



July 8, 2021

## FOR ACTION

### I. REQUEST

Approve an Award of Federal and State Low Income Housing Tax Credits from the State's 2021 Volume Cap for the Hocking Hale Project Located in Honolulu, Oahu, TMK No.: (1) 1-7-003: 001

### II. FACTS

- A. The Tax Reform Act of 1986 established the Low Income Housing Tax Credit (LIHTC) Program, which replaced tax incentives for low-income housing investments. The 1993 Budget Act granted permanent authority to the LIHTC Program.
- B. The LIHTC Program permits eligible taxpayers to claim tax credits on their federal income tax return for qualified expenditures on construction, acquisition, or rehabilitation of affordable rental units.
- C. Only a designated state or local housing credit agency can allocate LIHTC. The designated agency for the State of Hawaii (State) is the Hawaii Housing Finance and Development Corporation (HHFDC).
- D. HHFDC publishes a Qualified Allocation Plan (QAP), which includes criteria for evaluating and allocating LIHTC. The QAP also includes the procedures to monitor compliance of projects that receive a LIHTC allocation.
- E. To qualify for LIHTC, a project must meet the following general guidelines in addition to other program requirements as mandated under Internal Revenue Code (IRC) Section 42.
  1. LIHTC is available only for units rented to low-income occupants.
  2. A project must have at least:
    - a) 20% of its units rented to households with incomes 50% or less than area median gross household income (AMGI); or
    - b) 40% of its units rented to households with incomes 60% or less than AMGI.

The United States Department of Housing and Urban Development (HUD) establishes the AMGI for each county annually. HUD considers family size in the AMGI calculation.
  3. Restrictions on low-income rents are based on the number of bedrooms in a unit and adjusted by a utility allowance.
  4. Projects must comply with the rental rate and household income restrictions for a minimum of 30 years.
  5. All units must be available to the general public.

- F. HHFDC must evaluate projects to award the least amount of LIHTC necessary to make a project feasible.
- G. There is an annual limit on the amount of volume cap (9%) LIHTC allocated by each State, the District of Columbia, Puerto Rico, and United States Possessions. The annual per capita limit for 2021 is \$2.8125. HHFDC has the following amounts of 9% LIHTC available to allocate for the 2021 calendar year:

	Federal LIHTC (over 10 years)	State LIHTC <sup>1</sup> (over 5 years)
Hawaii's 2021 LIHTC Ceiling	\$3,957,204	\$3,957,204
2020 Unused Credits	\$449,168	\$449,168
LIHTC Returned in 2020	0	0
<b>Total 2020 LIHTC</b>	<b>\$4,406,372</b>	<b>\$4,406,372</b>

<sup>1</sup>State LIHTC is over 5 years vs. 10 years for Federal LIHTC.

- H. The deadline for applications requesting 2021 9% LIHTC was February 17, 2021. HHFDC received eight (8) 9% LIHTC applications requesting \$9,936,834 in Federal LIHTC over 10-years and \$9,936,834 in State LIHTC over 5-years. The 2021 9% LIHTC requests are as follows:

Project (Applicant)	LIHTC		RHRF
	Federal (over 10 years)	State (over 5 years)	
Hale O Pi'ikea I (Ikenakea Pi'ikea, LP)	\$1,419,842	\$1,419,842	\$21,660,000
Hale O Pi'ikea II (Ikenakea Pi'ikea II, LP)	\$1,545,870	\$1,545,870	\$18,900,000
Hale Ola (Hale Ola Varsity, LP)	\$796,961	\$796,961	\$0
Hocking Hale (Hocking Building, LP)	\$700,298	\$700,298	\$12,350,000
Kai Olino (Okupu Partners, LP)	\$1,882,350	\$1,882,350	\$0
Kaiāulu O Halele'a Apartments Phase 1B (A0721 Kihei, L.P.)	\$1,624,000	\$1,624,000	\$9,240,000
Meheula Vista IV (Meheula Vista IV, LP)	\$847,513	\$847,513	\$5,660,000
Villages of La'i'opua (A0714 Kona, L. P.)	\$1,120,000	\$1,120,000	\$2,628,000
<b>Totals</b>	<b>\$9,936,834</b>	<b>\$9,936,834</b>	<b>\$70,438,000</b>

**III. DISCUSSION**

- A. Development Branch received copies of the applications for review and scoring.
- B. HHFDC used the criteria and guidelines of the 2021 QAP to evaluate the applications. The QAP states:

“The allocation plan utilizes a point system to facilitate project ranking based on the established evaluation criteria. The point system is an important component in determining project ranking. However, the point system may not be the sole determining factor for LIHTC awards. In addition to the point system, HHFDC may consider other relevant factors that it deems to be in the best interest of affordable housing in the State of Hawaii, including but not limited to:”

1. Development team experience and performance;
2. Financial condition and performance;
3. Related developments;
4. Development timing;
5. Tenant health and safety;
6. “At-risk” conversions;
7. Housing Inventory;
8. Affordable housing policies at the State and County levels;
9. Development and operating budgets; and
10. Market conditions.

“The amount of LIHTC reserved or allocated to a particular project will be limited to the minimum amount the HHFDC, in its sole discretion, deems necessary to make the project feasible.”

- C. Additionally, applicants must meet all Minimum Thresholds detailed in Section III (B) of the QAP to receive consideration. **Failure to meet any Minimum Threshold results in application rejection.**
- D. HHFDC used the Criteria Point System detailed in Section III (D) of the QAP to score and evaluate applications. There are 18 scoring criteria with a maximum possible score of 120 points.
- E. The following projects failed one or more Minimum Thresholds and are ineligible for an allocation or award of 9% LIHTC:

Project (Applicant)	Threshold Failure
Kai Oline (Okupu Partners, LP)	1. Market Study: failure to provide Market Study for the project. Market Study provided was for another project.

- F. The remaining seven (7) applicants received the following scores under the Criterial Point System:

Project (Applicant)	Points Received
Hale O Pi'ikea I (Ikenakea Pi'ikea, LP)	93.61
Hale O Pi'ikea II (Ikenakea Pi'ikea II, LP)	89.33
Villages of La'i'opua (A0714 Kona, L. P.)	86.09
Kaiāulu O Halele'a Apartments Phase 1B (A0721 Kihei, L.P.)	85.65
Meheula Vista IV (Meheula Vista IV, LP)	82.91
Hocking Hale (Hocking Building, LP)	78.46
Hale Ola (Hale Ola Varsity, LP)	74.24

- G. See Exhibit A for a scoring summary.

- H. On June 10, 2021, the HHFDC Board of Directors approved the award of Federal and State 9% LIHTC to the following projects:

1. The Villages of La'i'opua project with an allocation of up to \$1,120,000 in annual Federal 9% LIHTC over a 10-year period and \$1,120,000 in annual State 9% LIHTC over a 5-year period;
2. The Kaiāulu O Halele'a Apartments Phase 1B project with an allocation of up to \$1,624,000 in annual Federal 9% LIHTC over a 10-year period and \$1,624,000 in annual State 9% LIHTC over a 5-year period; and
3. The Meheula Vista IV project with an allocation of up to \$847,513 in annual Federal 9% LIHTC over a 10-year period and \$847,513 in annual State 9% LIHTC over a 5-year period.

- I. On June 10, 2021, the HHFDC Board of Directors approved the deferral of an award of Federal and State 9% LIHTC for the Hocking Hale project. HHFDC needed time to evaluate the project under the most conservative approach. This was achieved by using HUD's 2021 Maximum Tenant Contributions (rent limits), which had decreased for the County of Honolulu and, as a result, had affected the applicant's debt service ratio. Each of the other projects that were being considered for an award were analyzed and evaluated using this same approach, which was by using the lower of: i) the proposed rent stated on their application and meeting HUD's 2020 max rent limit, or ii) HUD's 2021 max rent limit. This evaluation did not have an effect on or change the applicant's score. In light of this, HHFDC now recommends the 9% LIHTC award to the Hocking Hale project. This recommendation is based on the Criteria Point System scoring hierarchy, project feasibility, 9% LIHTC availability, and housing interests in the State of Hawaii. Refer to Exhibits B and C for the project summary, review, maps, and pictures of the recommended project.

J. Summary table of LIHTC award recommendation:

Project (Applicant)	Non-Profit Set-Aside	Qualified Contract Waiver	LIHTC Units	2021 Federal LIHTC (over 10-yrs)	2021 State LIHTC (over 5-yrs)
Hocking Hale	Y	Y	39	\$700,298	\$700,298

K. Following the 9% LIHTC award recommendation, \$114,561 in Federal 9% LIHTC and \$114,561 in State 9% LIHTC remains. HHFDC shall carryover the remaining 9% LIHTC to 2022 for future allocation. Applicants failing to receive a 2021 9% LIHTC award may choose to re-apply for 9% LIHTC consideration in a future identified funding round (subject to availability).

L. A Separate For Action is being presented at the July 8, 2021 HHFDC Board Meeting requesting approval of a RHRF Loan up to \$12,350,000.

**IV. RECOMMENDATION**

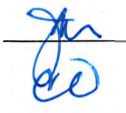

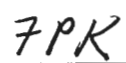
That the HHFDC Board of Directors approve the award of Federal and State 9% LIHTC to the following project in accordance with the QAP and subject to the terms and conditions specified in this section, Section II Subsection E, and Exhibit H of this For Action.

A. The Hocking Hale project:

1. Allocation of up to \$700,298 in annual Federal 9% LIHTC over a 10-year period and \$700,298 in annual State 9% LIHTC over a 5-year period; with the following project specific conditions:
  - a) Total fees paid to the Developer for the Project, including, but not limited to, Developer Overhead, Developer Fees, Consultant Fees, and Project Management Fees, shall not exceed \$2,363,527.

B. Authorize the Executive Director to undertake all tasks necessary to effectuate the purposes of this For Action.

Attachments: Exhibit A - Scoring Summary  
 Exhibit B - Hocking Hale Project Summary  
 Exhibit C - Hocking Hale Project Map and Pictures  
 Exhibit D - Conditions of the LIHTC Award  
 Exhibit E - Submittal Form and Requirements for IRS Form 8609 (subject to update and change)

Prepared by: Jamie Aqui, Finance Specialist   
 Reviewed by: Christopher Oakes, Finance Specialist II   
 Reviewed by: For Darren Ueki, Finance Manager 

**Approved by The Board of Directors at its meeting**  
**on JULY 8, 2021**  
**FINANCE BRANCH**

**Please take necessary action.**

  
**EXECUTIVE DIRECTOR**

EXHIBIT A

Criteria	Description	Max Points	Hale O Pi'ikea I	Hale O Pi'ikea II	Hale Ola	Hocking Hale	Kai Olino	Kaiaulu O Halelea 1B	Meheula Vista IV	Villages of La'opua
			Points	Points	Points	Points	Points	Points	Points	Points
1A	LIHTC Efficiency Use	5.00	2.78	2.22	0.00	2.22	0.00	0.00	3.89	0.00
1B	LIHTC Leveraging	5.00	4.00	4.00	0.67	4.00	2.00	2.67	2.67	1.33
2	County Income Adjustor	4.00	2.20	2.20	0.00	0.00	2.70	2.20	0.00	4.00
3	Overall project feasibility. (Max 22 pts.)									
	Development Branch:									
	Reasonable Development Costs w/o Land	4.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Reasonable Development Costs w/ Land	4.50	4.13	3.41	2.07	4.24	4.50	3.28	8.85	4.26
	Readiness to Proceed	10.00	6.00	6.00	9.00	5.00	6.00	5.50	10.00	10.00
	Tenant Services and Amenities	3.00	2.50	2.50	0.50	1.00	2.00	2.00	1.50	0.50
4	The ratio of developer fee and developer overhead as a percentage of total project cost.	7.00	7.00	7.00	7.00	5.00	1.00	7.00	3.00	7.00
5	New, first-time project-based rental assistance subsidy allowing eligible tenants to pay approx. 30% of monthly income towards rent.	7.00	N/A	N/A	N/A	N/A	2.98	N/A	N/A	N/A
6	Local Government Support. (Not General Support Letters; Exhibit 26 - Financing Commitment Letters)	6.00	6.00	6.00	0.00	0.00	3.00	6.00	3.00	3.00
7	Energy Efficiency and Green Building. (Project can only score in one category).	4.00	3.00	3.00	3.00	2.00	4.00	3.00	2.00	3.00
8	Project Location and Market Demand (Max. 6 pts.)									
	Development Score - Locational Considerations	4.00	3.00	3.00	4.00	4.00	3.00	3.00	2.00	3.00
	Development Score - Mass Transit	2.00	2.00	2.00	0.00	2.00	2.00	2.00	0.00	0.00
9	Developer Experience (Max. 7 pts.)									
	Total LIHTC placed in service	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	2.00
	Total Hawaii LIHTC placed in service	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Total LIHTC managed by Management Agent	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Total HI LIHTC managed by Management Agent	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10	Project will provide low-income units for a longer period than is required under Section 42 of the Internal Revenue Code.	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
11	Project will give preference to tenant populations	2.00	2.00	0.00	0.00	1.00	2.00	2.00	0.00	2.00
12	Tenants with special housing needs	2.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
13	Project will provide a greater percentage of low-income units than required under Section 42 of the Internal Revenue Code.	10.00	10.00	9.00	10.00	10.00	5.25	10.00	9.00	10.00
14	Non-Profit participation and set-aside election, as defined in Section 42 of the IRC	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
15	Developer will provide opportunity for homeownership	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
16	Project is located in a qualified census tract and contributes to a concerted community revitalization plan as determined by HHFDC	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
17	Project will preserve the historic nature of an existing building on a national or state historic registry	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Qualified Contract Waiver	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Total Score			93.61	89.33	74.24	78.46	77.43	85.65	82.91	86.09
Rank			1	2	8	6	7	4	5	3

PROJECT SUMMARY

<i>Project Name:</i>	Hocking Hale		
<i>Applicant:</i>	Hocking Building LP		
<i>TMK and Location:</i>	TMK No.: (1) 1-7-003-001 2 N. King St. Honolulu, HI 96817		
<i>Land Tenure:</i>	Fee Simple		
<i>Project Type:</i>	Existing building not used for housing (new affordable inventory)		
<i>Target Population:</i>	Family		
<i>Length of Affordability:</i>	61 Years		
<i>Affordability Restrictions:</i>	4 units @ 30% AMGI 35 units @ 50% AMGI 1 Manager's unit <hr/> 40 Total Units		
<i>Projected Unit and Rent Mix:</i>	<i>Units</i>	<i>Unit Type</i>	<i>Rent / Mo.*</i>
	2	0-Bedroom Unit	\$634
	23	0-Bedroom Unit	\$1057
	1	1-Bedroom Unit	\$679
	5	1-Bedroom Unit	\$1,133
	1	2-Bedroom Unit	\$816
	7	2-Bedroom Unit	\$1,360
	1	2- Bedroom Manager's Unit	N/A
*Net of Utility Allowance			
<i>Estimated Completion:</i>	First Building – N/A (One Building) Project Completion (Last Building) – July 2023		
<i>Type of Construction:</i>	Renovation of an existing 3-story building located in the China Town district that was not previously for residential use. There are two elevators and one additional elevator will be added.		
<i>Amenities and Services</i>	Project Amenities: playground, picnic area, community meeting room, elevator, computer with high-speed internet access, laundry room, individual storage units, fitness facility with a gym and open courtyard. Unit Amenities: range, refrigerator, air conditioning, and disposal.		
<i>Floor Area:</i>	17,513 sq. ft. Residential Area 24,915 sq. ft. Common Area <hr/> 42,428 sq. ft. Total		
<i>Developer:</i>	Hocking Building LLC Contact: Joe Michael 1820 W. Kettleman Lane Suite D Lodi, CA 95252 (209) 747-2636		
<i>Contractor:</i>	Moss Contact: Jonathan W. Kam 737 Bishop St. Suite 2700 Honolulu, HI 96813 (808) 792-3753		
<i>Property Manager:</i>	Mark Development Inc. Contact: Craig Watase 3165 Waiialae Ave. Honolulu, HI 96816 (808) 735-9099		

EXHIBIT B

HHFDC FINANCING:

LIHTC REQUEST: (per unit)	Federal:	\$700,298	State:	\$700,298
	(over 10-years)	\$17,956	(over 5-years)	\$17,956

RHRF REQUEST:	Up To:	\$12,350,000
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HMMF REQUEST:	Up To:	N/A
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SITE WORK COST (NEW BUILDING):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$0.00	\$0.00	\$0.00	Avg.: \$10.06 Low: \$0.00 High: \$43.97
VERTICAL COSTS (NEW BUILDING):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$10,343,150	\$258,579	\$243.78	Avg.: \$137.57 Low: \$82.59 High: \$243.78
CONTRACTOR PROFIT (NEW BUILDING):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$1,442,869	\$36,072	\$34.01	Avg.: \$20.40 Low: \$11.15 High: \$34.01
CONSTRUCTION COST (NEW BUILDING):	Total:	Per Unit:	PSF:	PSF Avg:*
	\$11,786,019	\$294,651	\$277.79	Avg.: \$168.03 Low: \$93.74 High: \$277.79

\* Cost Average based on 2021 Applicant Cost for Existing Building.

PROJECT COST:	Total:	\$26,579,367	Per Unit:	\$664,484	PSF:	\$626.46
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FINANCING STRUCTURE:		Interim	Permanent
	Sponsor Equity	\$ 0	\$ 0
	LIHTC Equity	1,332,185	8,367,729
	Historic Equity	298,889	2,988,892
	Senior Debt	10,600,000	2,550,000
	RHRF	12,350,000	12,350,000
	Deferred Developer Fee	1,784,444	322,746
	Other Deferred Costs	213,849	0
	Total	\$ 26,579,367	\$ 26,579,367

**EXHIBIT B**



PROJECT BUDGET:

	Amount	%
Acquisition	\$ 6,900,000	25.96
Construction – Sitework	0	0.00
Construction – Vertical	10,343,150	38.91
Construction – Contractor Profit	1,442,869	5.43
Interim & Soft Costs	3,028,535	11.40
Financing & Syndication Costs	1,170,575	4.40
Developer’s Fee	1,784,444	6.71
Developer’s Overhead	579,083	2.18
Project Reserves	152,109	0.57
Contingency	1,178,602	4.44
Total	\$ 26,579,367	100.00%

DEVELOPMENT:

1. Hocking Hale (“Project”) involves the conversion of an existing commercial building into a proposed 40-unit (includes 1 manager’s unit) affordable rental housing facility targeted for families. The project shall offer Studio, 1-bedroom and 2-bedroom units targeted for families with incomes of 50% AMGI or less. Improvements consist of one (1) 3-story building.

DEVELOPMENT TEAM:

1. Hocking Building LP (Partnership) is a single-asset, real estate holding company specifically established to develop, own, and operate the Project. The Administrative General Partner is Hocking Building LLC and the Managing General Partner is Hawaii Assisted Housing, Inc., a 501(c)(3) corporation.
  - a. Hocking building LLC is controlled by Skyler Pacific LLC (90% owner) and Hawaii Pacific LLC (10% owner). Skyler Pacific LLC is a for profit developer whose primary principles are Kevin Unemori and Mark Hashem. Hawaii Pacific LLC is a for profit developer whose primary principles are David Michael and Joseph Michael. The Michaels are experienced LIHTC developers with a concentration in California. The Michaels are involved in two projects (Kewalo Apartments and Halawa View Apartments) in Hawaii, with the most recent completed project being Hale Makana O Maili.
  - b. Hawaii Assisted Housing, Inc., is a Hawaii nonprofit corporation and is involved in four (4) LIHTC projects in Hawaii.

FINANCING AND COSTS:

1. LIHTC, Historic LIHTC, Conventional financing, and RHRF funds provide the primary financing support for the Project.
2. Recommended award of \$700,298 in Federal LIHTC over 10-years and \$700,298 in State LIHTC over 5-years.
  - a. Applicant projects a blended investment rate of about \$0.80/LIHTC (supported by a letter of interest from Hunt Capital).

**EXHIBIT B**

- b. Anticipated eligible basis of \$8,997,072, DDA boost of 116.33%, and an applicable percentage of 7.04% supports the recommended LIHTC amounts.
  - c. The projected layering gap of \$8,367,729 supports the recommended LIHTC amount based on the projected investment rate.
3. \$2,550,000 projected permanent senior conventional loan amount (supported by a letter of interest from Citi Bank).
- a. Applicant anticipates coverage of no less than 1.15x over a 35-year amortization period at 5.50%.
  - b. Breakeven (1.00x DSR) prompted by: (i) increase in interest rate to 6.697%; (ii) increase in vacancy to 9.78%; or (iii) decrease in average rents to \$1,028 from \$1,084 per unit.
4. \$12,350,000 RHRF Loan to support construction and permanent financing.
- a. Approx. \$6,876,364 balance at maturity based on annual repayment of 75% of available cash flow after senior debt service at a rate of 0.25%.
5. Construction Costs are higher than the 2021 applicant average for existing building construction.
- a. Project construction cost of \$277,79 psf vs. the average 2021 existing building applicant cost of \$168.03 psf.
    - i. Developer attributes higher costs due to site constraints (all equipment and materials will need to be stored off-site and brought in daily), security issues (24 hr security), limitation on working hours due to peak traffic hours will increase the number of working days, and historic preservation of the building (custom made windows).
    - ii. Anticipated contractor's profit, overhead, and general requirements is 13.95% of hard construction costs, in-line with the 14.00% HUD Ceiling Standard.
  - b. \$1,178,602 contingency is 10.00% of construction costs and 5.99% of total development costs.
    - i. Applicant is deferring Developer Fees during construction. Correspondingly, Developer Fees do not supplement contingency.
    - ii. Contingency can absorb a construction cost increase up to \$305.67 psf.

**DEMAND:**

- 1. Market Study submitted in the application indicates satisfactory demand for the project.

**FEASIBILITY:**

- 1. Project is feasible and the assumptions are reasonable.

**EXHIBIT B**

PROJECT MAP & PICTURES:

Hocking Hale  
2 N. King Street  
Honolulu, HI 96817  
TMK No.: (1) 1-7-003-001



EXHIBIT C



EXHIBIT C

## Conditions of Low Income Housing Tax Credit Award

The recommendation to allocate 2021 LIHTC is subject to the following general provisions.

1. Owner agrees to comply with all terms and conditions established for the LIHTC program by Internal Revenue Code Section 42 and HHFDC.
2. Owner shall provide HHFDC with a written certification as to any self-dealings, related parties, or identity of interests prior to the issuance of a binding commitment for LIHTC and upon application for issuance of IRS Form 8609.
3. Any change in the ownership structure of the project may be subject to HHFDC approval.
4. Owner agrees to and shall defend and indemnify HHFDC from all litigation that may arise out of its participation in this project. The owner shall pay all fees and costs incurred by HHFDC arising out of any litigation.
5. Owner must have fee simple or leasehold (corresponding to the HHFDC Board approval) ownership of the project site that adequately satisfies the approved affordability commitments of the project.
6. The owner shall consult with HHFDC and receive prior written approval from the Executive Director or her designated representative in order to make any changes to the project or application as proposed.
7. The owner shall comply with the requirements of all municipal, state, and federal authorities and observe all municipal, state, and federal laws including but not limited to:
  - a. The Fair Housing Act;
  - b. Chapter 343, Hawaii Revised Statutes (HRS), relating to environmental impact statements;
  - c. Chapter 103-50, HRS, relating to accessibility requirements;
  - d. Chapter 103D, HRS, relating to the Hawaii Public Procurement Code; and
  - e. Chapter 104, HRS, relating to wage and hour requirements applicable to the project and the use of State Funds.
8. The State of Hawaii's Disability and Communication Access Board (DCAB) shall review the project's final plans and specifications and HHFDC shall receive DCAB's "Final Document Review Letter" indicating that the documents appear to meet the requirements of the Uniform Federal Accessibility Standards (UFAS) or the American Disability Act Accessibility Guidelines (ADAAG) before construction starts.
9. Owner shall ensure that HHFDC receives the final as-built drawings and specifications for the project.
10. The owner agrees to provide a written quarterly status report as to the progress of the project during predevelopment, construction, and lease-up. The quarterly status report is due on the last working day of March, June, September, and December.
11. The owner shall submit a good faith deposit with HHFDC in an amount equal to 10% of the first year's federal LIHTC allocation. HHFDC shall receive the good faith deposit no later than 4:00 PM HST on July 30, 2021.

### EXHIBIT D

12. The owner agrees to meet the 10% expenditure requirement as described under Internal Revenue Code Section 42 as of July 31, 2022. The owner shall evidence compliance with the 10% expenditure requirement with the submission of a certification and audit by an independent Certified Public Accountant or Tax Counsel.
13. The owner agrees to waive its rights to request a Qualified Contract under Section 42(h)(6) of the Internal Revenue Code, as elected, indicated, and certified in its Consolidated Application dated February 17, 2021.
14. The owner agrees to submit the information and documents contained in HHFDC's Request for IRS Form 8609 Issuance, (see Exhibit I), and any other information and documents that may be required for the issuance of IRS Form 8609. Please note that the Request for IRS Form 8609 Issuance is subject to updates.
15. The owner shall commit the project and the land underlying the project to the requirements of: (i) Internal Revenue Code Section 42 and (ii) HHFDC's LIHTC program. If the fee simple land owner is different from the project owner, both the project owner and the fee simple land owner (except for federal, state, or county government agencies) shall commit their respective interests in the project and the land underlying the project to the requirements of: (i) Internal Revenue Code Section 42 and (ii) HHFDC's LIHTC program. The project owner and the fee simple land owner, as applicable, shall execute and record a Declaration of Restrictive Covenants for LIHTC, reflecting the Internal Revenue Code and program commitments.
16. Prior to the allocation of LIHTC and issuance of IRS Form 8609, HHFDC shall determine if the project still warrants the recommend LIHTC amount. HHFDC reserves the right to reduce the recommended LIHTC amount based on various items, including, but not limited to, lower development costs, additional funding sources, or better financing terms.
17. The owner shall not pay or disburse Developer Fees until satisfactory project completion. The owner agrees that the Developers Fees shall be made available as contingency until satisfactory project completion, should the need arise.
18. The owner is responsible for payment of all Compliance Monitoring fees.
19. Owner to provide HHFDC with an independent annual financial and compliance audit in addition to all other documents that may be required under the LIHTC program. Such audit shall include an accounting of the Replacement Reserve and Residual Receipt accounts.
20. The owner shall fund a Replacement Reserve account in an amount satisfactory to HHFDC. The Replacement Reserve shall be under the control of HHFDC for the benefit of the project/owner(s). HHFDC may agree to subordinate the requirement if the Replacement Reserve account is under the control of the Permanent Lender.
21. The owner agrees to comply with any other terms and conditions as may be required by the Executive Director or her designated representative.
22. The owner agrees and acknowledges that the allocation of LIHTC is not an endorsement of the project by the State and that the owner shall not use the allocation as an inducement in seeking other regulatory approvals.

**EXHIBIT D**

**Hawaii Housing Finance and Development Corporation  
Request for IRS Form 8609 Issuance**

Once the project has been Placed-In-Service the Hawaii Housing Finance and Development Corporation can begin the final review process for issuing IRS Form(s) 8609. Please complete this form and submit all required documents listed below to the HHFDC to start the review process.

Requirements are subject to change. Please contact the Finance Branch prior to submitting the request for issuance of IRS Form 8609.

Project Name:	
Owner Name:	
General Partner / Managing Member:	
Owner Contact: <i>(Include Address, Phone #, and email address)</i>	

	Federal	State
LIHTC Awarded: (Year) Amount		
LIHTC Allocation Request*:		

\* Enter the Owner's requested amount of LIHTC for allocation on IRS Form 8609. The request LIHTC amount must be equal to or less than the amount awarded.

- |   |  |
|---|--|
| <input type="checkbox"/> Competitive                    | <input type="checkbox"/> Non-Competitive     |
| <input type="checkbox"/> Acquisition and Rehabilitation | <input type="checkbox"/> Rehabilitation Only |
| Non-Profit Set-Aside? <input type="checkbox"/> Yes      | <input type="checkbox"/> No                  |

Project and LIHTC Breakdown:	
1. <input type="checkbox"/>	Complete Table A on the last page

General Requirements:	
1. <input type="checkbox"/>	Written request from owner for issuance of the IRS Form 8609's. Include current project status including occupancy information and any work outstanding.
2. <input type="checkbox"/>	Written request from owner requesting refund of the Good Faith Deposit.
3. <input type="checkbox"/>	Proof of Placed in Service Date: (Provide all that apply) <ul style="list-style-type: none"> <li>a. <input type="checkbox"/> Certificate(s) of Occupancy</li> <li>b. <input type="checkbox"/> Proof of Bond Issuance Date</li> <li>c. <input type="checkbox"/> Notice of Substantial Completion (Rehabilitation Projects Only)</li> <li>d. <input type="checkbox"/> Proof of Acquisition Date (Acquisition and Rehabilitation Projects Only)</li> <li>e. <input type="checkbox"/> Affidavit of Publication – Notice of Completion</li> </ul>

General Requirements:	
4. <input type="checkbox"/>	<p><u>New Construction:</u> Submit a certification for establishment of a lottery system. The certification shall include when and where the lottery was held, and a copy of the subsequent wait list for project lease-up.</p> <p><u>Rehabilitation:</u> Submit a letter confirming the following:</p> <ol style="list-style-type: none"> <li>1. Number of tenants displaced during the rehabilitation.</li> <li>2. Duration of tenant displacement.</li> <li>3. Options that the tenants were offered during the time that their units were being rehabilitated (temporarily move to a new unit, temporarily move to a living facility nearby, etc.)</li> <li>4. Status of the tenants after the rehabilitation was completed (did the tenants move back, move out of the project prior to rehabilitation, etc.) - this is in general terms, do not need details of each tenant; for example, "Every tenant returned to their unit after the rehabilitation was complete. One tenant moved out of the property at the beginning of the rehabilitation period."</li> <li>5. Any other information that pertains to the displacement or non-displacement of the tenants.</li> </ol>
5. <input type="checkbox"/>	One full set of "as built" drawings and final specifications certified by Owner's architect.
6. <input type="checkbox"/>	Site map showing building addresses, numbers or letters (identifiers) and the number of units in each building.
7. <input type="checkbox"/>	<p>Final Review Letter from Disability and Communication Access Board.</p> <ol style="list-style-type: none"> <li>a. If there has been any change orders or revisions to the DCAB approved plans, submit a Certification from the Architect and the Project Owner that all change orders and revisions to the plans and specifications made after the date of the issuance of the Final Review Letter were submitted to and approved by the Disability and Communications Access Board.</li> </ol>
8. <input type="checkbox"/>	<p>Final Project Cost Certification <b>audited</b> by a Certified Public Accountant. The cost certification must include, at minimum, the following:</p> <ol style="list-style-type: none"> <li>a. <input type="checkbox"/> Total Project Cost Detail by Line Item based on Exhibit B of HHFDC's Consolidated Application</li> <li>b. <input type="checkbox"/> Eligible Basis Detail by Line Item based on Exhibit B of HHFDC's Consolidated Application</li> <li>c. <input type="checkbox"/> Interim Financing Sources Schedule</li> <li>d. <input type="checkbox"/> Permanent Financing Sources Schedule</li> <li>e. <input type="checkbox"/> Reconciliation of Interim Sources, Permanent Sources and Total Project Costs</li> <li>f. <input type="checkbox"/> Calculation of eligible LIHTC by building and in project aggregate. Include reconciliation of eligible LIHTC with LIHTC Allocation Request.</li> <li>g. <input type="checkbox"/> <b>Tax-Exempt Bond Projects:</b> Proof of compliance with 50% Test</li> <li>h. <input type="checkbox"/> <b>Rehabilitation Projects:</b> <ol style="list-style-type: none"> <li>i. Certification that the project met the minimum expenditure requirement of IRC Section 42(3)(A).</li> <li>ii. Identify the 24-month period allowed under IRC Section 42(3)(A) for aggregating rehabilitation expenditures.</li> </ol> </li> </ol>

**EXHIBIT E**



General Requirements:	
	iii. Certification of the rehabilitation placed-in service date. HHFDC shall use this date on the Rehabilitation Form 8609.
9. <input type="checkbox"/>	Updated project proforma. Include breakdown of current and projected rents, operating expenses and debt service.
10. <input type="checkbox"/>	Final Budget Modification (to Application)
11. <input type="checkbox"/>	Copy of all executed permanent financing documents (list): 1. 2. 3.
12. <input type="checkbox"/>	Amended and Restated Partnership Agreement, setting forth such terms as the sales price, equity contribution, distributions, and all other significant terms and conditions.
13. <input type="checkbox"/>	Federal & State Tax Clearance Certificate or Vendor Compliance Certificate. a. <input type="checkbox"/> Owner b. <input type="checkbox"/> General Partner / Managing Member c. <input type="checkbox"/> Other
14. <input type="checkbox"/>	Certificate of Good Standing (State of HI) or Vendor Compliance Certificate. a. <input type="checkbox"/> Owner b. <input type="checkbox"/> General Partner / Managing Member c. <input type="checkbox"/> Other
15. <input type="checkbox"/>	DLIR Form 27 for the Owner or Vendor Compliance Certificate
16. <input type="checkbox"/>	Corporate Resolution from General Partner / Managing Member
17. <input type="checkbox"/>	Written Certification as to any self-dealings, related parties, or identity of interest
18. <input type="checkbox"/>	Pictures of completed project.
19. <input type="checkbox"/>	Declaration of Restrictive Covenants for Low Income Housing Tax Credits. (Final Draft)
20. <input type="checkbox"/>	Certification from the appropriate regulating entity for the green building standard elected in the Project's consolidated application and scored upon by HHFDC. If the Project only elected solar water heating, architect and contractor certification of the installation and current operation of the solar water heating system
21. <input type="checkbox"/>	Copy of Owner's Letterhead to request a Vendor Number. Applicable only to projects where the return of 40% of the Good Faith Deposit is the first disbursement to the owner from HHFDC.
22. <input type="checkbox"/>	Lessor's Estoppel Certificate (leasehold property)
23. <input type="checkbox"/>	Lessor's Consent to Declaration of Restrictive Covenants for Low Income Housing Tax Credits (leasehold property)
24. <input type="checkbox"/>	RHRF Projects – Executed Collateral Assignment of Management Contract.
25. <input type="checkbox"/>	Current preliminary title search.

**EXHIBIT E**

General Requirements:	
26. <input type="checkbox"/>	Property Manager Contact Information: a. Name of Property Manager b. Property Management Company c. Address d. Phone Number e. Email Address
27. <input type="checkbox"/>	State Wage and Hour Requirement - Final Clearance. Finance Staff will confirm final clearance through the Development Branch.

Project Specific Requirements:	
1. <input type="checkbox"/>	

**TABLE A**

Building	1	2	3	4	TOTAL	
Building Identification Number						
Building Address						
TMK Number						
Type of Building (new const, rehab, acq)						
Square Footage						
Square Footage - % of Total						Square Footage - % of Total
LIHTC Reservation						Total LIHTC Reservation
Eligible Basis						Total Eligible Basis
Placed in Service - Acquisition						
Placed in Service - New Construction / Rehabilitation						

EXHIBIT E

Taxpayer I.D. No.: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_