

STATE OF HAWAII
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
DRAFT SUBSTANTIAL AMENDMENT TO THE
PY2012 ANNUAL ACTION PLAN

This draft substantial amendment to the State of Hawaii's PY2012 Annual Action Plan (AAP) represents a reduction of HOME-assisted units in Kauai Habitat for Humanity's Ele'ele Iluna Phase 2, Increment A project (Project) and the inclusion of a modified resale provision restriction on the HOME-assisted units for fee simple self-help programs that provide HOME assistance as a development subsidy in the County of Kauai.

In its PY2012 AAP, the Hawaii Housing Finance and Development Corporation (HHFDC) reported that the County of Kauai (County) would use its program income and undrawn funds from prior allocations under the HOME Investment Partnerships (HOME) program to provide homeownership opportunities throughout the County. This included \$1,920,000 for the development of the Project, a self-help affordable homeownership development. The PY2012 AAP described the use of HOME funds for the construction of site infrastructure to create 48 buildable subdivision lots for low-income homeowners ranging from 30% to 80% of Kauai's median income.

In November 2013, the County further reviewed the project for compliance under the HOME program's deadlines, Fair Share Test, Subsidy Limit Test and Subsidy Layering Analysis. Based on the County's review, the scope of the project was reduced from 48 HOME-assisted units to 24 HOME-assisted units. The PY2012 AAP was not amended at the time to reflect the reduction. This Substantial Amendment to the PY2012 AAP corrects the number of HOME-assisted units in the Project to 24.

In addition, the HOME funds were provided as a development subsidy rather than direct homebuyer assistance and therefore required a resale provision, which was not included in the PY2012 AAP. This Substantial Amendment will amend the PY2012 AAP by adding a new paragraph to the County's existing resale/recapture provisions as follows:

"A modified resale provision will be used for fee simple self-help programs that provide HOME assistance as a development subsidy. If a borrower transfers or sells the HOME-assisted property prior to the end of the affordability period, the property shall be sold to another HOME-eligible purchaser. The fair rate of return for resale is established by Promissory Note that allows a borrower to sell the property to a HOME-eligible purchaser and, following the payoff of any mortgage(s), be entitled to any equity gain realized from the sale."

Other aspects of the PY2012 Annual Action Plan remain the same.

On September 17, 2018, a Notice of Public Comment was published in the Honolulu Star-Advertiser and The Garden Island newspapers, and posted to HHFDC's website at <http://hawaii.gov/dbedt/hhfdc>, to accept comments from the public on the proposed amendments to the PY2012 AAP. The Notice of Public Comment and this Draft Substantial Amendment were also sent to depository libraries, county housing agencies, and the Department of Human Services' Homeless Programs Office, who were asked to provide public access to these documents.

A copy of the Notice of Public Comment is attached as Exhibit A. The 30-day comment period will end on October 17, 2018.

Attachment: Exhibit A, Notice of Public Comment

EXHIBIT A

NOTICE OF PUBLIC COMMENT

NOTICE OF PUBLIC COMMENT

The Hawaii Housing Finance and Development Corporation (HHFDC) is proposing a substantial amendment to its PY2012 Annual Action Plan (AAP) and a substantial amendment to its PY2017 AAP. The PY2012 AAP amendment proposes to reduce the HOME-assisted unit count of the Ele'ele Iluna Phase II, Increment A (EI2A) project from 48 units to 24 units and incorporate a resale provision that will apply to EI2A. The PY2017 AAP amendment proposes to include a housing activity in the County of Maui that will receive funding under the National Housing Trust Fund (HTF) program. .

In its PY2012 AAP, HHFDC described HOME program income in the amount of \$1,920,000 to be used in the County of Kauai to construct site infrastructure to create buildable subdivisions lots for 48 homes for low-income homebuyers using the self-help building method. To expedite the project and to ensure that HOME completion deadlines could be met, the County of Kauai (Kauai) conducted HOME-required program reviews and, based on its reviews, reduced the scope of the EI2A from 48 to 24 HOME-assisted units. A recapture provision was included in the PY2012 AAP, but as the funds were provided as a development subsidy rather than direct homebuyer assistance, HHFDC seeks to further amend its PY2012 AAP by incorporating Kauai's resale provision that would apply to EI2A. The draft Substantial Amendment to the PY2012 AAP provides further details.

In its PY2017 AAP, HHFDC allocated HTF grant funds in the amount of \$1,425,000 to the County of Maui (Maui), its Sub-Grantee, to be used for the production or preservation of affordable rental housing units serving households with incomes at or below 30% of the area median income, and for the administration of the HTF program activities. Maui has since identified a specific activity that will utilize the PY2017 HTF:

| PY2017 HTF Activity | \$ Amount |
|--|--------------------|
| County of Maui – Kaiwahine Village, Phase II | \$1,350,000 |
| County of Maui – Administration | \$75,000 |
| TOTAL PY2017 HTF | \$1,425,000 |

The draft Substantial Amendment to the PY2017 AAP provides additional details.

The HHFDC plans to submit to HUD its Substantial Amendments to its PY2012 and PY2017 AAPs, to incorporate the amendments described above. Other aspects of both AAPs would remain the same.

The *Draft Substantial Amendment to the PY2012 Annual Action Plan* and the *Draft Substantial Amendment to the PY2017 Annual Action Plan* are posted on HHFDC's website at <http://hawaii.gov/dbedt/hhfdc> and are also available for public review at depository libraries and the following offices from 7:45 a.m. to 4:30 p.m.:

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300, Honolulu, Oahu

Department of Human Services, Homeless Programs Office
Benefits, Employment and Support Services Division
1010 Richards Street, Suite 312, Honolulu, Oahu

County of Hawaii, Office of Housing and Community Development
50 Wailuku Drive, Hilo, Hawaii Island; and

West Hawaii Civic Center, 74-5044 Ane Keohakalole Highway,
Kailua-Kona, Hawaii Island

County of Maui, Department of Housing and Human Concerns
35 Lunalilo Street, Suite 102, Wailuku, Maui

County of Kauai, Kauai County Housing Agency
4444 Rice Street, Suite 330, Lihue, Kauai

City and County of Honolulu, Department of Community Services
925 Dillingham Boulevard, Suite 200, Honolulu, Oahu

Interested persons are invited to provide written comments on either or both draft substantial amendments to HHFDC at the above address no later than October 17, 2018 at 4:00 p.m. Comments may also be emailed to hhfdc.consolidatedplan@hawaii.gov, or submitted via fax to (808) 587-0600. All comments received by the deadline will be considered in preparing the final substantial amendments to the PY2012 and PY2017 AAPs.

Persons with special needs (i.e., needing materials in large print, taped materials, sign language interpreter, or translator) shall make all requests for access and communication assistance by contacting the HHFDC Personnel Office at 587-0501, by written request, or by email to hhfdchr@hawaii.gov by September 25, 2018. Prompt requests help to ensure the availability of appropriate accommodations. Persons on the neighbor islands may call toll free: from Kauai, 274-3141, ext. 70501; from Maui, 984-2400, ext. 70501; from Molokai/Lanai, 1-800-468-4644, ext. 70501; from Hawaii Island, 974-4000, ext. 70501.

HHFDC does not discriminate against any person because of race, color, religion, sex, including gender identity or expression, sexual orientation, disability, familial status, ancestry, age, marital status, or HIV infection.

Craig K. Hirai, Executive Director
Hawaii Housing Finance and Development Corporation
Department of Business, Economic Development and Tourism



Honolulu Star-Advertiser
The Garden Island
The Maui News

September 17, 2018