the revenue bond. (CD1)	7/12/2017 **Act 175**, 07/11/2017 (Gov. Msg. No. 1289).

BillNo/Introducer	Title/Description	History
Position:SUPPORT	**Type:** **HAP – FINANCING**	
*SB1244 **Introducer(s) :** ESPERO, HARIMOTO, K. Kahele, Keith-Agaran, Nishihara **Current Referral :** HSG, FIN **Position:**SUPPORT	**Measure Title : RELATING TO AFFORDABLE HOUSING.** **Description :** Authorizes qualified nonprofit housing trusts to repurchase affordable units developed with government assistance when a government entity waives its first right of refusal to repurchase the unit. Authorizes counties to waive a first right of refusal to repurchase a privately-developed affordable housing unit built pursuant to a unilateral agreement or similar instrument. (CD1) **Type:** **HAP - LONG-TERM AFFORDABILITY; HOMEBUYER ASSISTANCE**	7/11/2017 **Act 159**, on 07/10/2017 (Gov. Msg. No. 1260).
*SCR143 **Introducer(s) :** ESPERO, Baker, S. Chang, Galuteria, Harimoto, Kim, Nishihara, Riviere, Shimabukuro, Wakai **Current Referral :** HSG, FIN **Position:**COMMENT	**Measure Title : URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO WORK WITH HOUSING STAKEHOLDERS AND OTHER STATE AND COUNTY AGENCIES TO EVALUATE AND UPDATE THE RENTAL HOUSING REVOLVING FUND PROGRAM'S POLICIES AND PROCEDURES AND REINSTATE THE PREDEVELOPMENT LOAN PROGRAM.** **Type:** **HAP-HHFDC PROCESS**	4/24/2017 S Resolution adopted in final form. 5/30/2017 S Certified copies of resolutions sent, 05-30-17.
*SR65 **Introducer(s) :** ESPERO, Baker, S. Chang, Galuteria, Harimoto, Kim, Nishihara, Riviere, Shimabukuro, Wakai **Current Referral :** HOU, WAM **Position:**SUPPORT	**Measure Title : URGING THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION TO WORK WITH HOUSING STAKEHOLDERS AND OTHER STATE AND COUNTY AGENCIES TO EVALUATE AND UPDATE THE RENTAL HOUSING REVOLVING FUND PROGRAM''S POLICIES AND PROCEDURES AND REINSTATE THE PREDEVELOPMENT LOAN PROGRAM.** **Description :** **Type:** **HAP-HHFDC PROCESS**	4/6/2017 S Report and Resolution Adopted. 5/30/2017 S Certified copies of resolutions sent, 05-30-17.
*SCR145 **Introducer(s) :** ESPERO, S. Chang, Harimoto, Keith-Agaran, Nishihara, K. Rhoads, Shimabukuro **Current Referral :** HSG/WAL, FIN **Position:**COMMENT	**Measure Title : REQUESTING THE DEVELOPMENT OF A COLLABORATIVE PLAN TO BEST LEVERAGE STATE AND COUNTY FUNDS TO BUILD AFFORDABLE HOUSING PROJECTS AND AN EXPLORATION OF THE FEASIBILITY OF TRANSFERRING A PARCEL OF LAND IN KAHULUI, MAUI, TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.** **Description :** **Type:** **HAP-FUNDING; HAP-LAND**	4/24/2017 S Resolution adopted in final form. 5/30/2017 S Certified copies of resolutions sent, 05-30-17.

BillNo/Introducer	Title/Description	History
*SR67 **Introducer(s) :** ESPERO, S. Chang, Dela Cruz, Harimoto, Keith-Agaran, Nishihara, K. Rhoads, Shimabukuro **Current Referral :** HOU/PSM, WAM **Position:**SUPPORT	**Measure Title : REQUESTING THE DEVELOPMENT OF A COLLABORATIVE PLAN TO BEST LEVERAGE STATE AND COUNTY FUNDS TO BUILD AFFORDABLE HOUSING PROJECTS AND AN EXPLORATION OF THE FEASIBILITY OF TRANSFERRING A PARCEL OF LAND IN KAHULUI, MAUI, TO THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION.** **Type: HAP-FUNDING; HAP-LAND**	4/6/2017 S Report and Resolution Adopted. 5/30/2017 S Certified copies of resolutions sent, 05-30-17.

DRAFT AFFORDABLE HOUSING INITIATIVES FOR 2018

1. **Maximize State Financing Tools:** Preliminary list based on Governor's goals for the state and feedback received by Governor's Office

   - Process: Changes to the Qualified application process (QAP - LIHTC criteria) to promote production
   - Process: Expedite the issuance of the gap financing funds – identify what it takes to do this.
   - Bills/Rules/Policies: Allow in-lieu fees
   - Bills/Rules/Policies: Allow in-lieu dedication of private land
   - Bills: Allow State to exchange lands of equal value (Ag lands must have water source and infrastructure)
   - Bills: To repeal the conveyance tax cap ($38M) – allows more funding for RHRF
   - Bills: Housekeeping amendments to the rental housing coalition bill (HB1179)
   - Bills: To encourage a broader pool of investors for State LIHTC
   - Budget: Another funding infusion to DURF and RHRF
   - Budget: Support down payment assistance programs for individual buyers

2. **State Participation in Regional Infrastructure Development**

   - Process: Streamline State and county infrastructure coordination process – include monthly meetings?
   - Process: Create shared State/county Infrastructure maps, data base, and information
   - Legal interpretation & process: School impact fees ($9,000 a unit) – clarify evaluation process to determine DOE impact fees; revise formula to address 21st Century Schools (vertical construction)

- Legal interpretation: Tax Increment Financing – county implementation? (AG review & comment)
- Bills: regarding Public-Private-Partnerships (P-3) – to support development of infrastructure and affordable housing

3. Streamline Government/Remove Unnecessary or Duplicative Process

- Policy: Projects in the pipeline = key to reaching production goals (Ho'opili, Koa Ridge, etc.)
- Process: Streamline application and award process for the HHFDC rental housing financing resources, including bonds, LIHTC, and RHRF
- Process: Streamline processes for allowing housing developments on government lands – RFP/RFQ procurement process; lease approval; etc.
- Process: Streamline/eliminate process for Disability & Communication Access Board (DCAB) review. Is the DCAB review required by law? Rationale? Streamline?
- Bills: to allow affordable "rentals" to satisfy government conditions for affordable "for sale" units, without developer going through a permit amendment process (designated income levels and resale restrictions will remain the same)
- Bills: to allow counties to petition for "Regional" LUC Boundary Amendments – based on county general plans/community plans
- Bills: to allow County Council approval of LUC boundary amendments 60 acres or less (currently 15 acres)
- Process/Bill: Streamline processes relating to EA/EIS for affordable housing projects in urban core (9-months to 1-year process; none of the surrounding properties or housing projects require an EA/EIS)

4. Other Important Issues or Initiatives

- Policy: Differences – Rentals and "For-Sale" housing are different, and should be treated accordingly
- Policy: Government assisted and privately funded housing projects are different, and should be treated accordingly
- Policy/Bills: Restricted period for privately funded "for-sale" or "rental" projects – 10 years (proposals for 30-year restricted resale period could be counter-productive)
- Bills: Oppose increase in LUC's enforcement powers – will housing increase, or be delayed, by bills that would allow: anyone to file repeated order to show cause against a project; the authority to enforce LUC conditions (except for conservation lands, HRS and Hawaii Supreme Court case law confirmed that the counties enforce LUC conditions and boundaries); LUC to fine landowners & developers; LUC to change permit conditions; LUC's authority to enforce LUC conditions.

- Rule changes – EIS (Environmental Council): Concerns regarding unintended consequences of proposed EIS rule changes to implement a new 5-year “Shelf Life” for EA/EIS/Agency Exemptions
- Rule changes – Reserved Housing and Workforce Housing Rules (HCDA): Will housing production increase with proposed 30-year resale restrictions and proposed additional restrictions on Workforce Housing?

Housing Stakeholder's Working Group Meeting

September 15, 2017

Governor's Conference 9:30 a.m.

I. Goals and outcomes

- Production target - 10,000 units by 2020
- Maximize state financing tools
- Participate in infrastructure to help projects go sooner
- Limited time and energy, so what do we spend it on?

II. Maximize state financing tools:

Process:

- Proposed changes to the QAP (LIHTC criteria) for 2019 (cover in depth on 9/29)
- Synchronize Gap financing to make projects go sooner (RHRF, HMMF bonds)

Bills/Rules/Policies:

- Repeal conveyance tax cap ($38M)
- Housekeeping amendments to the rental housing coalition bill (HB1179)
- Amend passive activity loss rules (LIHTC investors) – Craig, stress test
  - Vetting process for legislative proposals

Budget:

- Another infusion to DURF and RHRF funds
- MWH - significant housing (public and market) project - Hakim
  - Impact on state's bond cap and gap financing – Craig
- Demand side program - down payment assistant programs for individual buyers – particularly for the gap income group

Housing Stakeholder's Working Group Meeting

September 15, 2017

Governor's Conference 9:30 a.m.

III. Increase production and streamline government

Process:

- Streamline the QAP application and award process – Craig
- Shorten bond sale process – HHFDC/ATG
- Exemption for affordable housing projects in the urban core? - OEQC

Bills/Rules/Policies:

- HCDA changes to Reserved Housing and Workforce Housing Rules – Jesse
- LUC related items - LURF
  - expansion of enforcement powers this past session,
  - allow County Council approval of LUC boundary amendments 60 acres or less (currently 15 acres),
  - allow Counties to petition for "Regional" LUC Boundary Amendments plans

IV. State participation in regional infrastructure development:

- Establish regular meetings with the city to coordinate infrastructure investments

Bills/Rules/Policies:

- Concept of having a P-3 advisory office to support development of infrastructure and affordable housing - Craig
  - Vetting process for legislative proposals
- School impact fees (urban area) – Ken Masden, DOE – OSFSS

V. Other important issues:

- Allow in-lieu fees
- Allow in-lieu dedication of private land
- Allow State to exchange lands of equal value (Ag lands must have water source and infrastructure)

CHAPTER 6
EVALUATION OF FIVE PLANNED HOUSING PROJECTS

The scope of work for this grant includes the review and evaluation of five planned housing projects, one from each county and another City TOD project, identification of development challenges, and submittal of possible recommendations to facilitate the housing projects. The respective counties chose the projects to be reviewed and it is anticipated that the evaluation and recommendations made in this report will be used by the project developers to assist in the development of the housing. Summaries of the housing projects are provided below, with details contained in Appendices B through F, and a map showing the locations of the five projects is provided on the following page. The R.M. Towill Corporation (RMTC) assessment of infrastructure costs for each of the five projects is discussed at the end of this chapter, and the complete technical memorandum prepared by RMTC is provided in Appendix G of this report.

PULELEHUA
KAPALUA, MAUI

Project Description

The landowner/developer is the principal of a real estate investment firm that has been in commercial and residential development as well as property management across 24 cities in the United States since 1978. It is currently involved in investment and development opportunities in Texas, California, and Hawaii, and its principals have developed over 20,000 apartment units, over 1,000,000 square feet of high-rise commercial office, several thousand acres of award-winning and best-selling residential development communities, as well as industrial warehouses, specialty shopping centers, and mixed-use high rise developments in the United States. The landowner/developer purchased the property with all of its land entitlements from Maui Land & Pineapple Co. in June 2016.

According to news reports, the Pulelehua project is the first apartment complex to be built in West Maui in more than two decades. The first 28-acre phase of Pulelehua is adjacent to the Kapalua Airport on the makai side, and is planned to include 130 workforce and 120 market rate long-term rental units (one-year leases). The units will be based on an award-winning design and will range from studios to two bedrooms, in eight to ten unit single-story, low-profile apartment complex buildings. Current plans show areas for open space, trails, parks, and guest parking, and the project also includes areas for a neighborhood grocery store, gas station, church, community center, and other local stores. The entire project includes 304 acres and calls for a total of 882 multi-family and single-family homes with at least half designated as affordable.

The project has all the necessary water capacity approvals, but would need approvals by the State Department of Health and Maui County Board of Water Supply to tap into the county water system, by drilling its own wells or collaborating with the county water department. Regional sewer utilities are required as well. The project is connected to the State's Honoapiilani Highway, so a DOT impact fee may also be required.

Five Proposed Housing Projects
Lima Ola
Aiea Mill Site
Mayor Wright Homes
Pulelehua
Hualalai Court
Google Earth
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Image Landsat / Copernicus
Data LDEO-Columbia, NSF, NOAA

Challenges

The LUC Decision and Order (D&O) requires the developer to build affordable *"for-sale"* units, although Condition 1 in the D&O allows some rental units; thus, the developer has filed a petition for the LUC to approve an amended condition which would allow the development of primarily affordable *"rental units"* instead. Also, the Maui County project district approval allows the developer to build 300 "Ohana" units; however, the developer would rather build "apartment" units, so it must also obtain the approval of Maui County to amend the conditions of its project district approval. In addition, the Maui County Planning Department has raised numerous permitting and design issues relating to this project.

Since the project includes over 50% affordable rentals, the developer is also very interested in applying for State and county financing programs and State and county financial incentives, expedited permitting, waivers and/or deferral of fees, and possible §201H approvals.

The developer has a very experienced financing and development team; however, it does not have experience with Maui County or with HHFDC.

Recommendations

1. **Streamlined entitlement and permit approvals, and Third-Party Review.** Work with the LUC and Maui County to utilize existing entitlement and permit approval processes, or amend the processes, including county third-party review to allow for efficient permit approvals. The developer or his consultant should request that the Maui administration and Maui Planning Department enact rules allowing Third-Party Review rules, similar to those of the City.

2. **§201H Approval.** Meet with Maui County and, if qualified, apply for §201H approval and exemptions for height, FAR, and setbacks, deferrals of water/sewer connection fees, and waivers of permit fees.

3. **HHFDC Financing Programs.** Meet with HHFDC and, if qualified, apply for appropriate HHFDC financing programs. Since the developer is required to provide affordable housing as a land use condition, 9% LIHTC and RHRF may not be appropriate resources to satisfy that requirement (and they would trigger DCAB review).

4. **Maui County Affordable Housing Fund.** Meet with the Maui County Housing office and, if qualified, apply for funding from the Maui County Affordable Housing Fund.

5. **Waivers or deferrals of government fees.** Determine whether Maui County has a "pilot project" affordable housing program and, if so, seek designation as "pilot project" status to, among other things, obtain waivers or deferrals of county fees and costs, similar to the §201H process.

6. **CFDs, GO Bonds, and TIF.** Consider the use of financing tools such as CFDs, GO bonds, and/or TIF to address infrastructure and other development costs. Maui County would need to enact a new TIF ordinance and complete its efforts to enact a CFD ordinance.

7. **Experienced Project Team.** After meeting with the developer, the Maui County Planning Department, Maui County Housing Office, and other development experts on Maui have suggested that the developer consider retaining experienced local staff and consultants to perform the above development tasks.

HUALALAI COURT
HILO, HAWAII ISLAND

Project Description

The owner of the land is a very successful commercial architect from the mainland, who also holds a general contractor's license and a real estate license in Hawaii. The owner plans a 105-unit workforce rental housing project on 3.25 acres in downtown Hilo. The units are expected to serve 60% of AMI and below, in two-story apartment complexes with 70 one-bedroom units and 35 two-bedroom units. The project has all the necessary county water and sewer capacity approvals.

The landowner wants to design the housing project and is seeking a development partner that would co-develop the property with him. The landowner is also very motivated to apply for State and county financing programs and State and county financial incentives, expedited permitting, and/or possible §201H approvals.

Challenges

At the present time, the landowner has not been able to retain a developer or consultants who are willing to co-develop the property with him and who are experienced with, or capable of doing, the planning and permitting on Hawaii Island, and experienced with or capable of applying for financing from Hawaii County and HHFDC.

Recommendations

1. **§201H Approval.** Meet with Hawaii County and, if qualified, apply for §201H approval and exemptions.

2. **HHFDC Financing Programs.** Meet with HHFDC and, if qualified, apply for HHFDC financing programs, including, among other things RHRF and LIHTC, which would trigger DCAB review.

3. **Hawaii County Affordable Housing Fund.** Meet with the Hawaii County Housing office and, if qualified, apply for funding from the Hawaii County Affordable Housing Fund.

4. **Waivers or deferrals of government fees.** Determine whether Hawaii County has a "pilot project" affordable housing program and, if so, seek designation as "pilot project" status to, among other things, obtain waivers or deferrals of county fees and costs, similar to the §201H process.

5. **Experienced Project Team.** The developer should consider retaining a local developer and/or experienced local staff and consultants to perform the above development tasks.

LIMA OLA
ELEELE, KAUAI

Project Description

Lima Ola is a Kauai County project on Kauai county lands in Eleele, which is intended to be affordable to live in, environmentally responsible, and promote a healthy lifestyle. It will be a master-planned community of affordable new residences for working people, and is envisioned to be a community "*for all Kauai's Kama'aina – keiki to Kupuna."* The 25-acre Phase 1 site will include 149 workforce housing units, and already has its §201H approval.

Kauai County followed its General Plan and development plans and installed sufficient water and sewer capacity and constructed the off-site roadway improvements to service the Lima Ola housing project.

The full build out of the Lima Ola residential development will include up to 550 residential units (single-family and multi-family) to provide needed affordable housing supply for Kauai. All units will be affordable as defined by Chapter 7A of the Kauai County Code, and offered for sale or rent to households who earn no more than 140% of the Kauai area median household income. The proposed project is also anticipated to include a community park, a water storage tank, bike and pedestrian paths, and landscaped areas. Because all units will be affordable, Lima Ola qualifies as an affordable housing project under §201H-38, Hawaii Revised Statutes, as amended. Kauai County is also seeking exemption from State and County land use regulations and is proceeding under the fast-tracking procedures provided under HRS §201H-38.

Challenges

Kauai County has filed its petition with the LUC to reclassify the entire property (75 acres) from the State Land Use Agricultural District to the State Land Use Urban District. As part of the LUC process, Kauai county requires the approval of the SHPD, which has reportedly been delayed for over six months. Since the Lima Ola project is on county land, it will also be required, once construction plans are available, to apply for DCAB review and approval, which reportedly could take many months. The Decision & Order (D&O) for Lima Ola was filed July 24, 2017, and docket was completed August 19, 2017.

Recommendations

1. **Streamlined entitlement and permit approvals, and Third-Party Review.** Work with the LUC to utilize existing entitlement and permit approval processes, or amend the processes, including county third-party review to allow for efficient permit approvals. The developer or his consultant should request that the State administration enact rules for Third-Party Review for SHPD and DCAB, similar to those of the City.

2. **RFP process to select a developer and experienced Project Team.** The Kauai county's RFP process should assure that the selected developer, consultants, and staff are experienced and able to efficiently perform the development tasks.

3. **HHFDC Financing Programs.** The selected developer should meet with HHFDC and, if qualified, apply for HHFDC financing programs, including, among other things, RHRF and LIHTC. Also, a Memorandum of Understanding (MOU) between HHFDC and the County of Kauai establishes a cooperative relationship and a commitment to DURF funding. The DURF loan would fund infrastructure and take finished lots for multi-family housing as repayment on the loan; HHFDC would issue an RFP for private development of the rental housing, and those developers would apply for RHRF and LIHTC funding.

4. **Kauai County Affordable Housing Fund.** The developer should meet with the Kauai County Housing office and, if qualified, apply for funding from the Kauai County Affordable Housing Fund.

5. **Waivers or deferrals of government fees.** Determine whether Kauai County has a "pilot project" affordable housing program and, if so, seek designation as "pilot project" status to obtain, among other things, waivers or deferrals of county fees and costs, similar to the §201H process.

MAYOR WRIGHT HOMES
HONOLULU

Project Description

Mayor Wright Homes (MWH) is a nearly 15-acre federal low-income public housing development that has been in use for more than 60 years. The 364-unit project was built in 1953 and renovated in 1984 and is under the jurisdiction of the Hawaii Public Housing Authority (HPHA). Over the years, MWH was unable to address its repair, renovation, and other capital needs due to inadequate State and federal funds.

In 2014, HPHA selected Hunt Companies, Inc., as master developer, along with partners McCormack Baron Salazar and Vitus Group, to transform MWH into a 2,115 unit mixed-income, mixed-finance, mixed-use model that will provide the additional capital necessary to truly revitalize the site and surrounding neighborhood.

This multi-year, multi-phase project will include studios to five bedroom units, and is large enough that it has not only the potential to completely transform Mayor Wright Homes, but to also be a catalyst for the renewal of the entire Kalihi-Palama neighborhood. To truly renew the neighborhood, a 21st century elementary school should also be considered. Community schools have the ability to bring children, families, community service providers, businesses, and other organizations together organically, allowing everyone involved to benefit.

Challenges

The sewer and drainage infrastructure in Iwilei cannot handle the full build-out of the MWH area. The project is so enormous and complex that the construction logistics, costs, and timetable may be complicated and problematic. Also, the project will need financial assistance relating to the infrastructure costs.

Recommendations

1. **Phased development based on infrastructure capacity.** HPHA and the developer should determine which area of the project site has the best infrastructure capacity, and start the demolition and construction of new buildings in that area. When the new buildings are completed, current tenants could be relocated there, making room for further demolition.

2. **Utilize the Act 130 (SLH 2016) and the Interagency TOD Council to coordinate infrastructure and efficient TOD planning.** The TOD Council can also coordinate mixed use development and affordable and rental housing projects.

3. **Utilize Act 132 (SLH 2016), which authorizes State jurisdiction and the creation of Regional State Infrastructure Improvement subaccounts within the DURF.** The area surrounding MWH includes many State-owned lands. That fact could allow the developers of MWH to be able to use DURF to provide loans and grants to finance regional state infrastructure improvements that will support development in areas of planned growth**.**

4. **Streamlined entitlement and permit approvals, and Third-Party Review.** Work with the City to utilize existing entitlement and permit approval processes, including using the City’s third-party review to allow for efficient permit approvals.

5. **§201H Approval.** Meet with the HHFDC and, if qualified, apply for §201H approval and exemptions.

6. **HHFDC Financing Programs.** Meet with HHFDC and, if qualified, apply for appropriate HHFDC financing programs. MWH will need substantial resources to build out. Hula Mae multi-family bonds, coupled with 4% LIHTC and equity gap financing through a separate CIP (taxable GO bond appropriation), would allow HHFDC to finance other rental housing projects throughout the State with 9% LIHTC and RHRF.

7. **City Affordable Housing Fund.** Pursuant to the recent Charter Amendment, the requirements have been relaxed and funding may be available. It may be best to meet with the City Housing office and, if qualified, apply for funding from the City's Affordable Housing Fund.

8. **Federal funds.** Work closely with HUD to explore the viability of using federal public housing funds, such as operating subsidies like Section 8 project-based vouchers.

9. **Waivers or deferrals of government fees.** Determine whether Honolulu has a "pilot project" affordable housing program and, if so, seek designation as "pilot project" status to, among other things, obtain waivers or deferrals of City fees and costs, similar to the §201H process.

10. **CFDs, GO Bonds, and TIF.** MWH will have a substantial number of market-priced units, so the developer should consider the use of financing tools such as CFDs, GO bonds, and/or TIF to address infrastructure and other development costs. The City would need to enact a new TIF ordinance.

AIEA MILL SITE
AIEA, OAHU

Project Description

In 2002, at the urging of the Aiea Community Association (ACA), the City purchased the Aiea Sugar Mill site for a Town Center and Senior Living Facility. Prior to its purchase, due diligence uncovered substantial contamination with hazardous materials. Soil remediation was performed to make the site safe for children to lay on; however, shortly after its purchase and clearing, the City discovered that the soils contaminated with hazardous materials were spread about the site and the City required the contractor to do further soil remediation until the area was deemed safe. A Final Environmental Assessment was prepared in 2003 by Group 70 International, Inc.

Currently, the City desires to develop the site as independent senior housing (unlike an assisted living facility), and it is anticipated that the ACA will agree to such use. The City has not issued a current RFP for a developer, but intends to do so. Note that, since development plans are uncertain and planning/design/engineering work has not begun, there was not enough information to prepare a Project Fact Sheet for Aiea.

Challenges

The use of the Aiea Mill site is restricted because it was acquired using $5,260,000 in General Obligation Bonds. Thus, according to a September 8, 2014, letter from Pamela Witty-Oakland, former Director of the Department of Community Services, there is a restriction "that the City must own and control that asset during the remaining period that the bonds are outstanding, or through 2027."

The Aiea Mill site was purchased in part with $3,840,000 in excess Section 8 Administrative Fees for use as senior assisted living housing. Sometime after the purchase, the Aiea Community decided that they wanted a health care facility on the property, instead of a senior assisted living facility. According to a September 8, 2014, letter from Ms. Witty-Oakland, the use of the Aiea Mill site is further restricted by those funds: "the City will be required to repay if the land is used to develop a healthcare facility instead of senior assisted living housing in the original plan."

The portion of the total site adjacent to Halewiliko Street may have extensive hazardous materials contamination and according to the Final Environmental Assessment for the Aiea Town Center, "any residential development, however, will require an extensive study of hazardous materials in the area."

Recommendations

1. **The City should conduct tests to determine whether the site has extensive hazardous materials contamination.** The Final Environmental Assessment for the Aiea Town Center indicates that rigorous analysis of the site will be necessary before residential development can occur.

2. **The City should request that its Corporation Counsel (COR) and/or bond counsel, or retain another bond counsel to, provide a legal opinion regarding whether the City can lease its lands (particularly the Aiea Mill Site) to private housing developers, if those lands were purchased with General Obligation Bonds (GOB).** The City Department of Budget and Fiscal Services (BFS) and the letter from Ms. Witty-Oakland would prohibit any lease, because their position is that the City must remain in control of the land. However, other City managers have noted that the State allows leases of lands purchased with GO bonds to housing developers.

3. **COR should do legal research and contact the Administrator of the Financial Administration Division of the State Department of Budget and Finance to research how the State is able to lease it lands.**

4. **The City should seek a legal opinion as to whether the City's issuance of "taxable bonds" for the purchase of government lands and developments would**

provide more flexibility for developers and facilitate the development of housing on City lands.

5. **The City should seek a legal opinion as to whether there are any legal restrictions that would prevent an RFP and future development of a mixed-use project (senior housing, community services, commercial) at the Aiea Mill site.**

6. **COR should issue a legal opinion as to whether an updated Environmental Assessment should be done, and as to the nature of the disclosure in the RFP relating to the contamination of the site with hazardous materials.**

7. **RFP process and experienced Project Team.** The City's RFP process should assure that the selected developer, consultants, and staff are experienced and able to efficiently perform all development tasks.

8. **HHFDC Financing Programs.** The selected developer should meet with HHFDC and, if qualified, apply for HHFDC financing programs, including, among other things RHRF and LIHTC.

9. **City's Affordable Housing Fund.** The developer should meet with the City's Housing office and, if qualified, apply for funding from the City's Affordable Housing Fund.

10. **Waivers or deferrals of government fees.** Determine whether City has a "pilot project" affordable housing program or other program that the Aiea Mill project would qualify for and, if so, seek designation as "pilot project" status to, among other things, obtain waivers or deferrals of City fees and costs, similar to the §201H process.

11. **Streamlined entitlement and permit approvals, and Third-Party Review.** The developer of the Aiea Mill site can use the existing City third-party review to process permit approvals in an efficient and timely manner. The City administration should request that the State administration enact rules for Third-Party Review for SHPD and DCAB, similar to those of the City.

ASSESSMENT OF INFRASTRUCTURE COSTS

R.M. Towill Corporation (RMTC) prepared a cursory assessment of infrastructure requirements and costs for each of the five projects evaluated in this report. In addition to the data available for each project as presented in this report and provided by HIPA, RMTC also conducted additional research to assist with the infrastructure cost assessment, including soils data, terrain information, flood zone designations, offsite drainage parameters, and environmental documents.

To gauge the reasonableness of the preliminary cost estimates presented in the Project Fact Sheets for each project, which were provided by the project applicants, RMTC evaluated construction bid sitework and infrastructure cost data for ten similar housing projects across Hawaii. The average cost for all ten sample projects amounts to $500,000 per acre; these costs include site preparation, onsite infrastructure, and offsite infrastructure. While costs per acre will vary from project to project due to development density, urban vs greenfield locations, access to existing infrastructure, and other factors, this average provides a rough, simple metric against which to compare the cost estimates for each of the five projects evaluated in this report.

RMTC concludes that onsite infrastructure and preparation costs for Pulelehua and Hualalai Court appear to be acceptable for the current stage of development. Onsite/prep costs for Lima Ola, Mayor Wright Homes, and Aiea Mill require more information to complete the cost assessment. Further, offsite infrastructure costs for all five planned projects require additional information to complete the cost assessment. Such additional information would include detailed engineering plans and itemized cost breakdowns. A summary of the rough per-acre costs of site preparation, onsite infrastructure, and offsite infrastructure for each planned project analyzed in this report is provided below:

Proposed Project	***Estimated Infrastructure-Related Costs per Acre***
Pulelehua	$430,000
Hualalai Court	$312,000
Lima Ola	$550,000
Mayor Wright Homes	$1,000,000
Aiea Mill Site	Unavailable

HAWAII | HOUSING | ACTION | PLAN

APPENDICES

APPENDIX A

HOUSING LADDERS FOR EACH COUNTY IN HAWAII

Maui County Housing Ladder

Area Median Income Figures (AMI) – Total Annual Gross Income for Family of Four

Source: HHFDC 2016

Market

140% AMI and above: more than **$112,700**

2-Bedroom Rental: above **$2,537 a month**

Affordable Sales Price: above **$654,900**

Workforce

101%-140% AMI: equal to/less than **$112,700**

2-Bedroom Rental: maximum of **$2,537 a month**

Affordable Sales Price: maximum of **$654,900**

Moderate Income

81%-100% AMI: equal to/less than **$80,500**

2-Bedroom Rental: maximum of **$1,812 a month**

Affordable Sales Price: maximum of **$467,800**

Low Income

51%-80% AMI: equal to/less than **$64,400**

2-Bedroom Rental: maximum of **$1,450 a month**

Affordable Sales Price: maximum of **$374,200**

Very Low Income

31%-50% AMI: equal to/less than **$40,250**

Subsidized Rent: maximum of **$906 a month**

Extremely Low Income

≤30% AMI: equal to/less than **$24,150**

Section 8 Public Housing

Hawaii County Housing Ladder

Area Median Income Figures (AMI) – Total Annual Gross Income for Family of Four

Source: HHFDC 2016

Market

140% AMI and above: more than **$97,440**
2-Bedroom Rental: above **$2,194 a month**
Affordable Sales Price: above **$566,200**

Workforce

101%-140% AMI: equal to/less than **$97,440**
2-Bedroom Rental: maximum of **$2,194 a month**
Affordable Sales Price: maximum of **$566,200**

Moderate Income

81%-100% AMI: equal to/less than **$69,600**
2-Bedroom Rental: maximum of **$1,567 a month**
Affordable Sales Price: maximum of **$404,500**

Low Income

51%-80% AMI: equal to/less than **$55,680**
2-Bedroom Rental: maximum of **$1,254 a month**
Affordable Sales Price: maximum of **$323,600**

Very Low Income

31%-50% AMI: equal to/less than **$34,800**
Subsidized Rent: maximum of **$783 a month**

Extremely Low Income

≤30% AMI: equal to/less than **$20,880**
Section 8 Public Housing

Kauai County Housing Ladder

Area Median Income Figures (AMI) – Total Annual Gross Income for Family of Four

Source: HHFDC 2016

Market

140% AMI and above: more than **$114,800**

2-Bedroom Rental: above **$2,583 a month**

Affordable Sales Price: above **$667,100**

Workforce

101%-140% AMI: equal to/less than **$114,800**

2-Bedroom Rental: maximum of **$2,583 a month**

Affordable Sales Price: maximum of **$667,100**

Moderate Income

81%-100% AMI: equal to/less than **$82,000**

2-Bedroom Rental: maximum of **$1,845 a month**

Affordable Sales Price: maximum of **$476,500**

Low Income

51%-80% AMI: equal to/less than **$65,600**

2-Bedroom Rental: maximum of **$1,476 a month**

Affordable Sales Price: maximum of **$381,200**

Very Low Income

31%-50% AMI: equal to/less than **$41,000**

Subsidized Rent: maximum of **$922 a month**

Extremely Low Income

≤30% AMI: equal to/less than **$24,600**

Section 8 Public Housing

Honolulu County Housing Ladder

Area Median Income Figures (AMI) – Total Annual Gross Income for Family of Four

Source: HHFDC 2016

Market

140% AMI and above: more than **$140,700**

2-Bedroom Rental: above **$3,167 a month**

Affordable Sales Price: above **$817,600**

Workforce

101%-140% AMI: equal to/less than **$140,700**

2-Bedroom Rental: maximum of **$3,167 a month**

Affordable Sales Price: maximum of **$817,600**

Moderate Income

81%-100% AMI: equal to/less than **$100,500**

2-Bedroom Rental: maximum of **$2,262 a month**

Affordable Sales Price: maximum of **$584,000**

Low Income

51%-80% AMI: equal to/less than **$80,400**

2-Bedroom Rental: maximum of **$1,810 a month**

Affordable Sales Price: maximum of **$467,200**

Very Low Income

31%-50% AMI: equal to/less than **$50,250**

Subsidized Rent: maximum of **$1,131 a month**

Extremely Low Income

≤30% AMI: equal to/less than **$30,150**

Section 8 Public Housing

HUD Housing Ladder

Area Median Income Figures (AMI) – Total Annual Gross Income for Family of Four

Market

Above 140% AMI
Rental or For Sale

Workforce

101% - 140% AMI
Rental or For Sale

Moderate Income

81%-100% AMI
Rental or For Sale

Low Income

51%-80% AMI
Subsidized Rental Housing

Very Low Income

31%-50% AMI
Subsidized Rental Housing

Extremely Low Income

≤30% AMI
Section 8 Public Housing

APPENDIX B

PULELEHUA
KAPALUA, MAUI

Table A
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Pulelehua

Primary Contacts

1.	Developer	Maui Oceanview, LLP
2.	Landowner	Maui Oceanview, LLP
3.	Planning Consultant	Not local
4.	Engineering Consultant	Not local

Development Program

1.	Project location	Adjacent to Kapalua West Maui Airport	
2.	Site area and TMK data		
	Size	28 acres (Phase I); 304 acres (total project)	
	TMKs -- Phase I	TMKs (2) 4-3-001:082 and 083	
3.	Gross bldg area -- Phase I		
	Workforce rental housing	66,744	sf
	Market rate rental housing	80,172	sf
	Total	146,916	
4.	Parking spaces -- Phase I	276	on site
		125	on street
		401	total
5.	Unit mix -- Phase I	1-story low-profile buildings	
	Workforce rental housing	130	13 buildings
	Market rate rental housing	120	12 buildings
	Total	250	
		Total project: 882 multi-family and single-family combined; at least 50% workforce housing	
6.	Affordability levels	50% - 140% of AMI for workforce housing	
7.	Project amenities	Useable open space with pocket parks, trails, BBQ stations, seating, playgrounds, picnic facilities, storage, future parks with playfields; future neighborhood commercial; planned elementary school	

Schedule -- Phase I

1.	Final Construction Plans	6 months
2.	Construction	24 months

Table A
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Pulelehua
(cont'd)

Entitlements

1.	Zoning	Project district and LUC master plan approval -- Phase I only Approvals include 300 ohana units; requesting apartment units instead LUC condition requires 325 of 450 units be for-sale; requesting change to all rental
2.	Environmental	Completed

Land Development/Infrastructure -- Phase I

1.	Demolition	$0.0 million
2.	Site prep, grading, etc.	$6.0 million
3.	Off-site infrastructure	$15.0 million
4.	On-site infrastructure	$6.0 million
5.	Related soft costs	$3.0 million
6.	Other	$5.0 million
	Total	$35.0 million

Other Development Costs -- Phase I

1.	Land acquisition costs	Known
2.	Building construction direct costs	Budgeted
3.	Parking construction direct costs	Budgeted
4.	Project amenities direct costs	Budgeted
5.	Indirect construction costs	Budgeted
6.	Related soft costs	Budgeted
7.	Other costs	Budgeted

Operating Parameters -- Phase I

1.	Annual revenues	To be determined
2.	Annual expenses	Budgeted

Financing -- Phase I

1.	Construction Phase	To be determined
2.	Permanent/Operating Phase	To be determined


County of Maui
Pulelehua
Pulelehua
Pulelehua
Google Earth
Google Earth
Data MBARI
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Data SOEST/UHM
N
10 mi

Development Overview

First Phase Overview

Architectural Preview – Workforce

Architectural Preview – Market Rate

APPENDIX C

HUALALAI COURT
HILO, HAWAII ISLAND

Table B
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Hualalai Court

Primary Contacts

1.	Developer	Vincent T.C. Tai + entity to be named
2.	Landowner	Vincent T.C. Tai Trust
3.	Planning Consultant	Vincent T.C. Tai, AIA
4.	Engineering Consultant	Hoi Wa Cham, PE, SE

Development Program

1.	Project location	364 Hualalai St		Hilo, Hawaii
		Existing small one-story house and driveway		
2.	Site area and TMK data	3.29 ac		TMK (3) 2-4-028:009
3.	Gross bldg area	72,500 sf		
4.	Parking spaces	131 spaces		
5.	Unit mix	2-story walk-up apartment buildings		
	One-Bedroom	70	588 sf each	
	Two-Bedroom	34	728 sf each	
	Manager Unit	1	728 sf	
	Total	105		
6.	Affordability levels	60% of AMI		
7.	Project amenities	Community room, laundry room, playground, exercise area, BBQ area, communal vegetable garden		

Schedule

1.	Pre-Construction	6 months
2.	Construction	18 months

Table B
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Hualalai Court
(cont'd)

Entitlements

1.	Zoning	RM-1.5 multiple family
2.	Environmental	Phase 1 ESA completed

Land Development/Infrastructure

1.	Demolition	$0	included in Site Prep
2.	Site prep, grading, etc.	$132,000	
3.	Off-site infrastructure	$330,000	
4.	On-site infrastructure	$894,000	
5.	Related soft costs	$98,000	
	Total	$1,454,000	

Other Development Costs

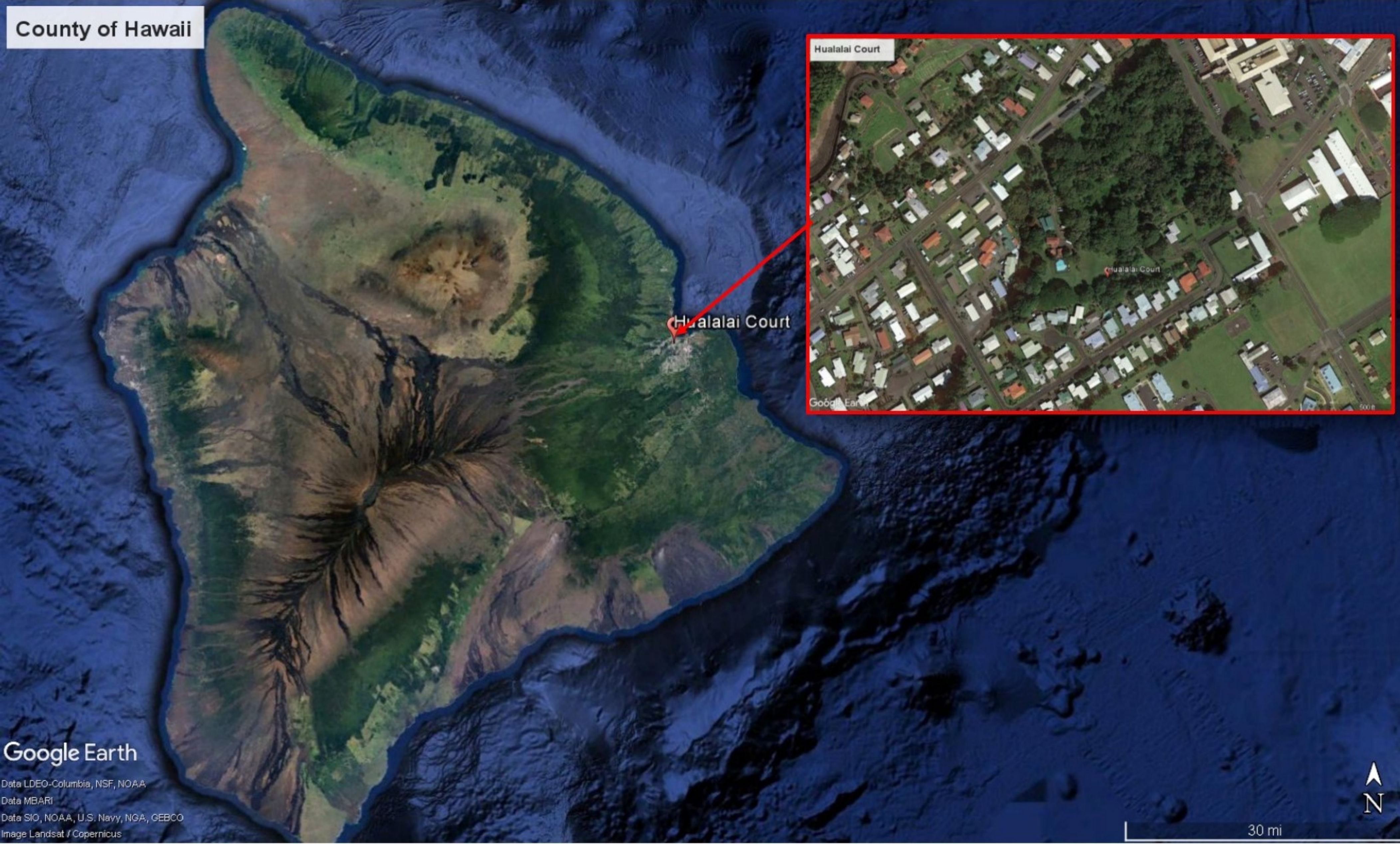
1.	Land acquisition costs	Known
2.	Building construction direct costs	Budgeted
3.	Parking construction direct costs	Budgeted
4.	Project amenities direct costs	Budgeted
5.	Indirect construction costs	Budgeted
6.	Related soft costs	Budgeted
7.	Other costs	Budgeted

Operating Parameters

1.	Annual revenues	Budgeted
2.	Annual expenses	Budgeted

Financing

1.	Construction Phase	To be determined
2.	Permanent/Operating Phase	To be determined

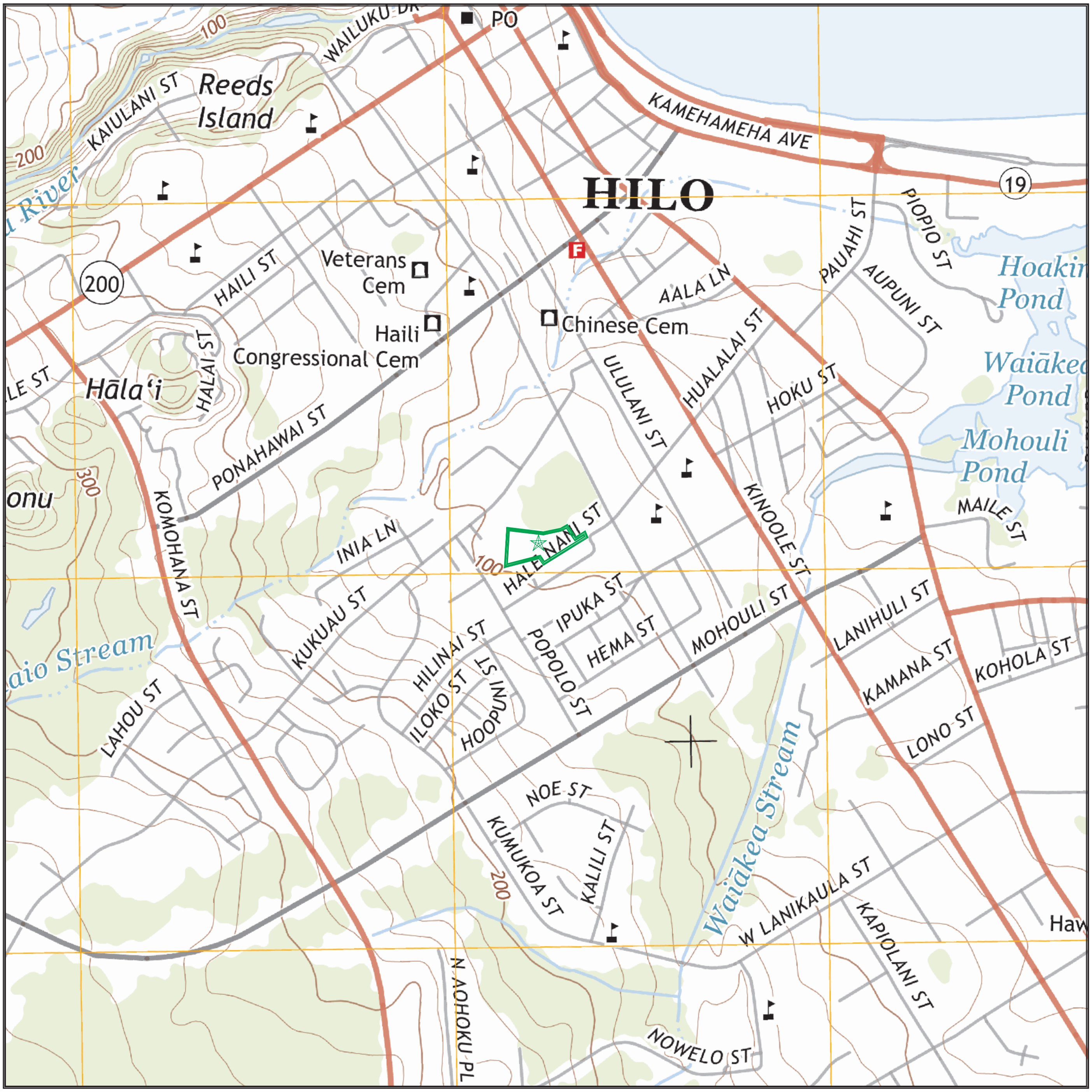

County of Hawaii
Hualalai Court
Hualalai Court
Hualalai Court
Google Earth
Google Earth
Data LDEO-Columbia, NSF, NOAA
Data MBARI
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Image Landsat / Copernicus
N
30 mi

Site location Map

Topo: 0.75 Mile Radius

EDR® Environmental Data Resources Inc

364 HUALALAI ST HILO, HI 96720



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Map Reference Code & Name: 5949390 Hilo
Map State(s): HI
Version Date: 2013

EDR Reference Code (EDR internal use only): 4618878.2s

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VINCENT T. C. TAI
ARCHITECT
2394 Round Top Drive
Honolulu, Hawaii 96822
tel 808 744 0282

HUALALAI COURT
364 HUALALAI STREET
HILO, HAWAII 96720
TMK: 2-4-28:09

Development Program: 105 units Affordable Housing

Parcel Area: 3.292 ac/143,400 sf
Road Access From Hualalai Street

Zoning: RM-1.5
Flood Zone: X
Maximum height limit allowed: 120 feet
Setbacks: 10 feet and 20 feet
Floor area ratio: 51%
Lot coverage: 26%

Allowable number of units: 105
Proposed number of units: 105
Parking stalls required: 131
Parking stalls provided: 131

1bedrm/1bath	total 70 units		67%
2bedrm/1bath	total 35 units		33%
Total building area	72,500 sf		
Building footprint	38,000 sf		26%
Parking/roadway	36,000 sf		25%
Concrete walkway	7,700 sf		5%
Landscape	59,100 sf		41%

Type of construction: 2-story prefabricated panels with slab on grade, fiber-cement board exterior cladding

HUALALAI COURT–PROPOSED 105–UNIT AFFORDABLE HOUSING DEVELOPMENT

SCHEMTIC DESIGN – SITE PLAN

SHEET TITLE/SCALE	PRELIMINARY SITE PLAN
DATE:	OCT 8, 2016
REVISIONS:	
SHEET NO.	T-1


HUALALAI COURT, HILO, HAWAII
SCHEMATIC DESIGN
VINCENT T.C. TAI, AIA, ARCHITECT
11-26-2015

HUALALAI COURT – EXISTING

APPENDIX D

LIMA OLA
ELEELE, KAUAI

Table C
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Lima Ola

Primary Contacts

1.	Developer	Kauai County Housing Agency + developer to be selected
2.	Landowner	County of Kauai
3.	Planning Consultant	Community Planning and Engineering (CPE)
4.	Engineering Consultant	Community Planning and Engineering (CPE)

Development Program

1. Project location — End of Mahea Rd — Eleele, Kauai

2. Site area and TMK data
   - Size: 26 acres (Phase 1); 75 acres (total project)
   - TMKs: TMK (4) 2-1-001:054

3. Gross bldg area — To be determined

4. Parking spaces — To be determined

5. Unit mix

Unit mix	Phase 1	Phase 2	Phase 3	Phase 4	Total
Affordable multi-family	111	97	102	75	385
Affordable single family	38	75	34	18	165
Total	149	172	136	93	550
Acres	26	21	17	11	75
Units/Acre	5.7	8.2	8.0	8.5	7.3

# of Bedrooms	Studio	One	Two	Three	Four
Units	64	164	167	118	37
% of Total	12%	30%	30%	21%	7%

6. Affordability levels (% of AMI)

Affordability levels (% of AMI)	50%-80%	80%-100%	100%-120%	120%-140%
# of Units	385	55	55	55
% ot Total	70%	10%	10%	10%

7. Project amenities — Community room, pool, playground, etc.;
3.1-acre park and community center

Schedule - Phase 1

1. Final Construction Plans — 9 months
2. Construction — 18 months

Table C
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Lima Ola
(cont'd)

Entitlements

1.	Zoning	201H approved; LUC boundary amendment required; waiting for comments from State Historic Preservation Division
2.	Environmental	Completed

Land Development/Infrastructure

		Phase 1	Phase 2	Phase 3	Phase 4	Total
1.	Demolition	$0.0	$0.0	$0.0	$0.0	$0.0
2.	Site prep, grading, etc.	$3.1	$0.0	$0.0	$0.0	$3.1
3.	Off-site infrastructure	$1.5	$4.4	$0.0	$1.1	$7.0
4.	On-site infrastructure	$11.4	$11.1	$6.7	$8.7	$37.9
5.	Related soft costs	$1.0	$0.5	$0.6	$0.4	$2.5
6.	Other	$0.8	$0.1	$0.1	$0.1	$1.1
	Total ($ millions)	$17.8	$16.1	$7.4	$10.3	$51.6

Other Development Costs

1.	Land acquisition costs	Known
2.	Building construction direct costs	To be determined
3.	Parking construction direct costs	To be determined
4.	Project amenities direct costs	To be determined
5.	Indirect construction costs	To be determined
6.	Related soft costs	To be determined
7.	Other costs	To be determined

Operating Parameters

1.	Annual revenues	To be determined
2.	Annual expenses	To be determined

Financing - Phase 1

1.	Construction Phase	
	County Bond Fund	$8.0 million
	HHFDC DURF	$8.0 million
	HCDRF Fund 211	$1.3 million
	Other	$0.5 million
	Total	$17.8 million
2.	Permanent/Operating Phase	To be determined


County of Kauai
Lima Ola
Lima Ola
Google Earth
Google Earth
Image © 2016 DigitalGlobe
Data USGS
Data SOEST/UHM
N
10 mi


AWAWA
KO
OHI
PIAI
PUAHAU
KAUMOO
LILIA
AEWA
KULEA
AKALEI
PUALEI
ULUPUA
LEIONI
LEIPAPA
LAULEA
PAANI
MIMO
MEHANA
ULAULA
KAUMUALII
AHE
HUEHU
HALEWILI
QUARRY
0
250
500
1,000 Feet

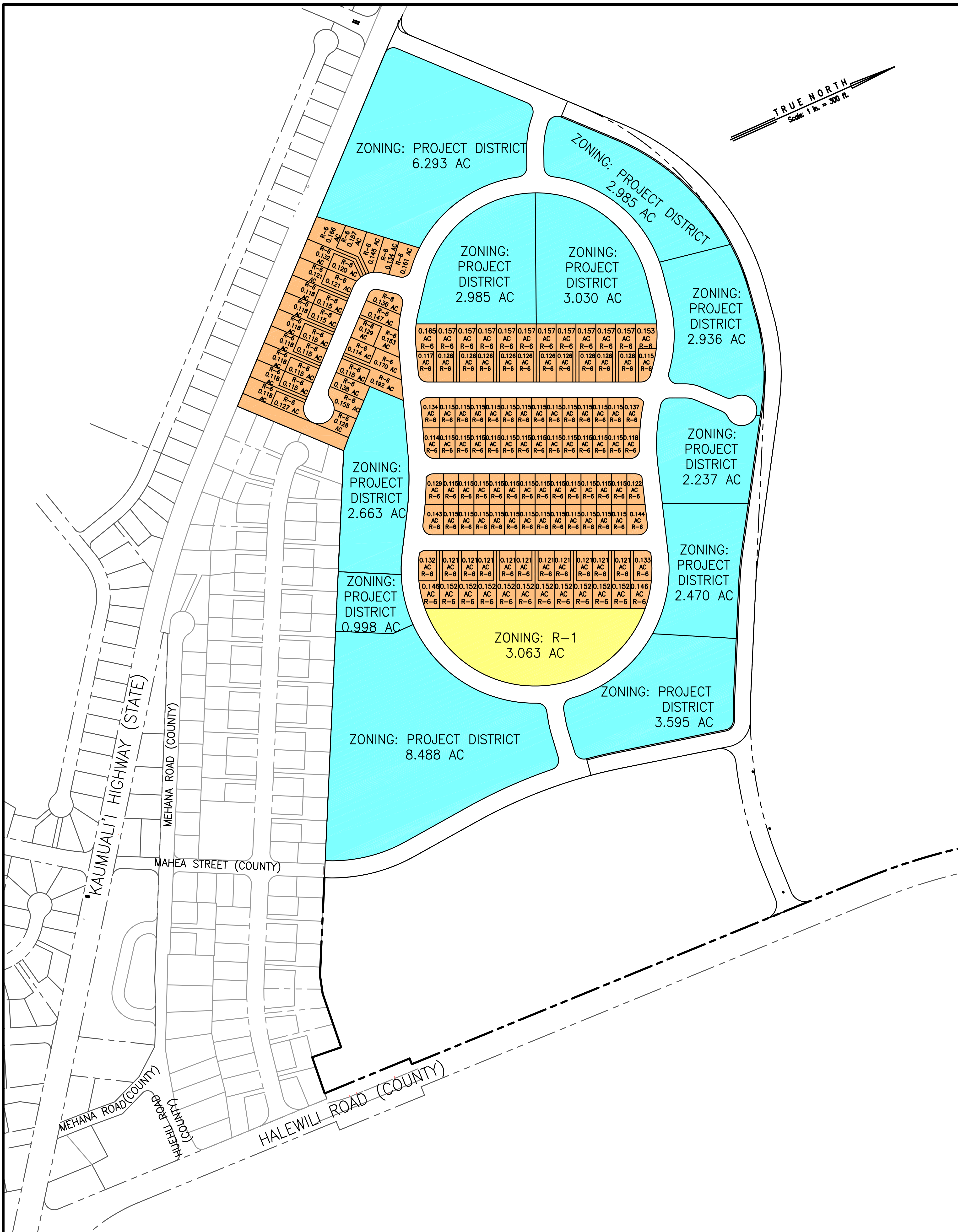
Current Zoning = Agriculture

Community Planning and Engineering, Inc.

DRAFT ENVIRONMENTAL ASSESSMENT FOR THE LIMA OLA WORK FORCE HOUSING DEVELOPMENT

COUNTY ZONING DESIGNATION MAP
'ELE'ELE, KAUA'I, HAWAI'I

FIGURE 8



ZONING LEGEND:

ZONING R-1

ZONING R-6

PROJECT DISTRICT

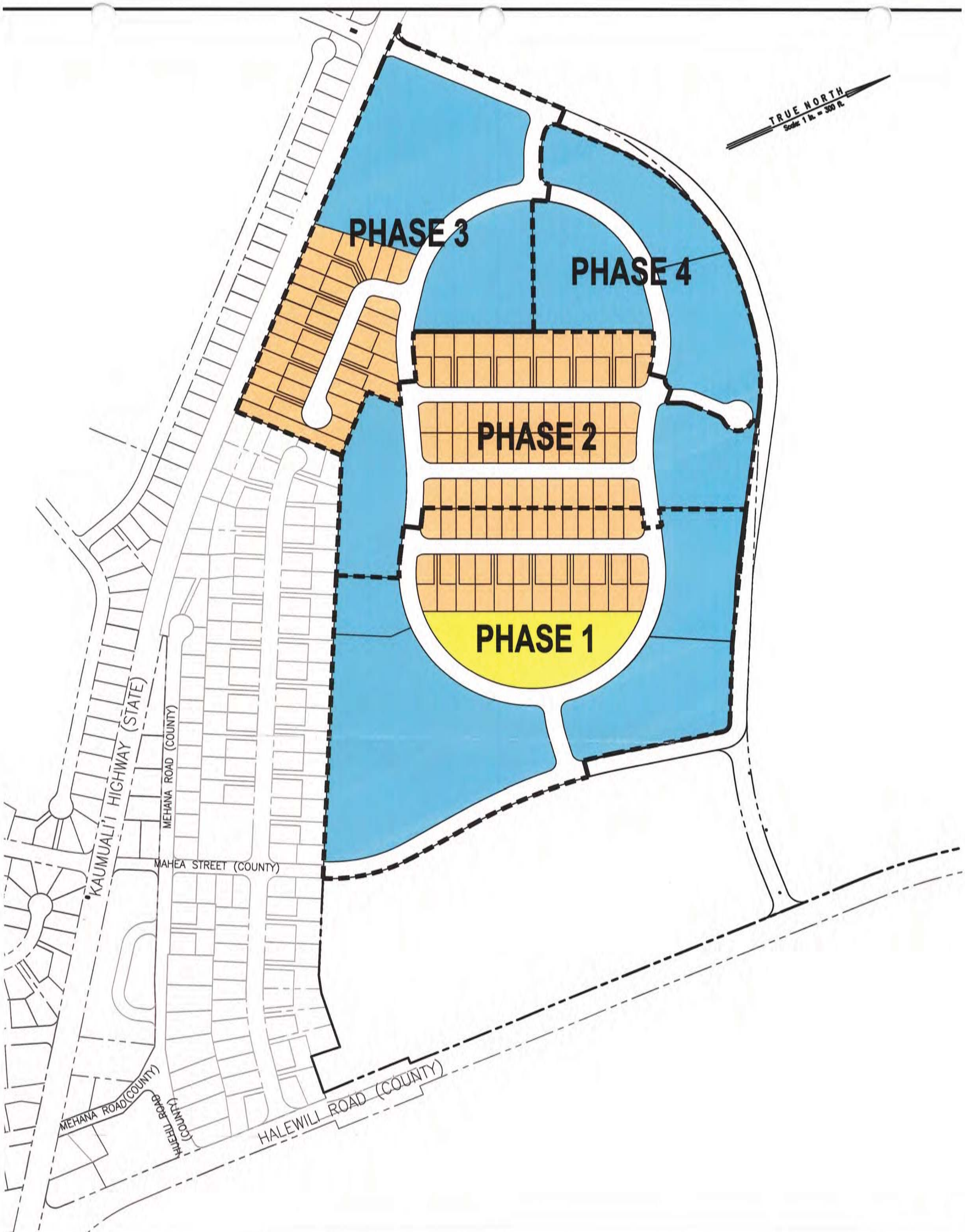
SLUC: URBAN

FLOOD HAZARD ZONE: ZONE X

LIMA OLA PRELIMINARY ZONING MAP

300 150 0 300 600

Horizontal



ZONING LEGEND:

ZONING R–1

ZONING R–6

PROJECT DISTRICT

SLUC: URBAN

FLOOD HAZARD ZONE: ZONE X

NOTE:

PHASE 1:	38 SINGLE FAMILY HOMES 111 RESIDENTIAL UNITS
PHASE 2:	66 SINGLE FAMILY HOMES 106 RESIDENTIAL UNITS
PHASE 3:	34 SINGLE FAMILY HOMES 102 RESIDENTIAL UNITS
PHASE 4:	93 RESIDENTIAL UNITS
TOTAL:	550 UNITS

Lima Ola Workforce Housing
Preliminary Phasing Plan

300 150 0 300 600

Horizontal

LIMA OLA – EXISTING

APPENDIX E

MAYOR WRIGHT HOMES
HONOLULU

Table D
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Mayor Wright Homes

Primary Contacts

1.	Developer	Hunt Companies, with partners McCormack Baron Salazar and Vitus Group, together with Hawaii Public Housing Authority
2.	Landowner	State of Hawaii
3.	Planning Consultant	PBR Hawaii
4.	Engineering Consultant	R.M. Towill

Development Program

1. Project location

City block in Honolulu bounded by:
N. King St; Liliha St; N. Vineyard Blvd; Pua Ln
Existing structures: 364 units and one 2-story administration building

2. Site area and TMK data

15 ac TMK (1)1-7-029:003

3. Gross bldg area (sf)

Parking	Residential	Commercial	Total
836,125	1,748,645	65,000	2,649,770

4. Parking spaces

Surface/ Podium	Structure	Total
2,674	83	2,757

5. Unit mix

	Phase I	Phase II	Phase III	Phase IV	Phase V	Total
Units	150	560	517	546	342	2,115
% of Total	7%	26%	24%	26%	16%	100%
Includes Retail	No	Yes	No	No	Yes	

# of Bedrooms	Studio	One	Two	Three	Four	Five
Unit Size (sf)	400	650	820	1,175	1,600	2,000
Units	261	460	896	443	50	5
% of Total	12%	22%	42%	21%	2%	0%

Mix of building types, including: ground-related units (1-2 stories); "urban blocks" and "lei buildings" (3-5 stories); and podium tower (3-5 story podium with tower above)

6. Affordability levels

30% - 140% of AMI plus market-rate rentals
One-for-one replacement of 364 existing units at 30% of AMI

7. Project amenities

Community center, on-site social services, Hawaii Literacy

Schedule

1.	Final Construction Plans	To be determined
2.	Construction	To be determined

Table D
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Mayor Wright Homes
(cont'd)

Entitlements

1.	Zoning	Multiple permits/approvals needed: - Interim Planned Development - Transit (IPD-T) permit - Grubbing, Grading, and Stockpiling permit - Building permits for building, electrical, plumbing, sidewalk/driveway, and demolition work - National Pollutant Discharge Elimination System (NPDES) permit - Historic site review - Section 106 review
2.	Environmental	EIS is underway

Land Development/Infrastructure (rough estimates)

1.	Demolition	$4.5	million
2.	Site prep, grading, etc.	$10.0	million
3.	Off-site infrastructure	$100.0	million
4.	On-site infrastructure	$5.0	million
5.	Related soft costs	$7.5	million
6.	Other (entitlements)	$2.0	million
	Total	$129.0	million

Other Development Costs

1.	Land acquisition costs	To be determined; ground lease with State
2.	Building construction direct costs	Rough estimates developed
3.	Parking construction direct costs	Rough estimates developed
4.	Project amenities direct costs	Rough estimates developed
5.	Indirect construction costs	Rough estimates developed
6.	Related soft costs	Rough estimates developed
7.	Other costs	Rough estimates developed

Operating Parameters

1.	Annual revenues	Rough estimates developed
2.	Annual expenses	Rough estimates developed

Financing

1.	Construction Phase	To be determined
2.	Permanent/Operating Phase	To be determined

City and County of Honolulu
Mayor Wright
Google Earth
Mayor Wright
Mayor Wright
Google Earth
Data MBARI
Image Landsat / Copernicus
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Data LDEO-Columbia, NSF, NOAA
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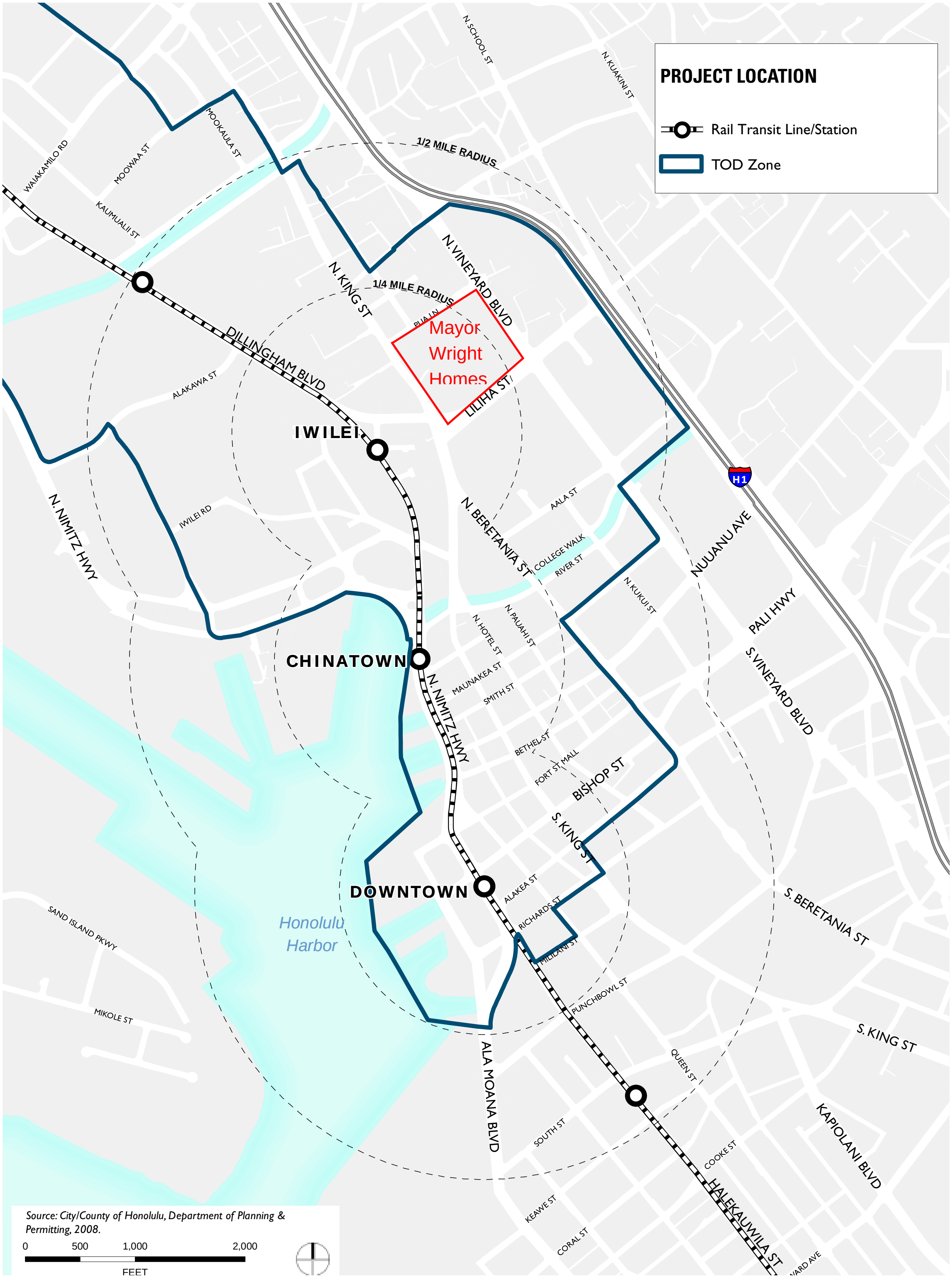
EXHIBIT 6
LOCATION OF
IWILEI RAIL STATION



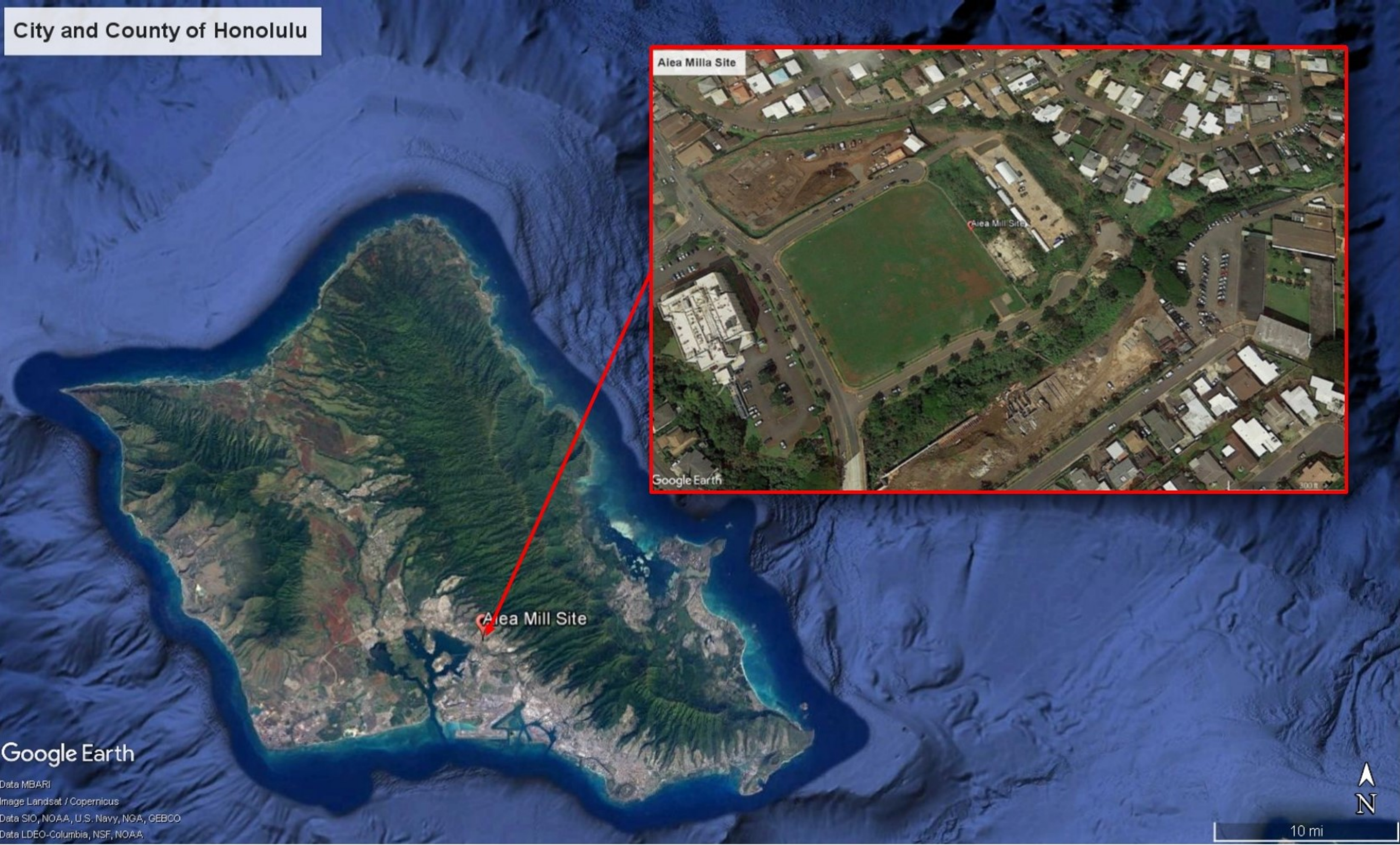
Source: City & County of Honolulu TOD Plan

EXHIBIT 1
MAYOR WRIGHT HOMES
SITE ANALYSIS

MAYOR WRIGHT HOMES – EXISTING

APPENDIX F

AIEA MILL SITE
AIEA, OAHU


City and County of Honolulu
Alea Milla Site
Google Earth
Aiea Mill Site
Google Earth
Data MBARI
Image Landsat / Copernicus
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Data LDEO-Columbia, NSF, NOAA
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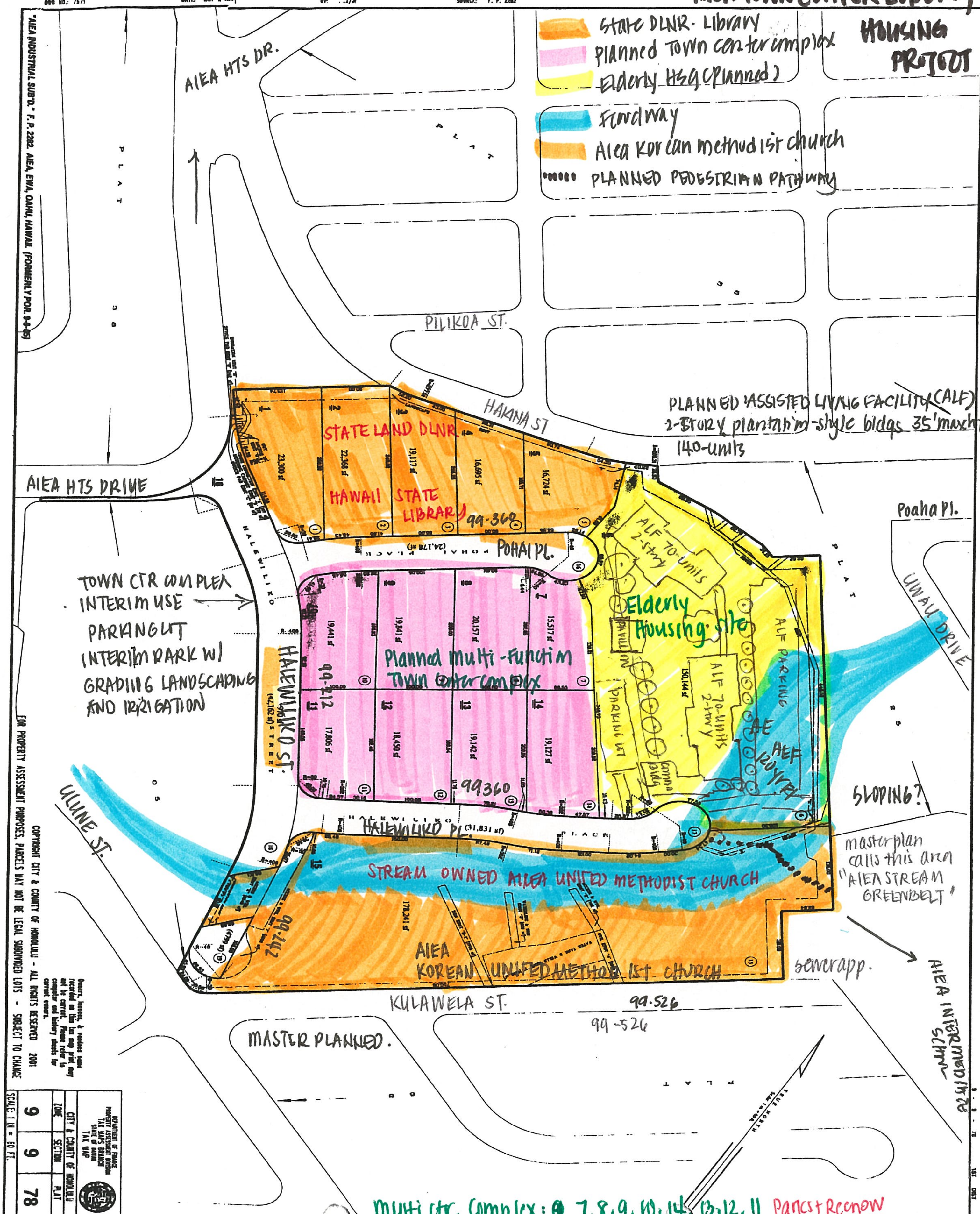
10 mi

AIEA MILL ELDERLY HOUSING PROJECT

AIEA SUGARMILL
AIEA TOWN CENTER ELDERLY HOUSING PROJECT



Multi ctr. Complex: 7, 8, 9, 10, 14, 13, 12, 11 Parcels Reconnow

Elderly Hsg: 6

Aiea Mill Site – Existing

APPENDIX G

R.M. TOWILL CORPORATION
INFRASTRUCTURE COST ASSESSMENT

2024 North King Street
Suite 200
Honolulu, Hawaii 96819-3494
Telephone 808 842 1133
Fax 808 842 1937
eMail rmtowill@rmtowill.com

R. M. TOWILL CORPORATION
SINCE 1930

Planning
Engineering
Environmental Services
Photogrammetry
Surveying
Construction Management

MEMORANDUM

Date: May 5, 2017

To: Mrs. Jeanne Schultz Afuvai, President & CEO
Hawaii Institute for Public Affairs

From: Gordon Ring, P.E.

Subject: Housing Infrastructure Cost Assessment

1.0 Introduction

The Hawaii Institute for Public Affairs (HIPA) is responsible for developing a statewide action plan for the delivery of housing for Hawaii residents called the Hawaii Housing Action Plan (HHAP). R. M. Towill Corporation (RMTC) will support HIPA by providing an assessment of infrastructure costs provided in the HHAP for five housing projects across the state:

- Pulelehua, Kapalua, Maui
- Hualalai Court, Hilo, Hawaii
- Lima Ola, Kauai
- Mayor Wright Homes, Honolulu
- Aiea Mill Site, Aiea

Infrastructure costs and other development data for all of these projects were provided in the HHAP appendix.

2.0 Additional Research

In addition to the information provided in the HHAP, research of additional items was performed to assist with the assessment of each project's costs. Data for the following items was gathered for each project site: soil type, terrain, flood zone designation, offsite drainage, aerial photos, and environmental documents. The sources for each of these items are summarized in the table below.

Item	Source
Soils data	Soil conservation survey
Terrain, Aerial Photo	Google Earth
Flood zone designation	State website
Offsite drainage	USGS quad map
Environmental documents	OEQC website

3.0 Cost Reference and Analysis

A database of housing project costs was compiled from available sources using construction bid costs for similar type projects developed on virgin land across Hawaii. Construction bid sitework and infrastructure cost data for ten similar housing development projects were used to determine a cost per acre for each project. A combined average of all of the projects used resulted in an average development cost of $500,000 per acre. The average cost per acre was used to compare to the average cost per acre of the proposed housing developments.

The specific cost items that will be assessed in this analysis include onsite infrastructure and site preparation items and offsite infrastructure.

4.0 Project Cost Assessements

4.1 Pulelehua, Kapalua, Maui

The project site is located in Kapalua, adjacent to the Kapalua airport. Phase 1 is 28 acres and is undeveloped. The site is covered with vegetation and has an average slope of 10% towards the west. Elevations onsite range from 83' to 250'. Soil type is Lahaina silty clay, which is suitable for development.

There are existing drainage ways on the north and south sides of the project site. The project site is located in Flood Zone X, which is outside of the 500-year floodplain. Offsite runoff will be directed toward the project site. The offsite drainage area appears to be less than 100 acres and will need to be accommodated by the project's storm water management system. Significant additional cost for the storm water management system is not anticipated.

From Table A in the HHAP, the total cost of site preparation and onsite infrastructure is $12 million for Phase 1, which is a cost per acre of $430,000. Compared to the database average of $500,000, the estimated project cost appears to be within acceptable range at this early stage of development. As more detailed drawings are developed, a better cost can be obtained.

Table A provides an offsite improvement cost of $15 million, which is greater than the cost of the onsite development costs. An itemized breakdown of the items included in this cost is needed to assess the amount. Review of a cost spreadsheet for Phase 1 provided by HIPA indicates that the water system improvements will cost $15.8 million. According to the final EIS (FEIS) dated August 2005, water system improvements needed to support the development include a 1.0MG tank, transmission main, and wells. Further clarification is needed to confirm if these items are still required and if they are included in the $15.8 million estimate. In addition to the water system improvements, the FEIS describes other offsite infrastructure improvements needed for intersections, drainage, and sewer system. Review of project documents provided by HIPA and aerial photos indicate that the required intersection improvements at Akahele Street and Honoapiilani Highway have already been completed. In order to confirm the offsite costs for development of Phase 1, current plans and more details are needed for the items in the table below.

Pulelehua Offsite Improvements

Improvement Type	Offsite Improvement Needed (2005)
Water	Two new wells, 1MG tank, 2800 LF water line
Drainage	Detention basin
Sewer	Connection to existing county system on Lower Honoapiilani Road
Electrical	Connection to existing system

4.2 Hualalai Court, Hilo

The project site is located in Hilo off of Hualalai street, north of Hale Nani Street. The project site is 3.3 acres and is mostly undeveloped. The majority of the site is covered with trees and thick vegetation. The terrain is flat, with an average slope of 1.5% to the east. Elevations onsite range from 91' to 98'. Soil type is Keaukaha, consisting of a thin layer of muck underlain by bedrock. Excavation of bedrock for this project may add cost to the project.

The project site is located below an existing developed area which has existing roadway drainage collection system. The project site is located in Flood Zone X, which is outside of the 500-year floodplain. A relatively small offsite runoff area will be directed toward the project site. The offsite drainage area appears to be less than 100 acres and will need to be accommodated by the project's storm water management system. Significant additional cost for the storm water management system is not anticipated.

From Table B in the HHAP, the total cost of site preparation and onsite infrastructure is $1.026 million, which is a cost per acre of $312,000. Compared to the database average of $500,000, the estimated project cost appears to be low at this stage of development.

Table B provides an offsite improvement cost of $330,000, which is less than the cost of the onsite development costs. Since no information for the offsite improvements was provided, this cost could not be assessed. In order to assess the offsite cost, an itemized cost breakdown is needed for the following items:

- Traffic improvements (intersections, roads, signals)
- Wastewater system improvements (treatment plants, offsite mains)
- Water system improvements (reservoir size, upsize offsite mains, new mains)
- Electrical system improvements

4.3 Lima Ola, Eleele, Kauai

The project site is located in Eleele off of Halewili Street and adjacent to Kaumualii Highway. The project site is 75 acres and is being used for agriculture. The majority of the site is covered with crops. The terrain is flat, with an average slope of 3.7% to the southwest. Elevations onsite range from 10' to 27'. Soil type is Makaweli silty clay loam, which is suitable for development.

The project site is located in Flood Zone X, which is outside of the 500-year floodplain. A relatively small offsite runoff area will be directed toward the project site. The offsite drainage area appears to be less than 100 acres and will need to be accommodated by the project's storm water management system. Significant additional cost for the storm water management system is not anticipated.

Site development costs for Lima Ola were evaluated using Table C in the HHAP and a detailed project cost breakdown in the preliminary engineering report (PER) dated August 2014, prepared by Community Planning. Comparing Table C and the PER, there appear to be some discrepancies as shown in the table below.

Comparison of Table C and PER Costs

Item	Table C Cost	PER Cost
Site Prep, Grading	\$3.1	\$12.3
Offsite Infrastructure	\$7.0	\$1.7
Onsite Infrastructure	\$37.9	\$27.5
Total	\$48.0	\$41.5

The total PER cost is approximately \$6.5 million less than the cost in Table C. Each item listed also has wide variation between the costs. The largest deviation is \$9.2 million, for the site preparation and grading cost. A breakdown of the items and costs used in Table C is needed to confirm the source and accuracy of the values used in Table C.

Using the onsite project costs provided in Table C, the total cost of site preparation and onsite infrastructure is \$41 million, which is a cost per acre of \$550,000. Compared to the database average of \$500,000, the estimated project cost is slightly higher, but is within an acceptable range at this stage of development.

According to the PER, the offsite improvements required for Lima Ola consist of highway widening and traffic signals at two intersections on Kaumualii Highway. Based on these improvements, Table C offsite infrastructure cost of \$7 million appears to be high, but the PER cost of \$1.7 million may be too low.

4.4 Mayor Wright Homes, Honolulu

The project site is located in Honolulu and is bounded by N. Vineyard Blvd, Liliha Street, N. King St., and Pua Lane. The project site is 15 acres and is fully developed. Existing apartment buildings provide 364 units. The terrain is flat, with an average slope of 2% to the west. Elevations onsite range from 157' to 277'. Soil type is Ewa silty clay loam, which is suitable for development.

The project site is located within urban Honolulu. All of the adjacent roadways have an existing roadway drainage collection system. The project site is located in Flood Zone X, which is outside of the 500-year floodplain. Significant additional cost for the storm water management system is not anticipated.

From Table D in the HHAP, the total cost of site preparation and onsite infrastructure is $15 million, which is a cost per acre of $1,000,000. Compared to the database average of $500,000, the estimated project cost is much higher. The higher cost is conservative and may include considerations for phasing and additional effort to prepare the site for a higher density development consisting of 2400 units. Existing underground utilities will need to be rerouted or demolished and removed before the site can be developed. In order to assess the onsite cost, an itemized cost and plans of the proposed development is needed.

Table D provides an offsite improvement cost of $100,000,000, which is ten times the cost of the onsite development costs. Offsite development for this project may include sewer, electrical, and road improvements that could cost $50 to $60 million. Since no information for the offsite improvements was provided in HHAP, this cost could not be assessed. In order to assess the offsite cost, an itemized cost breakdown is needed for the following items:

- Traffic improvements (intersections, roads, signals)
- Wastewater system improvements (treatment plants, offsite mains)
- Water system improvements (reservoir size, upsize offsite mains, new mains)
- Electrical system improvements

4.5 Aiea Mill Site, Aiea

The project site is located in Aiea at the end of Halewiliko Place. The project site is 3.5 acres and is partially developed for industrial use. The terrain is flat, with an average slope of 4% to the southwest. Elevations onsite range from 98' to 109'. Soil type is Waipahu silty clay, which may be expansive, resulting in higher development costs.

The project site is located below an existing developed area which has existing roadway drainage collection system. Aiea stream is adjacent to the south side of the project site. A portion of the project site is located in Flood Zone X, which is outside of the 500-year floodplain. The remaining portion of the south side of the site is located within Flood Zone AE and AEF, which means that base flood elevations have been determined. The floodway must be kept clear of encroachment. Development of this portion of the project site must address appropriate flood design requirements for improvements located in the floodway, which may increase project costs for offsite infrastructure. Significant additional cost for the onsite storm water management system is not anticipated.

The project site was found to be contaminated with lead and was subsequently remediated in the early 2000s. Remediation of the site has been completed and for the purposes of this assessment, it is assumed to be suitable for the proposed development. The status of remediation and potentially any additional cleanup efforts required should be confirmed.

Development costs for this site were not included in the HHPA report. Based on the average cost per acre of $500,000, the estimated onsite development cost for this project would be $1.75 million.

Since offsite development costs were not provided in the HHPA report, this cost could not be assessed. In order to assess the offsite cost, an itemized cost breakdown is needed for the following items:

- Traffic improvements (intersections, roads, signals)
- Drainage improvements (stream flood mitigation)
- Wastewater system improvements (treatment plants, offsite mains)
- Water system improvements (reservoir size, upsize offsite mains, new mains)
- Electrical system improvements

5.0 Conclusion

Onsite and offsite costs for the five proposed housing developments were assessed using information provided in the HHPA, additional information provided by HIPA, and information available online. Onsite infrastructure and site preparation costs for the Pulelehua and Hualalai Court developments appear to be acceptable for the current stage of development. Onsite costs for Lima Ola, Mayor Wright Homes, and Aiea Mill require more information to complete the cost assessment. Offsite costs for all five developments require additional information to complete the cost assessment. Generally, more detailed plans and cost breakdowns are needed for all of the proposed developments to provide a better assessment of the costs included in the HHPA report. A summary of the cost assessment and information needed is shown in the table below.

Cost Assessment Summary Table

Project	Onsite Cost	Offsite Cost	Additional Information Needed
Pulelehua	Acceptable	Add'l Info. Needed	Offsite cost itemized breakdown Offsite infrastructure plans & requirements
Hualalai Court	Acceptable	Add'l Info. Needed	Offsite cost itemized breakdown Offsite infrastructure plans & requirements
Lima Ola	Add'l Info. Needed	Add'l Info. Needed	Itemized cost breakdown for Table C Offsite cost itemized breakdown
Mayor Wright Homes	Add'l Info. Needed	Add'l Info. Needed	Onsite cost itemized breakdown Offsite cost itemized breakdown Offsite infrastructure plans & requirements
Aiea Mill Site	Add'l Info. Needed	Add'l Info. Needed	Confirm environmental cleanup status Onsite cost itemized breakdown Offsite cost itemized breakdown

APPENDIX

PULELEHUA

Table A
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Pulelehua

Primary Contacts

1.	Developer	Maui Oceanview, LLP
2.	Landowner	Maui Oceanview, LLP
3.	Planning Consultant	Not local
4.	Engineering Consultant	Not local

Development Program

1.	Project location	Adjacent to Kapalua West Maui Airport	
2.	Site area and TMK data		
	Size	28 acres (Phase I); 304 acres (total project)	
	TMKs -- Phase I	TMKs (2) 4-3-001:082 and 083	
3.	Gross bldg area -- Phase I		
	Workforce rental housing	66,744	sf
	Market rate rental housing	80,172	sf
	Total	146,916	
4.	Parking spaces -- Phase I	276	on site
		125	on street
		401	total
5.	Unit mix -- Phase I	1-story low-profile buildings	
	Workforce rental housing	130	13 buildings
	Market rate rental housing	120	12 buildings
	Total	250	
		Total project: 882 multi-family and single-family combined; at least 50% workforce housing	
6.	Affordability levels	50% - 140% of AMI for workforce housing	
7.	Project amenities	Useable open space with pocket parks, trails, BBQ stations, seating, playgrounds, picnic facilities, storage, future parks with playfields; future neighborhood commercial; planned elementary school	

Schedule -- Phase I

1.	Final Construction Plans	6 months
2.	Construction	24 months

Table A
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Pulelehua
(cont'd)

Entitlements

1.	Zoning	Project district and LUC master plan approval -- Phase I only Approvals include 300 ohana units; requesting apartment units instead LUC condition requires 325 of 450 units be for-sale; requesting change to all rental
2.	Environmental	Completed

Land Development/Infrastructure -- Phase I

1.	Demolition	$0.0	million
2.	Site prep, grading, etc.	$6.0	million
3.	Off-site infrastructure	$15.0	million
4.	On-site infrastructure	$6.0	million
5.	Related soft costs	$3.0	million
6.	Other	$5.0	million
	Total	$35.0	million

Other Development Costs -- Phase I

1.	Land acquisition costs	Known
2.	Building construction direct costs	Budgeted
3.	Parking construction direct costs	Budgeted
4.	Project amenities direct costs	Budgeted
5.	Indirect construction costs	Budgeted
6.	Related soft costs	Budgeted
7.	Other costs	Budgeted

Operating Parameters -- Phase I

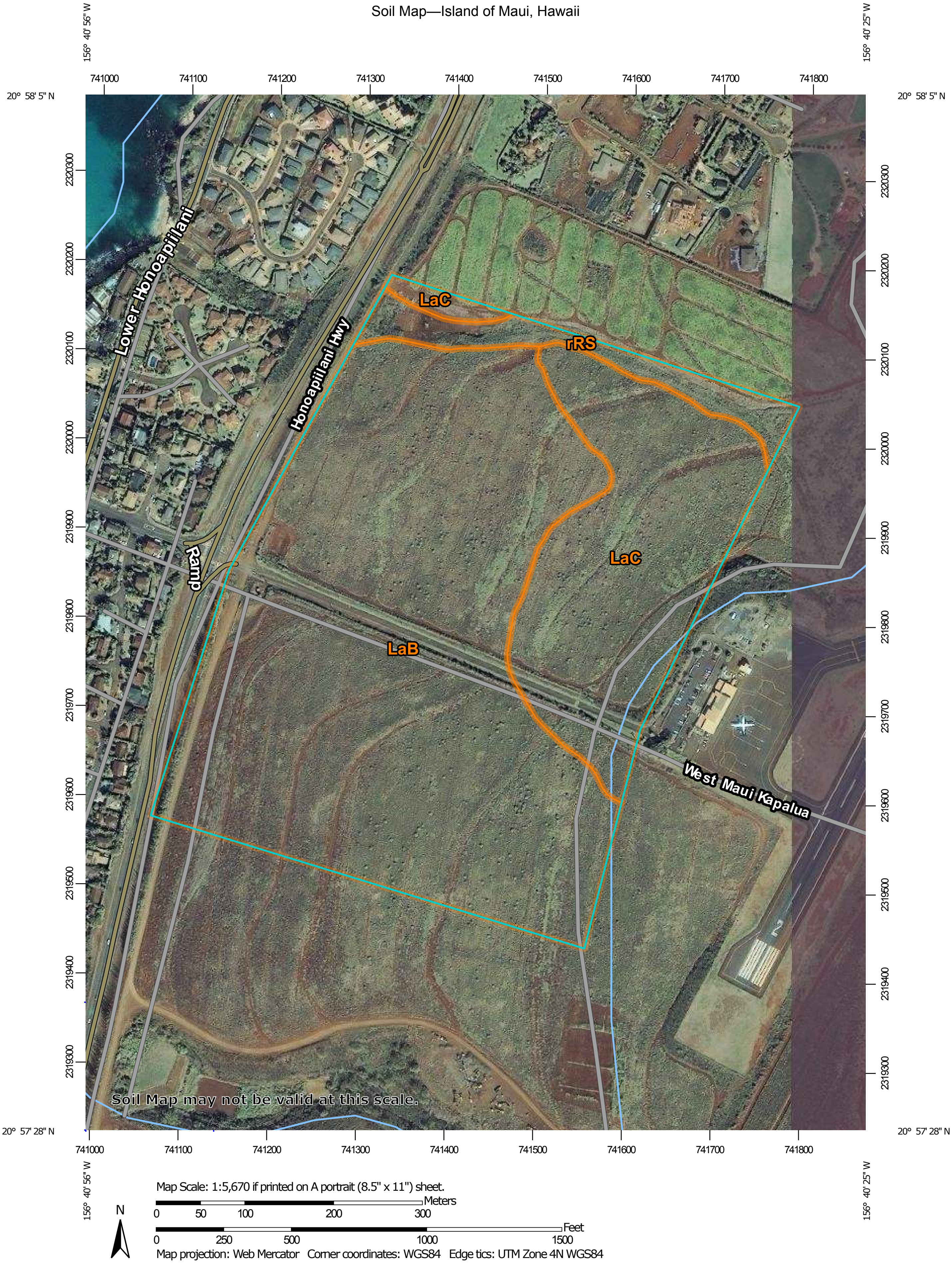
1.	Annual revenues	To be determined
2.	Annual expenses	Budgeted

Financing -- Phase I

1.	Construction Phase	To be determined
2.	Permanent/Operating Phase	To be determined

Pulelehua

Hoohui Rd
Ala Hoku Pl
Pina Pl
30
Olali St
Honoapiilani Hwy
Honoapiilani Rd
Google earth
© 2016 Google
N
3000 ft



Map Scale: 1:5,670 if printed on A portrait (8.5" x 11") sheet.

Meters: 0, 50, 100, 200, 300

Feet: 0, 250, 500, 1000, 1500

Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 4N WGS84

MAP LEGEND

Area of Interest (AOI)

Area of Interest (AOI)

Soils

Soil Map Unit Polygons

Soil Map Unit Lines

Soil Map Unit Points

Special Point Features

Blowout

Borrow Pit

Clay Spot

Closed Depression

Gravel Pit

Gravelly Spot

Landfill

Lava Flow

Marsh or swamp

Mine or Quarry

Miscellaneous Water

Perennial Water

Rock Outcrop

Saline Spot

Sandy Spot

Severely Eroded Spot

Sinkhole

Slide or Slip

Sodic Spot

Spoil Area

Stony Spot

Very Stony Spot

Wet Spot

Other

Special Line Features

Water Features

Streams and Canals

Transportation

Rails

Interstate Highways

US Routes

Major Roads

Local Roads

Background

Aerial Photography

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

Maps from the Web Soil Survey are based on the Web Mercator projection, which preserves direction and shape but distorts distance and area. A projection that preserves area, such as the Albers equal-area conic projection, should be used if more accurate calculations of distance or area are required.

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Island of Maui, Hawaii
Survey Area Data: Version 14, Sep 20, 2016

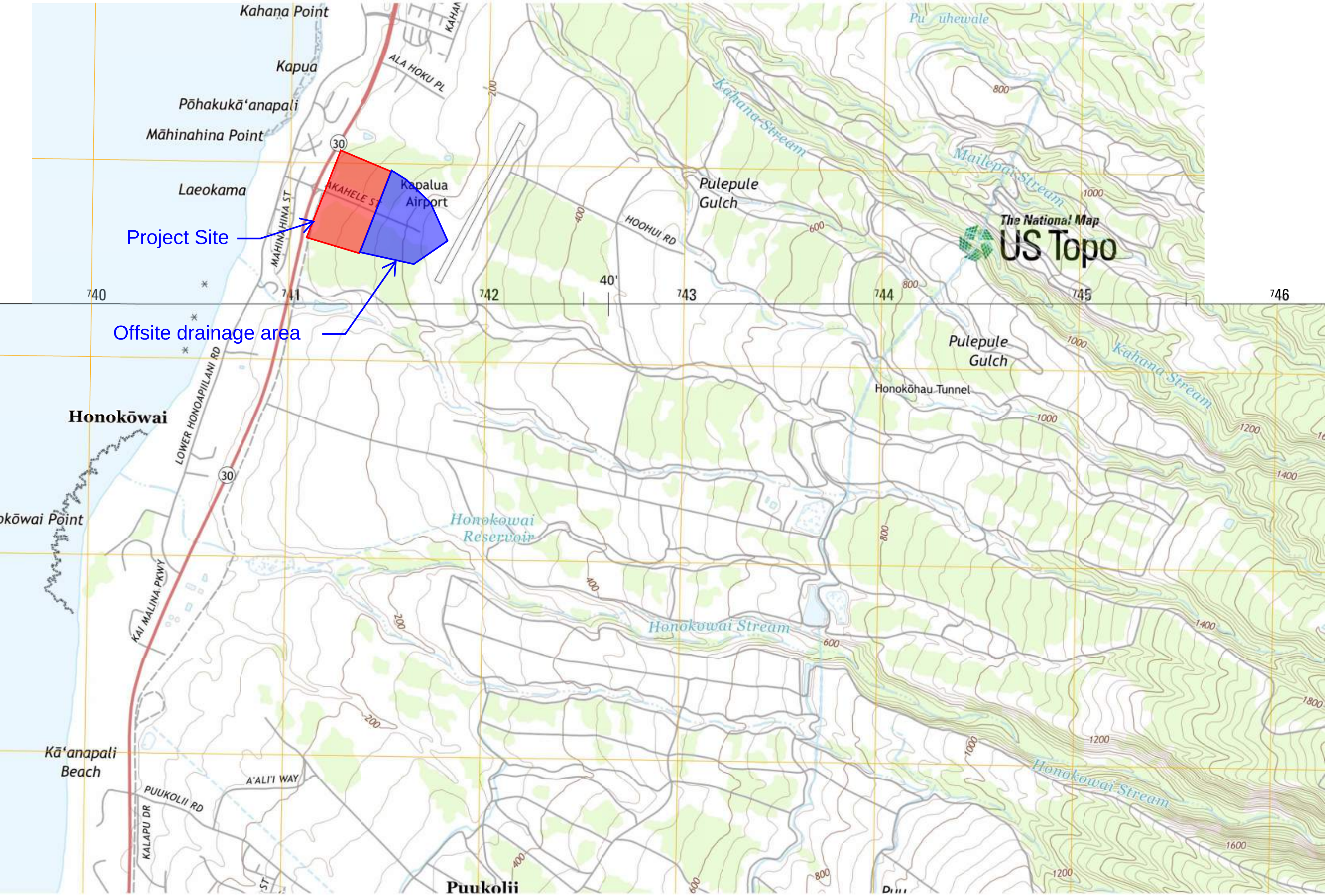
Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

Date(s) aerial images were photographed: Jan 1, 1999—May 31, 2010

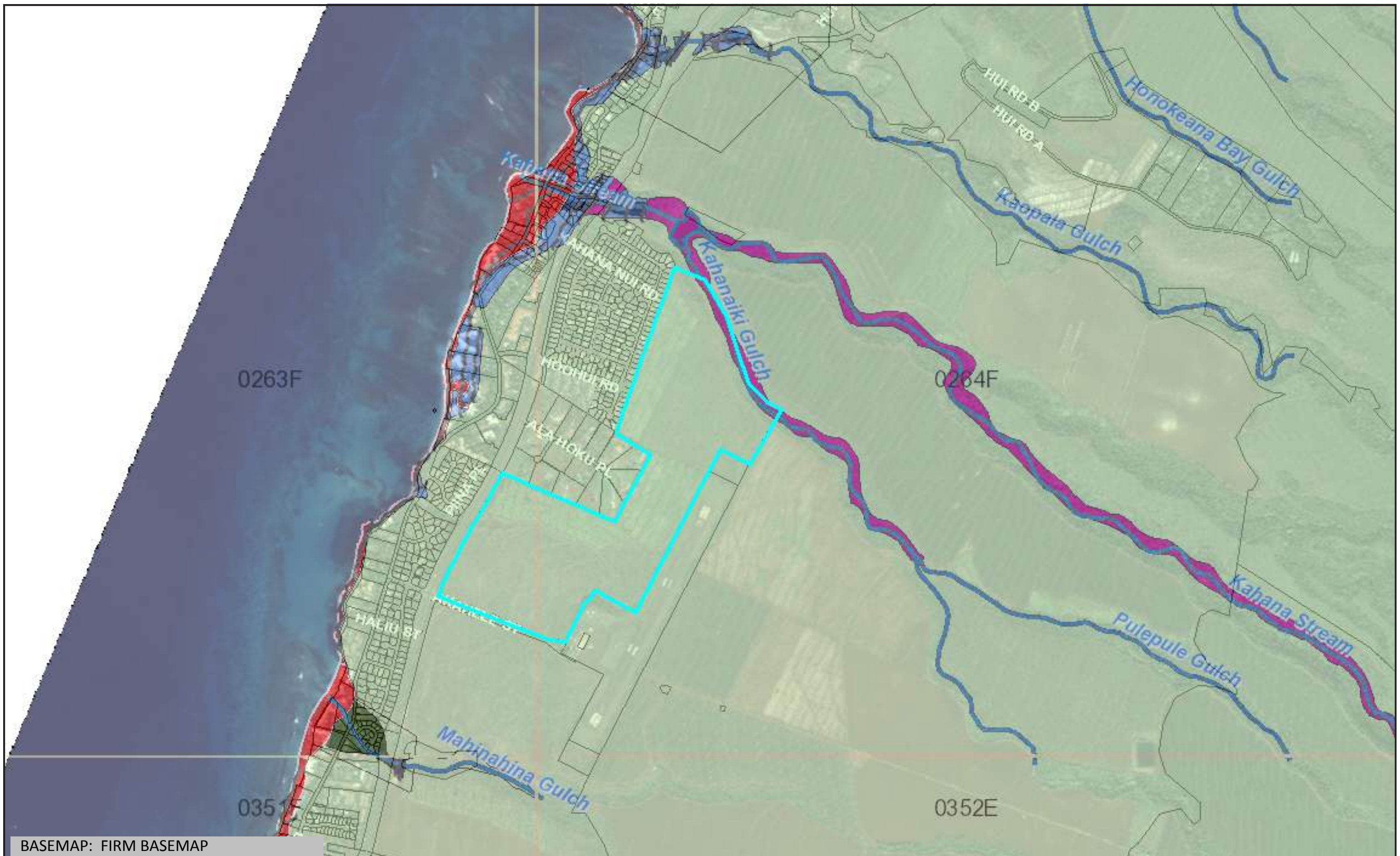
The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Map Unit Legend

Island of Maui, Hawaii (HI980)			
Map Unit Symbol	**Map Unit Name**	**Acres in AOI**	**Percent of AOI**
LaB	Lahaina silty clay, 3 to 7 percent slopes, MLRA 158	56.4	69.8%
LaC	Lahaina silty clay, 7 to 15 percent slopes, MLRA 158	20.4	25.2%
rRS	Rough broken and stony land	4.0	5.0%
Totals for Area of Interest		**80.8**	**100.0%**



Project Site
Offsite drainage area
Kahana Point
Kapua
Pōhakukā‘anapali
Māhinahina Point
Laeokama
Kapalua
Airport
AKAHELE ST
MAHINAHINA ST
ALA HOKU PL
HOOHUI RD
Honokōwai
LOWER HONOAPIILANI RD
KAI MALINA PKWY
Kā‘anapali
Beach
PUUKOLII RD
KALAPU DR
A'ALI'I WAY
Puukolii
Honokowai
Reservoir
Honokowai Stream
Pulepule
Gulch
Honokōhau Tunnel
Kahana Stream
Mailepai Stream
The National Map
US Topo
740
741
742
743
744
745
746
40'



Flood Hazard Assessment Report

www.hawaiinfip.org

Pulelehua

Property Information

COUNTY: MAUI

TMK NO: (2) 4-3-001:083

WATERSHED: HONOKOWAI; KAHANA

PARCEL ADDRESS: 0 HONOAPIILANI HWY
LAHAINA, HI 96761

Notes:

Flood Hazard Information

FIRM INDEX DATE:	NOVEMBER 04, 2015
LETTER OF MAP CHANGE(S):	NONE
FEMA FIRM PANEL - EFFECTIVE DATE:	1500030263F - SEPTEMBER 19, 2012 1500030264F - SEPTEMBER 19, 2012

THIS PROPERTY IS WITHIN A TSUNAMI EVACUTION ZONE: NO
FOR MORE INFO, VISIT: http://www.scd.hawaii.gov/

THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: YES (MA-0132; MA-0142; MA-0143)
FOR MORE INFO, VISIT: http://dlnreng.hawaii.gov/dam/

0 0.30 0.60 mi

Disclaimer: The Hawaii Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use, accuracy, completeness, and timeliness of any information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR, its officers, and employees from any liability which may arise from its use of its data or information.

If this map has been identified as 'PRELIMINARY', please note that it is being provided for informational purposes and is not to be used for flood insurance rating. Contact your county floodplain manager for flood zone determinations to be used for compliance with local floodplain management regulations.

FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND
(*Note: legend does not correspond with NFHL)*

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD - The 1% annual chance flood (100-year), also know as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. SFHAs include Zone A, AE, AH, AO, V, and VE. The Base Flood Elevation (BFE) is the water surface elevation of the 1% annual chance flood. Mandatory flood insurance purchase applies in these zones:

	Zone A: No BFE determined.
	Zone AE: BFE determined.
	Zone AH: Flood depths of 1 to 3 feet (usually areas of ponding); BFE determined.
	Zone AO: Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined.
	Zone V: Coastal flood zone with velocity hazard (wave action); no BFE determined.
	Zone VE: Coastal flood zone with velocity hazard (wave action); BFE determined.
	Zone AEF: Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

NON-SPECIAL FLOOD HAZARD AREA - An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

	Zone XS (X shaded): Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
	Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

OTHER FLOOD AREAS

	Zone D: Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase apply, but coverage is available in participating communities.

lane will be required at Lower Honoapiilani Road immediately west of the intersection. **Figure 20** illustrates this mitigation.

Several additional site-specific conditions further contribute to the conservative estimate of trip generation:

- The unit count used in the report for Pulelehua assumes all 318 secondary units or Ohana dwellings that can be built will be built by 2011. However, these Ohana units will be constructed at the discretion of the lot purchaser, and thus all 318 units may not exist at build out.
- Currently, some Kapalua employees reside in the valley section of Maui. It is expected that a high proportion of these employees will move to Pulelehua, substantially reducing the vehicle miles of travel on Honoapiilani Highway. This work trip shift is not included in the analysis.
- Trips generated by Pulelehua parents taking their kids to school may be overstated due to the on site elementary school.

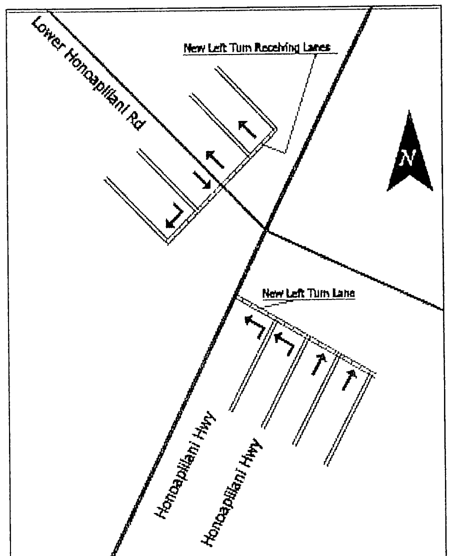


Figure 20: Mitigation at Intersection of Honoapiilani Hwy and Lower Honoapiilani Rd

VIII. CONCLUSION

The traffic analysis indicates that peak hour traffic will continue to operate at acceptable levels of service, as long as the following improvements are made:

- Maui Land & Pineapple Company will add four additional, well-spaced intersections along Honoapiilani Highway to adequately distribute in and outbound trips. These intersections are in the Pulelehua plan and vital to proper operation of both the traditional town street system and Honoapiilani Highway.
- The existing intersection at Honoapiilani Highway and Akahele Street is recommended as either a double-lane roundabout or a standard signalized intersection. The roundabout is more pedestrian-friendly and would provide greater walkability in the area
- If PM peak traffic reaches projected levels, the intersection of Lower Honoapiilani Road and Honoapiilani Highway will require an added left turn lane on the south approach. To receive the two lanes of turning traffic, an additional lane would be needed on the west leg. **Figure 20** (Section VII) illustrates this mitigation.

The Pulelehua community will change area traffic flow. However, estimates of future effects indicate the community will not create adverse traffic conditions. To the contrary, the walkable community design pattern established for Pulelehua will encourage walking, biking and transit as supporting modes of travel. This increase in travel choices will increase overall mobility in this sector of West Maui.

- The existing intersection at Honoapi'ilani Highway and Akahele Street is recommended as either a double-lane roundabout or a standard signalized intersection. The roundabout is more pedestrian-friendly and would provide greater walkability in the area.

- If PM traffic reaches projected levels, the intersection of Lower Honoapi'ilani Road will require an added left turn lane on the south approach. To receive the two lanes of turning traffic, an additional lane would be needed on the west leg.

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3.2 DRAINAGE

The post development runoff from the Pulelehua site is estimated to be 878.0 cfs, an increase of 544.8 cfs over existing conditions. Onsite runoff will be collected by catch basins located at appropriate intervals along the community roadways and diverted by drainlines to onsite detention basins. The detention basins will be located within the proposed greenway mauka of Honoapi'ilani Highway and sized to accommodate the increase in runoff from Pulelehua. The greenway will be approximately 150 feet wide and serve as a landscape buffer as well as a detention basin area to mitigate the increase in runoff from the Pulelehua site. Additional detention basins can also be constructed in park and open space areas if necessary.

Offsite detention basins will be constructed mauka of the Kapalua Airport to reduce the offsite runoff onto the Pulelehua site.

No additional runoff will be released into the existing drainageways or onto Honoapi'ilani Highway. The net result of the proposed drainage improvements will be no increase in runoff from the Pulelehua site to the downstream properties. Exhibit 1 contains the drainage plan.

3.3 SEWER

The build out of Pulelehua consists of 13.3 acres of school (estimated enrollment of 650 elementary school students), 21,475 square feet of retail space, 75,000 square feet of retail/office space, 78,000 square feet of workplace edge, 882 residential units (442 multi-family and 440 single family units) and 318 potential ohana units. Based on this development mix, it is estimated that Pulelehua will generate 345,688 gallons per day of wastewater.

The onsite sewer collection system will be designed to accommodate this flow, and will consist of a gravity sewer system and sewer pump stations which will ultimately connect to an offsite sewer system to be located on the east side of Honoapi'ilani Highway. The offsite sewer system will connect directly to the Lahaina Wastewater Reclamation Plant (LWRP).

The onsite collection system will incorporate a sewer pump station at the northerly limit of the Pulelehua site to a gravity flow system which will connect to the Countys sewer pump station Napili No. 1, which will transport wastewater into the LWRP. Pump station No. 1 is located on the northerly side of the LWRP and pumps wastewater directly into the headworks at the plant.

The proposed sewer system will not connect to the existing County wastewater facilities on Lower Honoapi'ilani Road. Therefore, the capacity of the existing sewer piping system will not be affected by the Pulelehua project and there would be no requirements on the project to upgrade that section of the existing sewer piping system.

The developer will work with the Wastewater Reclamation Division to determine the capacity of the existing facilities to confirm that the LWRP can accommodate the wastewater generated from the project. The wastewater plan is shown in Exhibit 3.

3.4 WATER

In accordance with the Department of Water Supply's Domestic Consumption Guidelines, the average daily demand for Pulelehua is approximately 719,507 gallons per day. Fire flow demand for single family residential development is 1,000 gallons per minute for 2-hour duration and 2,000 gallons per minute for 2-hour duration for A-2 apartment, schools, and neighborhood businesses and light industrial. Fire hydrants will be installed with a maximum spacing of 350 feet within the single family residential area and at 250 feet spacing within all other areas.

Currently, reclaimed (R-1) water is being pumped from the Lahaina Wastewater Treatment Plant to a Maui Land and Pine (ML&P) tank at an elevation of approximately 300 feet. ML&P then mixes the reclaimed water with their surface water, which is used for irrigation. The common landscaped areas of the project site and the elementary school yard will be irrigated with this mixed water. The non-potable water consumption is estimated at 199,747 gallons per day.

Two additional water wells will be drilled in the vicinity of the project site to provide a new source of water for Pulelehua. The developer will work with the Department of Water Supply (DWS) for the development and construction of the wells, which will be built in accordance with DWS standards. The proposed wells will be dedicated to the DWS.

A 1.0 million gallon water storage tank will be required at an elevation of approximately 375 feet to accommodate the domestic water and fire flow requirements for Pulelehua. The tank will also be constructed to DWS standards and dedicated to the DWS. Exhibit 2 contains the water plan.

3.5 ELECTRIC, TELEPHONE AND CABLE TV

The proposed electrical, telephone and cable TV distribution systems in Pulelehua will be installed underground from the existing facilities. The service for Pulelehua will probably be served by the electrical substation above the Kapalua West Maui Airport. The developer will coordinate any facility expansion requirements with Maui Electric Company, Verizon Hawaii, Oceanic Time Warner Cable. Street lights will be installed along the subdivision streets at intervals to be determined by the electrical engineer.

Based on a build out of 442 multi-family units, 440 single family units and 318 ohana units, the estimated monthly residential electrical demand is 838,800 kilowatt-hours. The estimate is based on the use of solar water heaters and room air conditioners.

EXHIBITS

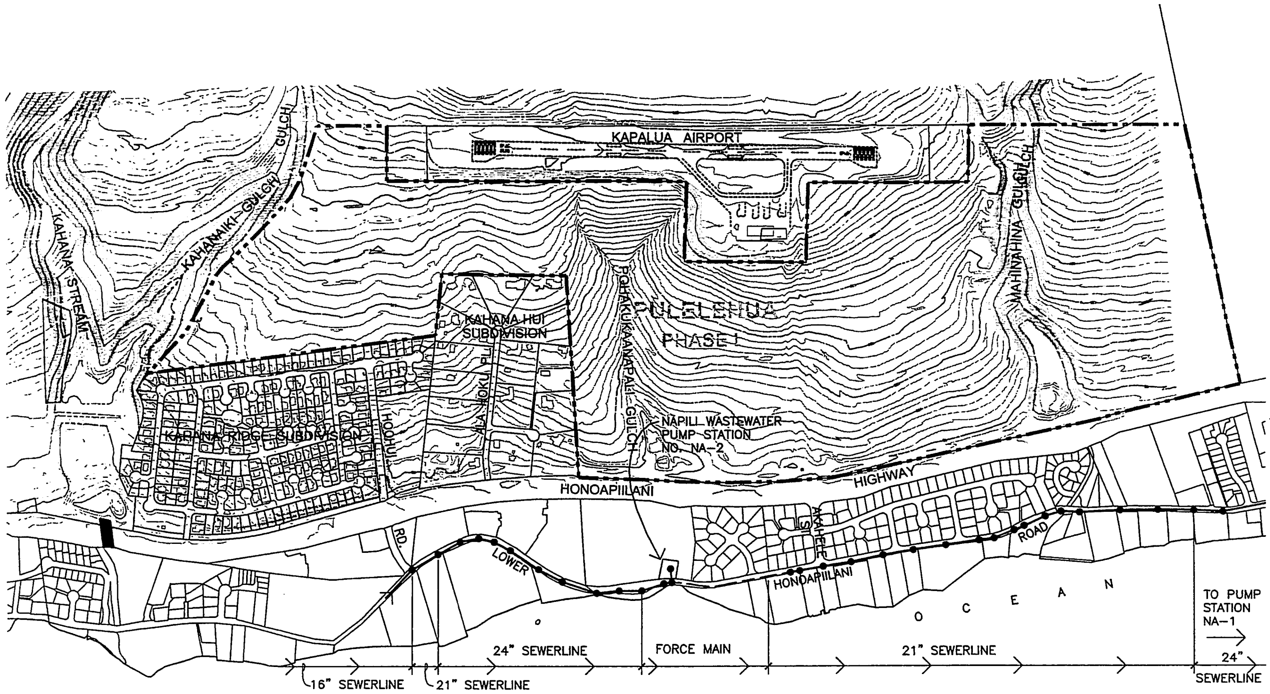

EXHIBIT 3
EXISTING WASTEWATER PLAN

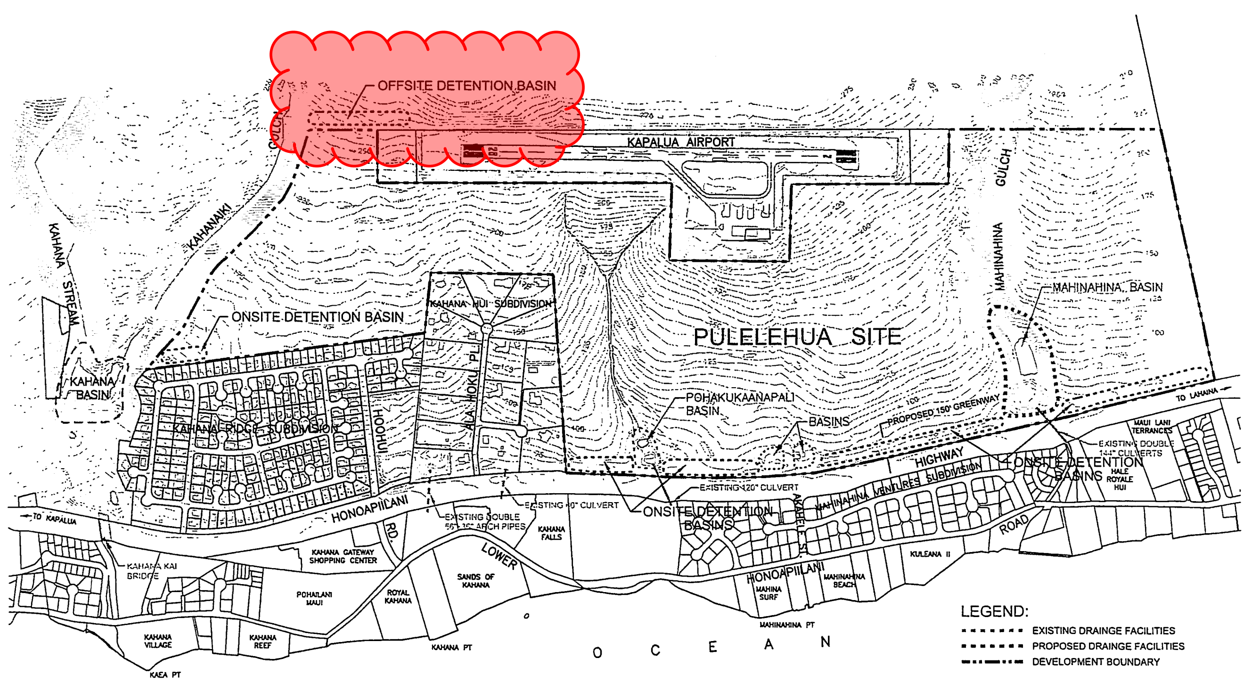

EXHIBIT 4
PROPOSED ONSITE AND OFFSITE
DETENTION BASIN PLAN

	Percent of Capital		Water Treatment Plant	Reclaimed Water Plant	R-1 Pumping Facility	
Capacity	Build Out	*gallons day*	*1,040,000*	*350,000*	*350,000*	
Site Work	10%		$1,500,000	$900,000	$150,000	
Equipment	50%		$7,500,000	$4,500,000	$750,000	
Start Up	5%		$750,000	$450,000	$75,000	
Labor, power, brick & mortar, contengency, contractor OH & P	35%		$5,250,000	$3,150,000	$525,000	
Capital Cost	100%		**$15,000,000**	**$9,000,000**	**$1,500,000**	
Spare Parts	20%		$3,000,000	$1,800,000	$300,000	
Total Capital			**$18,000,000**	**$10,800,000**	**$1,800,000**	**$30,600,000**

Plant work generally is not broken out by site work like developments are.

Capacity	Phase One	*gallons day*	*468,000*	*150,000*	*150,000*	
Site Work	10%		$700,000	$500,000	$100,000	
Equipment	50%		$3,500,000	$2,500,000	$500,000	
Start Up	5%		$350,000	$250,000	$50,000	
Labor, power, brick & mortar, contengency, contractor OH & P	35%		$2,450,000	$1,750,000	$350,000	
Capital Cost	100%		**$7,000,000**	**$5,000,000**	**$1,000,000**	
Spare Parts	20%		$1,400,000	$1,000,000	$200,000	
Total Capital			**$8,400,000**	**$6,000,000**	**$1,200,000**	**$15,600,000**

HUALALAI COURT

Table B
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Hualalai Court

Primary Contacts

1.	Developer	Vincent T.C. Tai + entity to be named
2.	Landowner	Vincent T.C. Tai Trust
3.	Planning Consultant	Vincent T.C. Tai, AIA
4.	Engineering Consultant	Hoi Wa Cham, PE, SE

Development Program

1.	Project location	364 Hualalai St		Hilo, Hawaii
		Existing small one-story house and driveway		
2.	Site area and TMK data	3.29	ac	TMK (3) 2-4-028:009
3.	Gross bldg area	72,500	sf	
4.	Parking spaces	131	spaces	
5.	Unit mix	2-story walk-up apartment buildings		
	One-Bedroom	70	588	sf each
	Two-Bedroom	34	728	sf each
	Manager Unit	1	728	sf
	Total	105		
6.	Affordability levels	60% of AMI		
7.	Project amenities	Community room, laundry room, playground, exercise area, BBQ area, communal vegetable garden		

Schedule

1.	Pre-Construction	6 months
2.	Construction	18 months

Table B
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Hualalai Court
(cont'd)

Entitlements

1.	Zoning	RM-1.5 multiple family
2.	Environmental	Phase 1 ESA completed

Land Development/Infrastructure

1.	Demolition	$0	included in Site Prep
2.	Site prep, grading, etc.	$132,000	
3.	Off-site infrastructure	$330,000	
4.	On-site infrastructure	$894,000	
5.	Related soft costs	$98,000	
	Total	$1,454,000	

Other Development Costs

1.	Land acquisition costs	Known
2.	Building construction direct costs	Budgeted
3.	Parking construction direct costs	Budgeted
4.	Project amenities direct costs	Budgeted
5.	Indirect construction costs	Budgeted
6.	Related soft costs	Budgeted
7.	Other costs	Budgeted

Operating Parameters

1.	Annual revenues	Budgeted
2.	Annual expenses	Budgeted

Financing

1.	Construction Phase	To be determined
2.	Permanent/Operating Phase	To be determined

Hualalai Court

Map Scale: 1:1,190 if printed on A landscape (11" x 8.5") sheet.

Meters: 0, 15, 30, 60, 90

Feet: 0, 50, 100, 200, 300

N

Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 5N WGS84

MAP LEGEND

Area of Interest (AOI)

Area of Interest (AOI)

Soils

Soil Map Unit Polygons

Soil Map Unit Lines

Soil Map Unit Points

Special Point Features

Blowout

Borrow Pit

Clay Spot

Closed Depression

Gravel Pit

Gravelly Spot

Landfill

Lava Flow

Marsh or swamp

Mine or Quarry

Miscellaneous Water

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Sandy Spot

Severely Eroded Spot

Sinkhole

Slide or Slip

Sodic Spot

Spoil Area

Stony Spot

Very Stony Spot

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Major Roads

Local Roads

Background

Aerial Photography

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Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

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Survey Area Data: Version 9, Sep 20, 2016

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Date(s) aerial images were photographed: Data not available.

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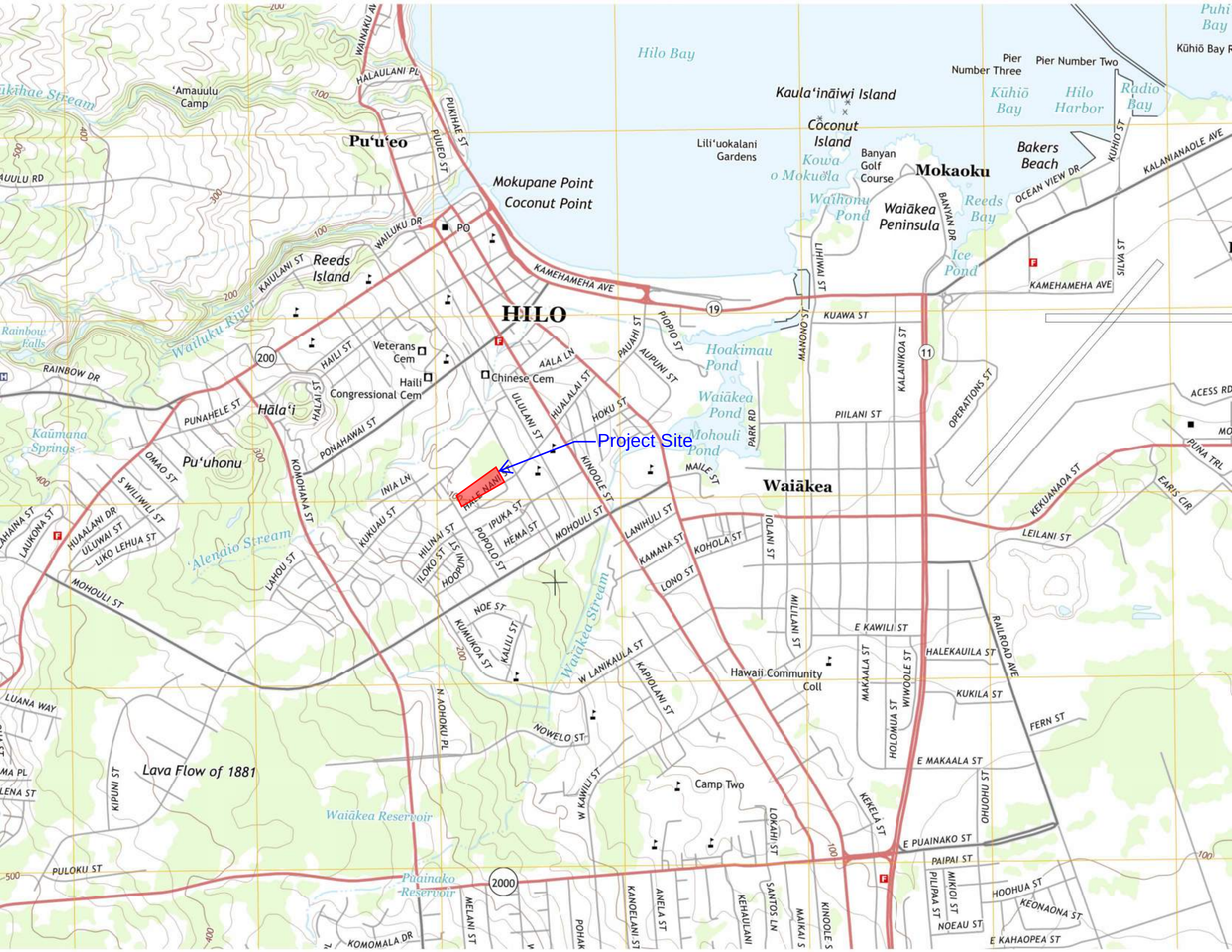
Map Unit Legend

Island of Hawaii Area, Hawaii (HI801)			
Map Unit Symbol	**Map Unit Name**	**Acres in AOI**	**Percent of AOI**
639	Keaukaha-Urban land complex, 2 to 10 percent slopes	3.2	100.0%
Totals for Area of Interest		**3.2**	**100.0%**



Project Site
HILO
Hilo Bay
Kaula'ināiwi Island
Coconut Island
Lili'uokalani Gardens
Kowa o Mokuola
Banyan Golf Course
Mokaoku
Waiākea Peninsula
Waihonu Pond
Reeds Bay
Ice Pond
Bakers Beach
Pier Number Three
Pier Number Two
Kūhiō Bay
Hilo Harbor
Radio Bay
Puhi Bay
Mokupane Point
Coconut Point
Pu'u'eo
'Amauulu Camp
Reeds Island
Wailuku River
Rainbow Falls
Veterans Cem
Haili Congressional Cem
Chinese Cem
Hāla'i
Pu'uhonu
Kaūmana Springs
'Alenaio Stream
Hoakimau Pond
Waiākea Pond
Mohouli Pond
Waiākea
Waiākea Stream
Hawaii Community Coll
Camp Two
Lava Flow of 1881
Waiākea Reservoir
Puainako Reservoir
KAMEHAMEHA AVE
KALANIANAOLE AVE
KINOOLE ST
KILAUEA AVE
PONAHAWAI ST
MOHOULI ST
W LANIKAULA ST
E KAWILI ST
E PUAINAKO ST
KOMOHANA ST
RAILROAD AVE
HALE NANI
IPUKA ST
HEMA ST
POPOLO ST
HILINAI ST
ILOKO ST
HOOPUNI ST
ULULANI ST
HUALALAI ST
HOKU ST
MAILE ST
KUKUAU ST
INIA LN
LANIHULI ST
KAMANA ST
KOHOLA ST
LONO ST
IOLANI ST
KAPIOLANI ST
KUMUKOA ST
KALILI ST
NOE ST
NOWELO ST
W KAWILI ST
N AOHOKU PL
KIPUNI ST
PULOKU ST
KOMOMALA DR
LEILANI ST
KEKUANAOA ST
PIILANI ST
KUAWA ST
MANONO ST
LIHIWAI ST
KALANIKOA ST
OPERATIONS ST
PUNA TRL
HALEKAUILA ST
KUKILA ST
FERN ST
E MAKAALA ST
MAKAALA ST
WIWOOLE ST
HOLOMUA ST
MILILANI ST
KEKELA ST
LOKAHI ST
PAIPAI ST
HOOHUA ST
KEONAONA ST
NOEAU ST
E KAHAOPEA ST
BANYAN DR
OCEAN VIEW DR
KUHIO ST
SILVA ST
PIOPIO ST
PAUAHI ST
AUPUNI ST
AALA LN
PUNAHELE ST
HAILI ST
HALAI ST
KAIULANI ST
WAILUKU DR
WAIANUENUE AVE
HALAULANI PL
PUKIHAE ST
PUEO ST
RAINBOW DR
OMAO ST
S WILIWILI ST
HUAALANI DR
ULUWAI ST
LIKO LEHUA ST
LAUKONA ST
LAHOU ST
LUANA WAY
MELANI ST
KANOELANI ST
ANELA ST
KEHAULANI
SANTOS LN
PO
19
11
200
2000

Flood Hazard Assessment Report

www.hawaiinfip.org

Property Information

COUNTY: HAWAII

TMK NO: (3) 2-4-028:009

WATERSHED: WAILOA

PARCEL ADDRESS: 364 HUALALAI STREET
HILO, HI 96720

Flood Hazard Information

FIRM INDEX DATE: APRIL 02, 2004

LETTER OF MAP CHANGE(S): 98-09-870P

FEMA FIRM PANEL: 1551660880C

PANEL EFFECTIVE DATE: SEPTEMBER 16, 1988

THIS PROPERTY IS WITHIN A TSUNAMI EVACUTION ZONE: NO
FOR MORE INFO, VISIT: http://www.scd.hawaii.gov/

THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: NO
FOR MORE INFO, VISIT: http://dlnreng.hawaii.gov/dam/

0 200 400 ft

Notes:

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	Zone AE: BFE determined.
	Zone AH: Flood depths of 1 to 3 feet (usually areas of ponding); BFE determined.
	Zone AO: Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined.
	Zone V: Coastal flood zone with velocity hazard (wave action); no BFE determined.
	Zone VE: Coastal flood zone with velocity hazard (wave action); BFE determined.
	Zone AEF: Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

NON-SPECIAL FLOOD HAZARD AREA - An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

	Zone XS (X shaded): Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
	Zone X: Areas determined to be outside the 0.2% annual chance floodplain.

OTHER FLOOD AREAS

	Zone D: Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase apply, but coverage is available in participating communities.

LIMA OLA

Table C
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Lima Ola

Primary Contacts

1.	Developer	Kauai County Housing Agency + developer to be selected
2.	Landowner	County of Kauai
3.	Planning Consultant	Community Planning and Engineering (CPE)
4.	Engineering Consultant	Community Planning and Engineering (CPE)

Development Program

1. Project location — End of Mahea Rd — Eleele, Kauai

2. Site area and TMK data
   - Size: 26 acres (Phase 1); 75 acres (total project)
   - TMKs: TMK (4) 2-1-001:054

3. Gross bldg area — To be determined

4. Parking spaces — To be determined

5. Unit mix

	Phase 1	Phase 2	Phase 3	Phase 4	Total
Affordable multi-family	111	97	102	75	385
Affordable single family	38	75	34	18	165
Total	149	172	136	93	550
Acres	26	21	17	11	75
Units/Acre	5.7	8.2	8.0	8.5	7.3

# of Bedrooms	Studio	One	Two	Three	Four
Units	64	164	167	118	37
% of Total	12%	30%	30%	21%	7%

6. Affordability levels (% of AMI)

	50%-80%	80%-100%	100%-120%	120%-140%
# of Units	385	55	55	55
% ot Total	70%	10%	10%	10%

7. Project amenities — Community room, pool, playground, etc.; 3.1-acre park and community center

Schedule - Phase 1

1. Final Construction Plans — 9 months
2. Construction — 18 months

Table C
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Lima Ola
(cont'd)

Entitlements

1.	Zoning	201H approved; LUC boundary amendment required; waiting for comments from State Historic Preservation Division
2.	Environmental	Completed

Land Development/Infrastructure

		Phase 1	Phase 2	Phase 3	Phase 4	Total
1.	Demolition	$0.0	$0.0	$0.0	$0.0	$0.0
2.	Site prep, grading, etc.	$3.1	$0.0	$0.0	$0.0	$3.1
3.	Off-site infrastructure	$1.5	$4.4	$0.0	$1.1	$7.0
4.	On-site infrastructure	$11.4	$11.1	$6.7	$8.7	$37.9
5.	Related soft costs	$1.0	$0.5	$0.6	$0.4	$2.5
6.	Other	$0.8	$0.1	$0.1	$0.1	$1.1
	Total ($ millions)	$17.8	$16.1	$7.4	$10.3	$51.6

Other Development Costs

1.	Land acquisition costs	Known
2.	Building construction direct costs	To be determined
3.	Parking construction direct costs	To be determined
4.	Project amenities direct costs	To be determined
5.	Indirect construction costs	To be determined
6.	Related soft costs	To be determined
7.	Other costs	To be determined

Operating Parameters

1.	Annual revenues	To be determined
2.	Annual expenses	To be determined

Financing - Phase 1

1.	Construction Phase	
	County Bond Fund	$8.0 million
	HHFDC DURF	$8.0 million
	HCDRF Fund 211	$1.3 million
	Other	$0.5 million
	Total	$17.8 million
2.	Permanent/Operating Phase	To be determined

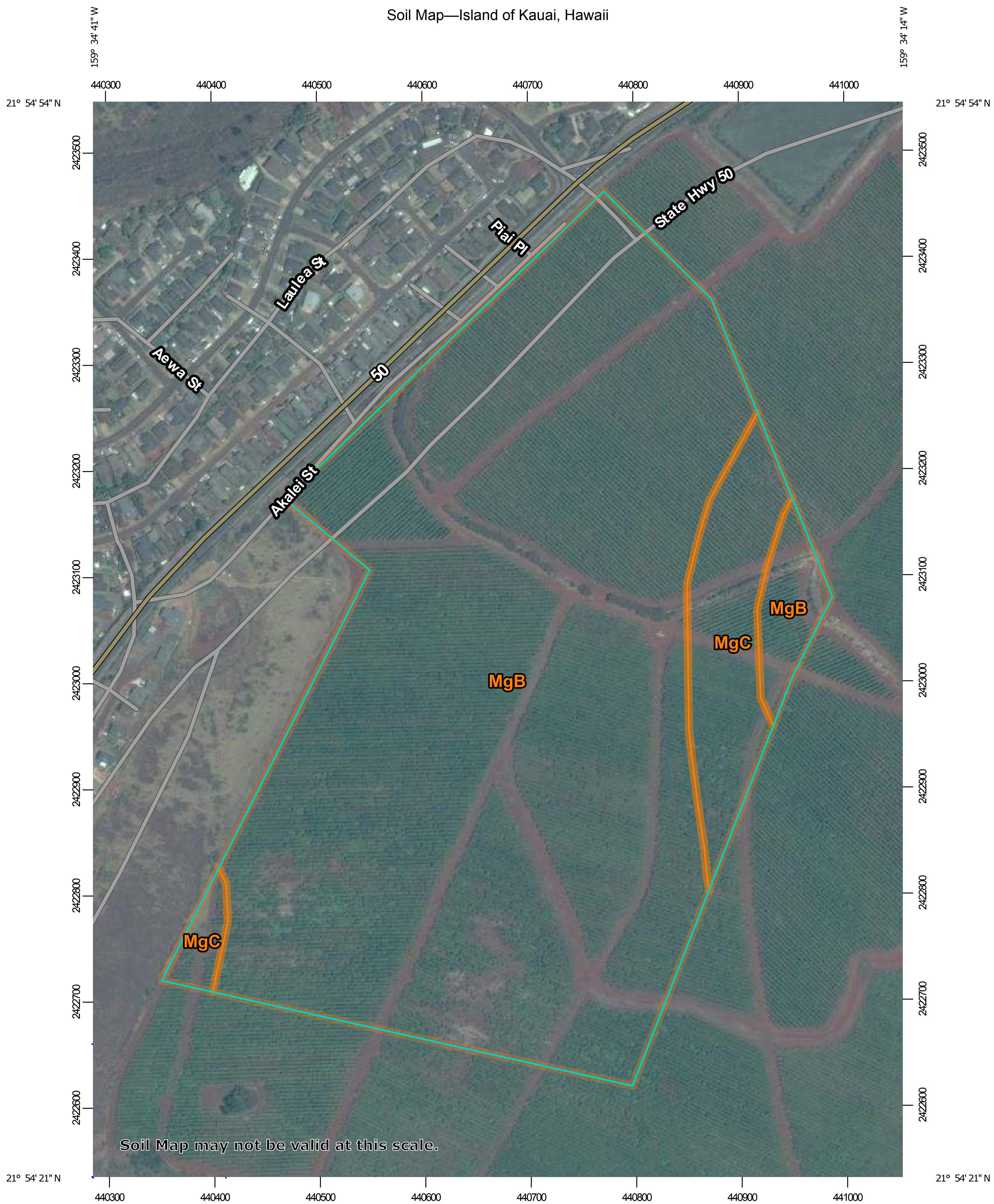
VI. COST ANALYSIS

This section includes a cost comparison between the proposed development project and the previously proposed development. Table 8 shows that the cost per unit based in this proposal is less than half of the cost per unit of the previously proposed development.

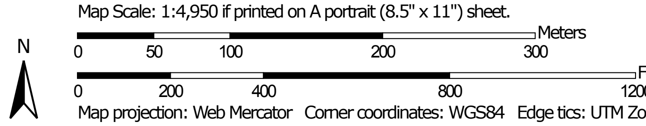
Table 8: Total Estimated Cost for the Water System of the Lima Ola Development

Description of Items	Based on the Proposed Layout				Based on RM Towill's Layout			
	Unit Count	Unit	Unit Cost	Total Cost	Unit Count	Unit	Unit Cost	Total Cost
Clearing and Grubbing	75	Acre	$,8,000	$600,000	111	Acre	$8,000	$888,000
Site Earthwork	75	Acre	$139,255	$10,444,124	75	Acre	$139,255	$10,444,124
Erosion Control	75	Acre	$17,118	$1,283,880	75	Acre	$17,118	$1,283,880
Roads	10,479	LF	$518	$5,433,016	14006	LF	$518	$7,261,706
Private Driveways-Parking Lots	165	Housing Units	$3,354	$553,490	156	Housing Units	$3,354	$523,300
Water System	14,943	LF	$337	$5,038,610	16,040	LF	$337	$5,408,506
Sewer System	9,600	LF	$470	$4,512,950	15,348	LF	$470	$7,215,079
Storm Drainage System	5,760	LF	$422	$2,428,670	13,379	LF	$422	$5,641,176
Electrical System	29,313	LF	$209	$6,140,725	36,782	LF	$209	$7,705,392
Landscaping	7.0	Acre	$102,055	$714,384	12.8	Acre	$102,055	$1,306,302
Utility Connection Fees	550	Housing Units	$4,600	$2,530,000	400	Housing Units	$4,600	$1,840,000
Intersection Improvements	-	-	-	$1,675,000	-	-	-	$1,675,000
Low Impact Development (LID) Improvements	-	-	-	$143,814	-	-	-	$143,814
Offsite Water System	-	-	-	0	-	-	-	$12,969,000
Total (550 Units)	-	-	-	**$41,498,663**	-	-	-	**$64,305,279**
10% Contingency	-	-	-	**$4,149,866**	-	-	-	**$6,430,528**
			Total	**$45,648,529**			**Total**	**$70,735,807**
			Cost/Unit	**$82,997**			**Cost/Unit**	**$176,840**

Lima Ola
Ohi Pl
Lilia St
Kaumoo Pl
Laulea St
Akalei St
Pualei St
50
Halewili Rd
540
N
1000 ft
Google earth
© 2016 Google



Map Scale: 1:4,950 if printed on A portrait (8.5" x 11") sheet.



Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 4N WGS84

MAP LEGEND

Area of Interest (AOI)

Area of Interest (AOI)

Soils

Soil Map Unit Polygons

Soil Map Unit Lines

Soil Map Unit Points

Special Point Features

Blowout

Borrow Pit

Clay Spot

Closed Depression

Gravel Pit

Gravelly Spot

Landfill

Lava Flow

Marsh or swamp

Mine or Quarry

Miscellaneous Water

Perennial Water

Rock Outcrop

Saline Spot

Sandy Spot

Severely Eroded Spot

Sinkhole

Slide or Slip

Sodic Spot

Spoil Area

Stony Spot

Very Stony Spot

Wet Spot

Other

Special Line Features

Water Features

Streams and Canals

Transportation

Rails

Interstate Highways

US Routes

Major Roads

Local Roads

Background

Aerial Photography

MAP INFORMATION

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Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

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Soil Survey Area: Island of Kauai, Hawaii
Survey Area Data: Version 11, Sep 20, 2016

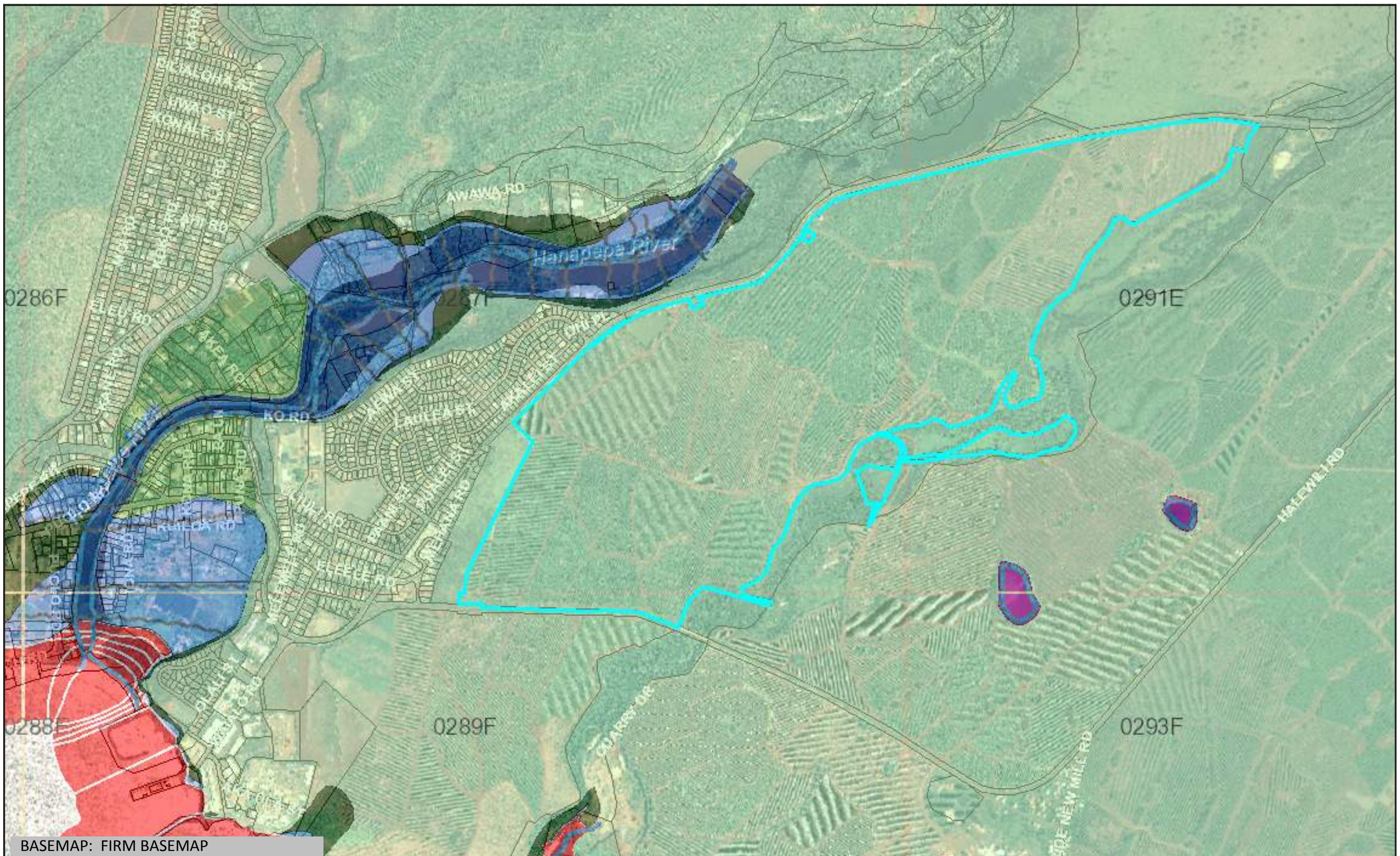
Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

Date(s) aerial images were photographed: Aug 26, 2011—Oct 3, 2011

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Map Unit Legend

Island of Kauai, Hawaii (HI960)			
Map Unit Symbol	**Map Unit Name**	**Acres in AOI**	**Percent of AOI**
MgB	Makaweli silty clay loam, 0 to 6 percent slopes	69.7	90.9%
MgC	Makaweli silty clay loam, 6 to 12 percent slopes	7.0	9.1%
Totals for Area of Interest		**76.7**	**100.0%**



Flood Hazard Assessment Report

www.hawaiinfip.org

Lima Ola

Property Information

COUNTY: KAUAI

TMK NO: (4) 2-1-001:027

WATERSHED: HANAPEPE; WAHIAWA

PARCEL ADDRESS: HALEWILI/KAUMUALII HWY

Notes:

Flood Hazard Information

FIRM INDEX DATE:	NOVEMBER 26, 2010
LETTER OF MAP CHANGE(S):	NONE
FEMA FIRM PANEL - EFFECTIVE DATE:	1500020287F - NOVEMBER 26, 2010 1500020289F - NOVEMBER 26, 2010 1500020291E - SEPTEMBER 16, 2005

THIS PROPERTY IS WITHIN A TSUNAMI EVACUTION ZONE: NO
FOR MORE INFO, VISIT: http://www.scd.hawaii.gov/

THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: YES (KA-0098; KA-0100; KA-0101)
FOR MORE INFO, VISIT: http://dlnreng.hawaii.gov/dam/

0 0.30 0.60 mi

Disclaimer: The Hawaii Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use, accuracy, completeness, and timeliness of any information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR, its officers, and employees from any liability which may arise from its use of its data or information.

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FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND
(*Note: legend does not correspond with NFHL)***

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD - The 1% annual chance flood (100-year), also know as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. SFHAs include Zone A, AE, AH, AO, V, and VE. The Base Flood Elevation (BFE) is the water surface elevation of the 1% annual chance flood. Mandatory flood insurance purchase applies in these zones:

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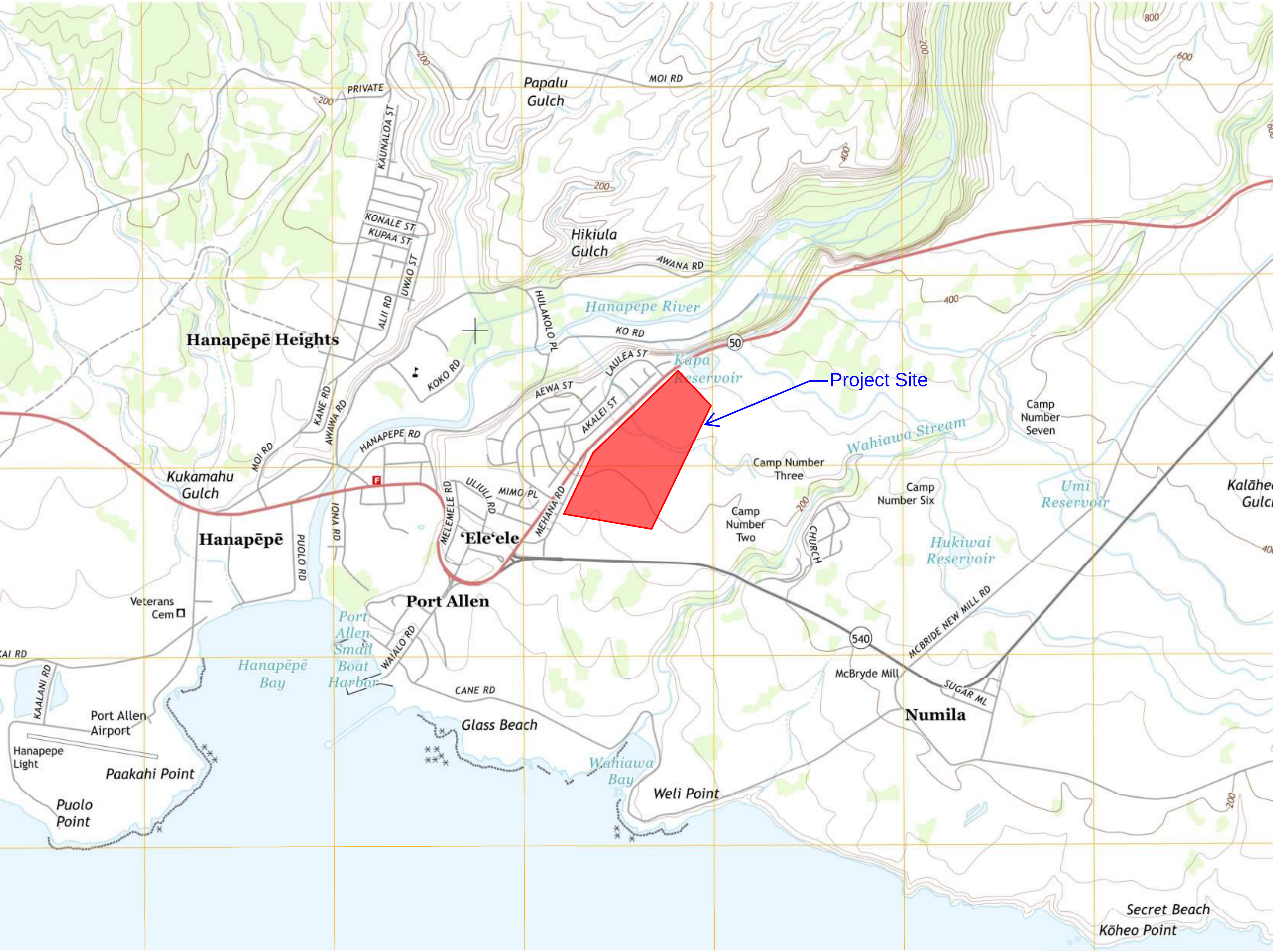
OTHER FLOOD AREAS

- **Zone D**: Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase apply, but coverage is available in participating communities.



Project Site
Papalu Gulch
Hikiula Gulch
Hanapēpē Heights
Hanapepe River
Kapa Reservoir
Wahiawa Stream
Camp Number Seven
Camp Number Three
Camp Number Six
Camp Number Two
Umi Reservoir
Hukiwai Reservoir
Kukamahu Gulch
Hanapēpē
'Ele'ele
Port Allen
Veterans Cem
Hanapēpē Bay
Port Allen Small Boat Harbor
Port Allen Airport
Hanapepe Light
Paakahi Point
Puolo Point
Glass Beach
Wahiawa Bay
Weli Point
McBryde Mill
Numila
Secret Beach
Kōheo Point
MOI RD
PRIVATE
KAUNALOA ST
KONALE ST
KUPAA ST
UWAO ST
ALII RD
HULAKOLO PL
AWANA RD
KO RD
LAULEA ST
AEWA ST
AKALEI ST
KOKO RD
KANE RD
AWAWA RD
HANAPEPE RD
MOI RD
ULULI RD
MIMO PL
MEHANA RD
MELEMELE RD
IONA RD
PUOLO RD
WAIALO RD
CANE RD
KAALANI RD
CHURCH
MCBRIDE NEW MILL RD
SUGAR ML
50
540
200
400
600
800

MAYOR WRIGHT HOMES

Table D
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Mayor Wright Homes

Primary Contacts

1.	Developer	Hunt Companies, with partners McCormack Baron Salazar and Vitus Group, together with Hawaii Public Housing Authority
2.	Landowner	State of Hawaii
3.	Planning Consultant	PBR Hawaii
4.	Engineering Consultant	R.M. Towill

Development Program

1. Project location — City block in Honolulu bounded by:
N. King St; Liliha St; N. Vineyard Blvd; Pua Ln
Existing structures: 364 units and one 2-story administration building

2. Site area and TMK data — 15 ac — TMK (1)1-7-029:003

3. Gross bldg area (sf)

Parking	Residential	Commercial	Total
836,125	1,748,645	65,000	2,649,770

4. Parking spaces

Surface/ Podium	Structure	Total
2,674	83	2,757

5. Unit mix

	Phase I	Phase II	Phase III	Phase IV	Phase V	Total
Units	150	560	517	546	342	2,115
% of Total	7%	26%	24%	26%	16%	100%
Includes Retail	No	Yes	No	No	Yes	

# of Bedrooms	Studio	One	Two	Three	Four	Five
Unit Size (sf)	400	650	820	1,175	1,600	2,000
Units	261	460	896	443	50	5
% of Total	12%	22%	42%	21%	2%	0%

Mix of building types, including: ground-related units (1-2 stories); "urban blocks" and "lei buildings" (3-5 stories); and podium tower (3-5 story podium with tower above)

6. Affordability levels — 30% - 140% of AMI plus market-rate rentals
One-for-one replacement of 364 existing units at 30% of AMI

7. Project amenities — Community center, on-site social services, Hawaii Literacy

Schedule

1.	Final Construction Plans	To be determined
2.	Construction	To be determined

Table D
Hawaii Housing Action Plan
Project Fact Sheet (Draft)
Mayor Wright Homes
(cont'd)

Entitlements

1.	Zoning	Multiple permits/approvals needed: - Interim Planned Development - Transit (IPD-T) permit - Grubbing, Grading, and Stockpiling permit - Building permits for building, electrical, plumbing, sidewalk/driveway, and demolition work - National Pollutant Discharge Elimination System (NPDES) permit - Historic site review - Section 106 review
2.	Environmental	EIS is underway

Land Development/Infrastructure (rough estimates)

1.	Demolition	$4.5	million
2.	Site prep, grading, etc.	$10.0	million
3.	Off-site infrastructure	$100.0	million
4.	On-site infrastructure	$5.0	million
5.	Related soft costs	$7.5	million
6.	Other (entitlements)	$2.0	million
	Total	$129.0	million

Other Development Costs

1.	Land acquisition costs	To be determined; ground lease with State
2.	Building construction direct costs	Rough estimates developed
3.	Parking construction direct costs	Rough estimates developed
4.	Project amenities direct costs	Rough estimates developed
5.	Indirect construction costs	Rough estimates developed
6.	Related soft costs	Rough estimates developed
7.	Other costs	Rough estimates developed

Operating Parameters

1.	Annual revenues	Rough estimates developed
2.	Annual expenses	Rough estimates developed

Financing

1.	Construction Phase	To be determined
2.	Permanent/Operating Phase	To be determined


Mayor Wright
Palama St
Lopez Ln
Austin Ln
Kanoa St
N Vineyard Blvd
Waipa Ln
Pua Ln
Robello Ln
Akepo Ln
Desha Ln
N Kukui St
Liliha
Dillingham Blvd
Kaamahu Pl
Kaaahi St
Sumner St
Kuwili St
Hiram Ln
Kiapu Pl
Lunalilo Fwy
N School St
Holokahana Ln
Kauluwela Pl
Aala St
98
100
Google earth
© 2016 Google
1000 ft
N

Tax Parcel

Sewer Manhole

Sewer Mains

····Force

Gravity

Storm Water Structure (continued)

Inlet/Outlet

Man Hole

Other

Unknown

Map Title

Author: Your Name

Date: 4/11/2017

Notes: Notes

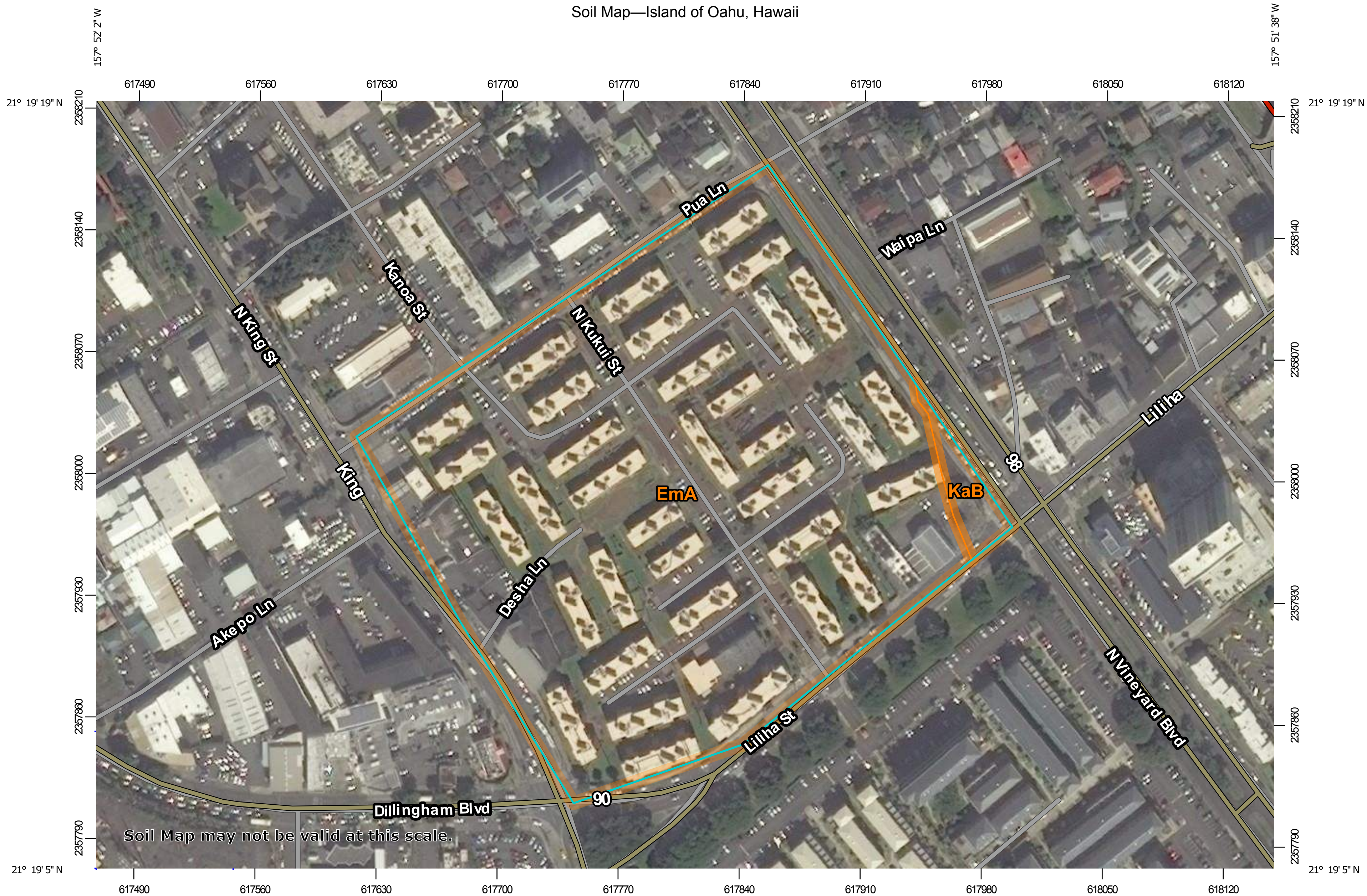
Powered by ArcGIS Server 10

Note: Data represented on this map is not intended to replace site survey.

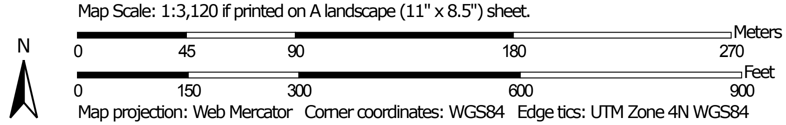
ModelLink	Storm Water Conduit
Outfall	Arch Pipe
Siphon	Box Culvert
Treatment	Corrugated Metal Pipe
Low Pressure Force	Ditch
Sewer Laterals	Prefabricated Bend
	Reinforced Concrete Pipe
Storm Water Structure	Swale
Catch Basin	Other
Grate/Drain Inlet	Unknown

Main Map

Building Footprints (NGA 2009): National Geospatial-Intelligence Agency



Map Scale: 1:3,120 if printed on A landscape (11" x 8.5") sheet.



Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 4N WGS84

MAP LEGEND

Area of Interest (AOI)
- Area of Interest (AOI)

Soils
- Soil Map Unit Polygons
- Soil Map Unit Lines
- Soil Map Unit Points

Special Point Features
- Blowout
- Borrow Pit
- Clay Spot
- Closed Depression
- Gravel Pit
- Gravelly Spot
- Landfill
- Lava Flow
- Marsh or swamp
- Mine or Quarry
- Miscellaneous Water
- Perennial Water
- Rock Outcrop
- Saline Spot
- Sandy Spot
- Severely Eroded Spot
- Sinkhole
- Slide or Slip
- Sodic Spot
- Spoil Area
- Stony Spot
- Very Stony Spot
- Wet Spot
- Other
- Special Line Features

Water Features
- Streams and Canals

Transportation
- Rails
- Interstate Highways
- US Routes
- Major Roads
- Local Roads

Background
- Aerial Photography

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:24,000.

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Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

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Date(s) aerial images were photographed: Data not available.

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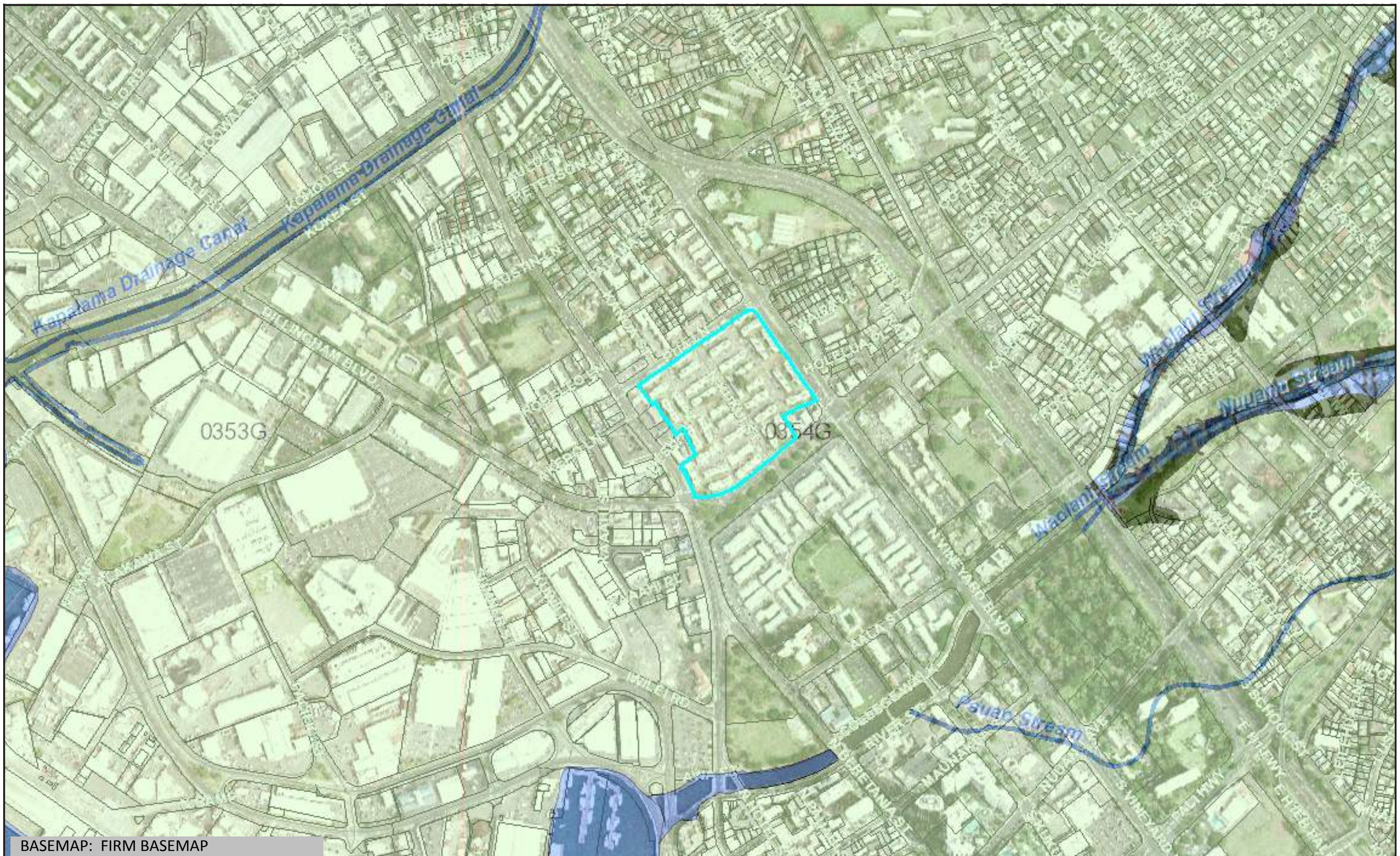
Map Unit Legend

Island of Oahu, Hawaii (HI990)			
Map Unit Symbol	**Map Unit Name**	**Acres in AOI**	**Percent of AOI**
EmA	Ewa silty clay loam, moderately shallow, 0 to 2 percent slopes	18.6	97.9%
KaB	Kaena clay, 2 to 6 percent slopes	0.4	2.1%
Totals for Area of Interest		**18.9**	**100.0%**



Flood Hazard Assessment Report

www.hawaiinfip.org

Property Information

COUNTY: HONOLULU

TMK NO: (1) 1-7-029:003

WATERSHED: NUUANU

PARCEL ADDRESS: 606 N KUKUI ST
HONOLULU, HI 96817

Notes:

Flood Hazard Information

FIRM INDEX DATE:	NOVEMBER 05, 2014
LETTER OF MAP CHANGE(S):	NONE
FEMA FIRM PANEL:	15003C0354G
PANEL EFFECTIVE DATE:	JANUARY 19, 2011

THIS PROPERTY IS WITHIN A TSUNAMI EVACUTION ZONE: NO
FOR MORE INFO, VISIT: http://www.scd.hawaii.gov/

THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: NO
FOR MORE INFO, VISIT: http://dlnreng.hawaii.gov/dam/

0 600 1,200 ft

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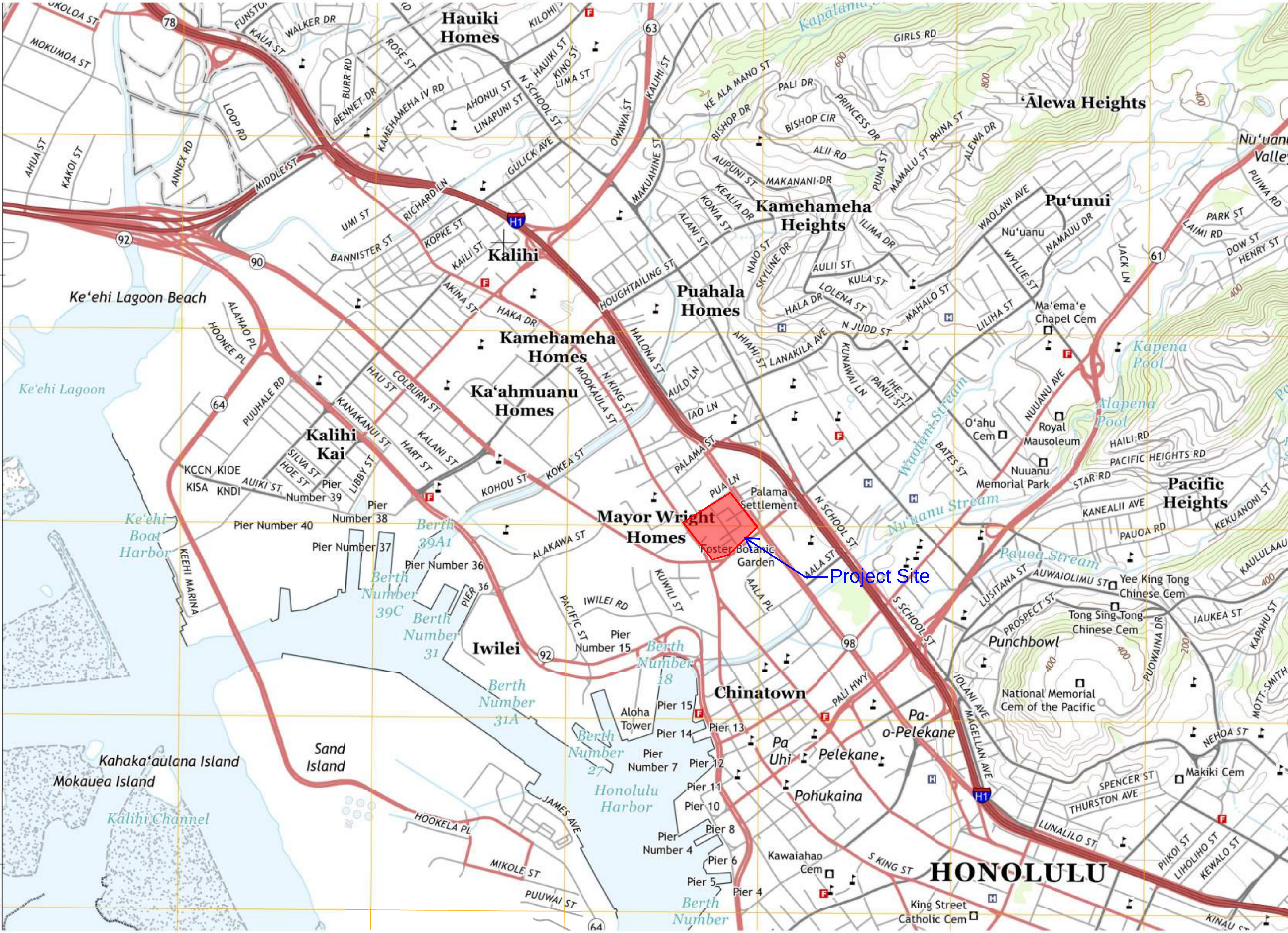
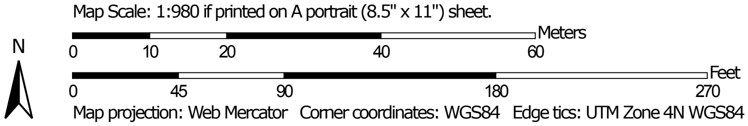


Project Site
Foster Botanic Garden
Palama Settlement
Mayor Wright Homes
Hauiki Homes
Kalihi
Kamehameha Homes
Ka'ahmuanu Homes
Kalihi Kai
Puahala Homes
Kamehameha Heights
'Ālewa Heights
Pu'unui
Nu'uanu
Nu'uanu Valley
Pacific Heights
Punchbowl
Chinatown
Iwilei
Pa-o-Pelekane
Pa Uhi
Pelekane
Pohukaina
HONOLULU
Ke'ehi Lagoon Beach
Ke'ehi Lagoon
Ke'ehi Boat Harbor
Sand Island
Kahaka'aulana Island
Mokauea Island
Kalihi Channel
Honolulu Harbor
Aloha Tower
Kapena Pool
Alapena Pool
Nu'uanu Stream
Waolani Stream
Pauoa Stream
Ma'ema'e Chapel Cem
O'ahu Cem
Royal Mausoleum
Nuuanu Memorial Park
Yee King Tong Chinese Cem
Tong Sing Tong Chinese Cem
National Memorial Cem of the Pacific
Makiki Cem
Kawaiahao Cem
King Street Catholic Cem
Pier Number 40
Pier Number 39
Pier Number 38
Pier Number 37
Pier Number 36
Pier Number 15
Pier 15
Pier 14
Pier 13
Pier 12
Pier 11
Pier 10
Pier 8
Pier Number 7
Pier Number 4
Pier 6
Pier 5
Pier 4
Berth 39A1
Berth Number 39C
Berth Number 31
Berth Number 31A
Berth Number 18
Berth Number 27
N KING ST
S KING ST
N SCHOOL ST
S SCHOOL ST
PALI HWY
DILLINGHAM
KALIHI ST
HOUGHTAILING ST
N JUDD ST
LILIHA ST
PALAMA ST
PUA LN
AALA ST
AALA PL
IWILEI RD
ALAKAWA ST
KOKEA ST
KOHOU ST
PACIFIC ST
KUWILI ST
NIMITZ
MIDDLE ST
UMI ST
BANNISTER ST
KOPKE ST
RICHARD LN
GULICK AVE
AUPUNI ST
MAKANANI DR
ALII RD
BISHOP CIR
PALI DR
GIRLS RD
WAOLANI AVE
NAMAUU DR
NUUANU AVE
JACK LN
PAUOA RD
KANEALII AVE
PACIFIC HEIGHTS RD
STAR RD
HAILI RD
PROSPECT ST
LUSITANA ST
AUWAIOLIMU ST
IAUKEA ST
PUOWAINA DR
IOLANI AVE
MAGELLAN AVE
LUNALILO ST
THURSTON AVE
SPENCER ST
NEHOA ST
PIIKOI ST
LIHOLIHO ST
KEWALO ST
KINAU ST
JAMES AVE
HOOKELA PL
MIKOLE ST
PUUWAI ST
KEEHI MARINA
ALAHAO PL
HOONEE PL
PUUHALE RD
KANAKANUI ST
SILVA ST
HOE ST
LIBBY ST
AUIKI ST
KCCN
KIOE
KISA
KNDI
HAU ST
COLBURN ST
KALANI ST
HART ST
AKINA ST
HAKA DR
KAILI ST
MOOKAULA ST
HALONA ST
AULD LN
IAO LN
KUNAWAI LN
LANAKILA AVE
AHIAHI ST
MAKUAHINE ST
OWAWA ST
LOOP RD
ANNEX RD
AHUA ST
KAKOI ST
MOKUMOA ST
KOKOLOA ST
WALKER DR
KAUA ST
FUNSTON
ROSE ST
BURR RD
BENNET DR
KAMEHAMEHA IV RD
AHONUI ST
LINAPUNI ST
N SCHOOL ST
HAUIKI ST
KINO ST
LIMA ST
KILOHI ST
KE ALA MANO ST
BISHOP DR
PRINCESS DR
PAINA ST
ALEWA DR
MAMALU ST
PUNA ST
KEALIA DR
KONIA ST
ALANI ST
ILIMA DR
AULII ST
KULA ST
LOLENA ST
HALA DR
NAIO ST
SKYLINE DR
MAHALO ST
PANUI ST
IHE ST
BATES ST
WYLLIE ST
PARK ST
LAIMI RD
DOW ST
HENRY ST
PUIWA RD
KEKUANONI ST
KAULULAAU
KAPAHU ST
MOTT-SMITH

AIEA MILL SITE


Aiea Mill Site
Pilikoa St
Hapuku St
Hakina St
Poaha Pl
Aiea Heights Dr
Pohai Pl
Uwau Dr
Halewiliko Pl
Halewiliko St
Ulune St
Kulawea St
500 ft
N
Google earth
© 2016 Google

Map Scale: 1:980 if printed on A portrait (8.5" x 11") sheet.



Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 4N WGS84

Map Unit Legend

Island of Oahu, Hawaii (HI990)			
Map Unit Symbol	**Map Unit Name**	**Acres in AOI**	**Percent of AOI**
WzA	Waipahu silty clay, 0 to 2 percent slopes	2.1	100.0%
Totals for Area of Interest		**2.1**	**100.0%**

MAP LEGEND

Area of Interest (AOI)

Area of Interest (AOI)

Soils

Soil Map Unit Polygons

Soil Map Unit Lines

Soil Map Unit Points

Special Point Features

Blowout

Borrow Pit

Clay Spot

Closed Depression

Gravel Pit

Gravelly Spot

Landfill

Lava Flow

Marsh or swamp

Mine or Quarry

Miscellaneous Water

Perennial Water

Rock Outcrop

Saline Spot

Sandy Spot

Severely Eroded Spot

Sinkhole

Slide or Slip

Sodic Spot

Spoil Area

Stony Spot

Very Stony Spot

Wet Spot

Other

Special Line Features

Water Features

Streams and Canals

Transportation

Rails

Interstate Highways

US Routes

Major Roads

Local Roads

Background

Aerial Photography

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:24,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

Maps from the Web Soil Survey are based on the Web Mercator projection, which preserves direction and shape but distorts distance and area. A projection that preserves area, such as the Albers equal-area conic projection, should be used if more accurate calculations of distance or area are required.

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Island of Oahu, Hawaii
Survey Area Data: Version 11, Sep 22, 2016

Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

Date(s) aerial images were photographed: Data not available.

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Tax Parcel

Perennial Streams

Intermittent Streams

Storm Water

Storm Water Structure (continued)

Other

Unknown

Storm Water Conduit

Arch Pipe

Storm Water Conduit (continued)

Other

Unknown

Map Title

Author: Your Name

Date: 4/14/2017

Notes: Notes

Powered by ArcGIS Server 10

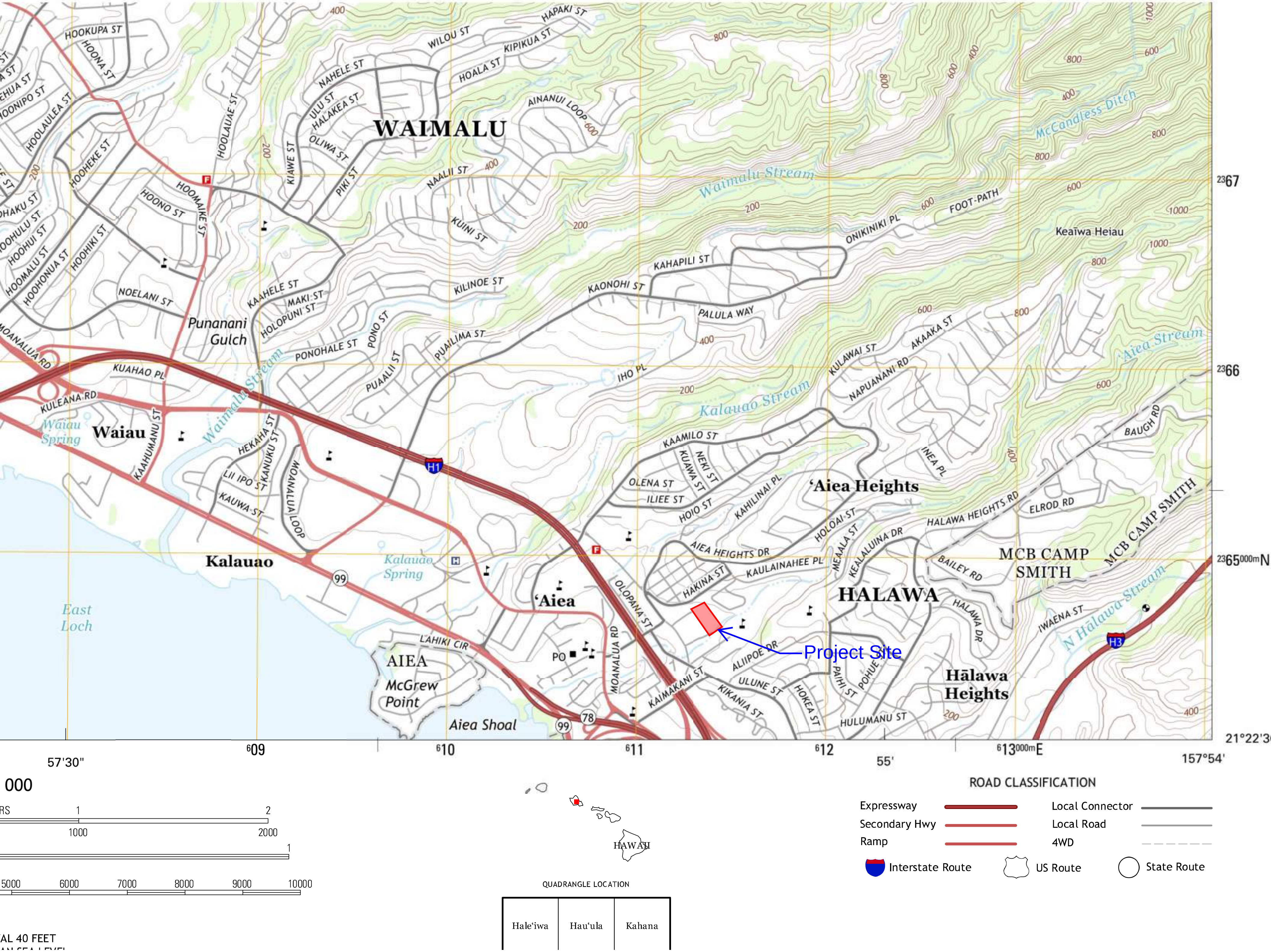
Note: Data represented on this map is not intended to replace site survey.

Structure	····Box Culvert
Catch Basin	Corrugated Metal Pipe
Grate/Drain Inlet	···· Ditch
Inlet/Outlet	····Prefabricated Bend
Man Hole	···· Reinforced Concrete Pipe
	····Swale

Copyright

Main Map

Building Footprints (NGA 2009): National Geospatial-Intelligence Agency



WAIMALU
Waimalu Stream
McCandless Ditch
Keaīwa Heiau
Punanani Gulch
Waiau
Waiau Spring
Kalauao
Kalauao Stream
Kalauao Spring
'Aiea Heights
'Aiea Stream
'Aiea
AIEA
McGrew Point
Aiea Shoal
East Loch
HALAWA
Hālawa Heights
MCB CAMP SMITH
N Halawa Stream
Project Site
HOOKUPA ST
HOONA ST
WILOU ST
HAPAKI ST
KIPIKUA ST
HOALA ST
NAHELE ST
ULU ST
HALAKEA ST
OLIWA ST
AINANUI LOOP
HOOLAUAE ST
KIAWE ST
PIKI ST
NAALII ST
KUINI ST
HOOHEKE ST
HOONO ST
HOOMAIKE ST
HOOHIKI ST
HOOHONUA ST
HOOMALU ST
HOOHUI ST
HOOLAULEA ST
HOONIPO ST
NOELANI ST
KAAHELE ST
MAKI ST
HOLOPUNI ST
KILINOE ST
KAONOHI ST
KAHAPILI ST
PALULA WAY
ONIKINIKI PL
FOOT PATH
PONOHALE ST
PONO ST
PUAILIMA ST
PUALII ST
IHO PL
KULAWAI ST
AKAAKA ST
NAPUANANI RD
MOANALUA RD
KUAHAO PL
KULEANA RD
KAAHUMANU ST
HEKAHA ST
KANUKU ST
LII IPO ST
KAUWA ST
MOANALUA LOOP
KAAMILO ST
KUAWA ST
NEKI ST
INEA PL
OLENA ST
ILIEE ST
HOIO ST
KAHILINAI PL
HOLOAI ST
MEAALA ST
KEALALUINA DR
HALAWA HEIGHTS RD
ELROD RD
BAUGH RD
MCB CAMP SMITH
AIEA HEIGHTS DR
HAKINA ST
KAULAINAHEE PL
BAILEY RD
HALAWA DR
IWAENA ST
OLOPANA ST
LAHIKI CIR
PO
ALIIPOE DR
ULUNE ST
KAIMAKANI ST
KIKANIA ST
HOKEA ST
PAIHI ST
POHUE ST
HULUMANU ST
H1
H3
99
78
2367
2366
2365000m N
609
610
611
612
613000m E
57'30"
55'
157°54'
21°22'30"
000
1
2
1000
2000
1
5000
6000
7000
8000
9000
10000
AL 40 FEET
HAWAII
QUADRANGLE LOCATION
Hale'iwa
Hau'ula
Kahana
ROAD CLASSIFICATION
Expressway
Secondary Hwy
Ramp
Local Connector
Local Road
4WD
Interstate Route
US Route
State Route

Flood Hazard Assessment Report

www.hawaiinfip.org

Property Information

COUNTY: HONOLULU

TMK NO: (1) 9-9-078:006

WATERSHED: AIEA

PARCEL ADDRESS: HAKINA ST
AIEA, HI 96701

Notes:

Flood Hazard Information

FIRM INDEX DATE:	NOVEMBER 05, 2014
LETTER OF MAP CHANGE(S):	NONE
FEMA FIRM PANEL:	15003C0244G
PANEL EFFECTIVE DATE:	JANUARY 19, 2011

THIS PROPERTY IS WITHIN A TSUNAMI EVACUTION ZONE: NO
FOR MORE INFO, VISIT: http://www.scd.hawaii.gov/

THIS PROPERTY IS WITHIN A DAM EVACUATION ZONE: NO
FOR MORE INFO, VISIT: http://dlnreng.hawaii.gov/dam/

0 400 800 ft

Disclaimer: The Hawaii Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use, accuracy, completeness, and timeliness of any information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR, its officers, and employees from any liability which may arise from its use of its data or information.

If this map has been identified as 'PRELIMINARY', please note that it is being provided for informational purposes and is not to be used for flood insurance rating. Contact your county floodplain manager for flood zone determinations to be used for compliance with local floodplain management regulations.

FLOOD HAZARD ASSESSMENT TOOL LAYER LEGEND
(*Note: legend does not correspond with NFHL)*

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD - The 1% annual chance flood (100-year), also know as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. SFHAs include Zone A, AE, AH, AO, V, and VE. The Base Flood Elevation (BFE) is the water surface elevation of the 1% annual chance flood. Mandatory flood insurance purchase applies in these zones:

- **Zone A**: No BFE determined.
- **Zone AE**: BFE determined.
- **Zone AH**: Flood depths of 1 to 3 feet (usually areas of ponding); BFE determined.
- **Zone AO**: Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined.
- **Zone V**: Coastal flood zone with velocity hazard (wave action); no BFE determined.
- **Zone VE**: Coastal flood zone with velocity hazard (wave action); BFE determined.
- **Zone AEF**: Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

NON-SPECIAL FLOOD HAZARD AREA - An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

- **Zone XS (X shaded)**: Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
- **Zone X**: Areas determined to be outside the 0.2% annual chance floodplain.

OTHER FLOOD AREAS

- **Zone D**: Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase apply, but coverage is available in participating communities.

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