

KAI OLINO PHASE II

Apartments

AHE GROUP

Founded in 2014 by Makani Maeva

Ahe Group is one of Hawaii's leaders in the affordable housing development industry and has demonstrated success in all facets of development, from acquisition and rehabilitation to new construction and long term ownership. Located in Kailua, Hawaii, Ahe Group is dedicated to developing quality affordable housing communities with an emphasis on multi-family, senior housing, and workforce housing units. Ahe Group also has the distinction of developing the first LEED Certified Platinum affordable housing properties in Hawaii.



20 properties



1,839 units



4,500+ people



LOCATION

PROJECT HISTORY

- Located on the bluff overlooking the Port Allen small boat harbor (Hanapepe - Eleele community)
- Originally planned as for-sale market rate condominiums - entitled & permitted
- An Ahe Group affiliate purchased the land in November 2020
- Phase I of Kai Oline is currently under development on the site

THE PROJECT

Project Type: New Building

Target: Families

Affordability Period: 61 Years

Land Area: 3.8 Acres

Floor Area: 36,972 SQ FT

Project Cost: \$21,534,435

Estimated Completion: Q3 2024

Units: 27 units in Phase II (2 & 3 Bedrooms)

Unit Types: 21 2-bedroom units, and 6 3-bedroom units

Type of Construction: One 3-story Building

LIHTC Request: \$1,400,000

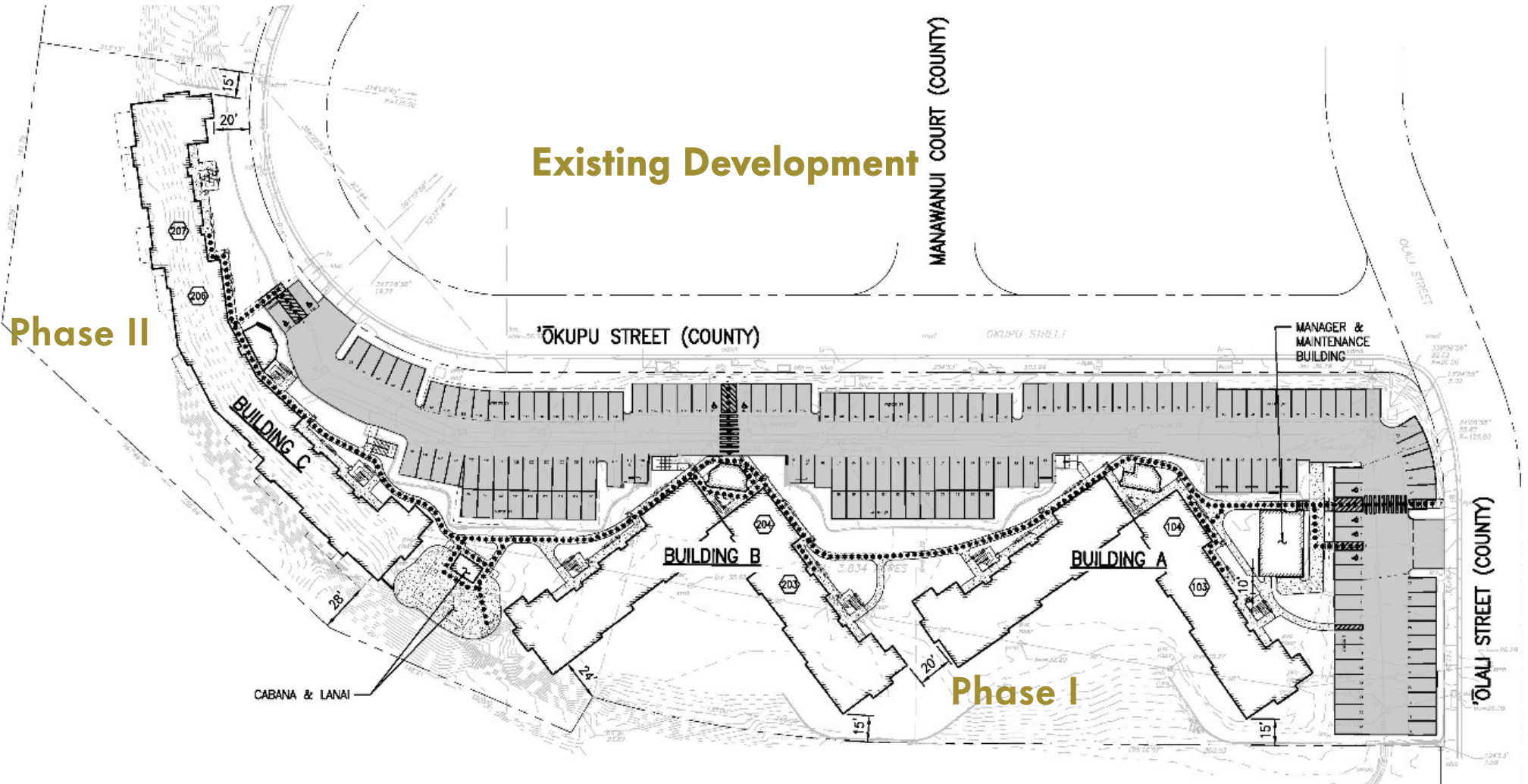
30% AMGI
5 units

60% AMGI
20 units

100% AMGI
2 units



PHASING





STATUS

- Loan from County of Kauai's Housing Development Fund
- Permits have been issued
- Construction estimated to begin in 2023
- Two units are reserved for families experiencing homelessness
- Property is adjacent to retail, commercial, and industrial use
- Bus stops nearby
- Building will be LEED Certified



PHASE I STATUS

- Phase I construction began 2023 Q1
- Underground utility work and foundations are completed, and framing is in process.
- Adverse weather caused a few delays in 2023 Q1. However, estimated completion date remains as projected in 2024 Q1.



Infill Development of a Vacant, under-used Parcel

Addition of New Construction Units

Housing First - Permanent Housing for the Homeless

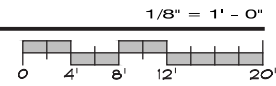
Provide New Affordable Housing for a Range of Households

Clean Energy & Green Construction

THE VISION



FRONT LEFT ELEVATION



FOR ACTION

I. REQUEST

Approve an Award of Federal and State Low-Income Housing Tax Credits from the State's 2023 Volume Cap for the Kai Olino Phase II Project located in Elelee, Kauai, TMK No.: (4) 2-1-010: 062

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 made 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 2023 is \$2.75 (increase from \$2.60 in 2022). HHFDC has the following amounts of 9% LIHTC available to allocate for the 2023 calendar year:

	Federal LIHTC (over 10 years)	State LIHTC (over 5 years)
Hawaii's 2023 LIHTC Ceiling*	\$ 3,960,539	\$ 3,960,539
2022 Unused Credits**	0	0
LIHTC Returned in 2023***	1,830,529	1,830,529
Total 2023 LIHTC	\$ 5,791,068	\$ 5,791,068

*Based on the 2023 LIHTC per capita multiplier of \$2.75 and the resident Hawaii population figure of 1,440,196 released by the U.S. Census Bureau. (Pursuant to IRS Revenue Procedure 2022-38 and Internal Revenue Bulletin 2023-22).

**The 2022 State housing credit ceiling of \$3,862,599 less \$3,862,599 allocated in 2022 for a total of \$0 carried over to 2023.

***On July 6, 2023, \$1,830,529 in 2022 Volume Cap 9% LIHTC was returned to HHFDC.

- H. The deadline for applications requesting 2023 9% LIHTC was February 17, 2023. HHFDC received nine (9) 9% LIHTC applications requesting \$11,838,367 in Federal LIHTC over 10-years and \$11,838,367 in State LIHTC over 5-years. The 2023 9% LIHTC and corresponding RHRF requests are as follows:

Project (Applicant)	LIHTC		RHRF
	Federal (over 10 years)	State (over 5 years)	
1525 Piikoi Apartments (1525 Piikoi Hale LP)	\$ 995,494	\$ 995,494	\$ 6,970,000
330 Kuulei Apartments (Kuulei Housing Partners LP)	1,895,000	1,895,000	3,650,000
Fort St. Mall Afford. Senior (FSM Housing, LLC)	1,321,000	1,321,000	14,079,720
Hale O Piikea III (Ikenakea Piikea III, LP)	1,027,464	1,027,464	6,742,414
Hale Uhiwai Nalu - Phase III (Cloudbreak Hawaii III, LLC)	1,263,661	1,263,661	0
Kai Olino Phase II (Olali Partners LP)	1,400,000	1,400,000	2,250,000
The Nook (Ikenakea Nook LP)	1,023,748	1,023,748	6,700,000
Uahi Ridge Phase 2 (Uahi Ridge Hui II, LP)	1,680,000	1,680,000	9,587,954
Villages of Laiopua III (A0733 Kona, L.P.)	1,232,000	1,232,000	7,650,000
Totals	\$ 11,838,367	\$ 11,838,367	\$ 57,980,088

III. DISCUSSION

- A. Development Branch received copies of the applications for review and scoring.
- B. HHFDC used the criteria and guidelines of the 2022/2023 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 (CPS) 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. All nine (9) applicants met the Minimum Threshold requirements and received the following scores under the CPS (See **Exhibit A** for a scoring summary):

Project	Applicant	Points Received
1525 Piikoi Apartments	1525 Piikoi Hale LP	77.40
330 Kuulei Apartments	Kuulei Housing Partners LP	76.98
Fort St. Mall Afford. Senior	FSM Housing, LLC	77.68
Hale O Piikea III	Ikenakea Piikea III, LP	93.33
Hale Uhiwai Nalu - Phase III	Cloudbreak Hawaii III, LLC	57.42
Kai Olino Phase II	Olali Partners LP	83.05
The Nook	Ikenakea Nook LP	81.81
Uahi Ridge Phase 2	Uahi Ridge Hui II, LP	85.21
Villages of Laiopua III	A0733 Kona, LP	90.15

- F. HHFDC also reviewed each of the 9% LIHTC applicant's corresponding requests for Rental Housing Revolving Fund (RHRF) resources for minimum threshold, eligibility, scoring and ranking under the evaluation and scoring criteria outlined in Hawaii Administrative Rules Chapter 15-311.
- G. With the foregoing, HHFDC hereby recommends 9% LIHTC awards for the Kai Olinu Phase II project. This recommendation is based on the CPS scoring hierarchy, overall project feasibility, 9% LIHTC availability and the housing interests of the State of Hawaii. Reference **Exhibits B and C** for Project Summary/Analysis, Location, Plans & Images.
- H. Other relevant factors supporting HHFDC recommendations:
1. Hale O Piikea III – highest aggregate LIHTC criteria score, highest criteria scores for tenant amenities and services, and high scores for leveraging and local government support by securing awards from the HOME Investment Partnership program, National Housing Trust Fund program and HOME Investment Partnerships American Rescue Plan program from the County of Maui.
 2. Villages of Laiopua III – 2rd highest aggregate LIHTC criteria score, 2nd highest score for project readiness, and the lowest cost without land per residential gross square feet (GSF) per unit is the highest. The average unit size is 1,397 GSF.
 3. Uahi Ridge Phase II – 3rd aggregate LIHTC criteria score but 8th for project readiness. Pending award due to some unresolved issues that might affect the placed-in-service deadline for 9% LIHTC program.
 4. Kai Olinu Phase II – 4th aggregate LIHTC criteria score, highest criteria score for readiness, 2nd highest criteria score for tenant amenities and services, and Leadership in Energy and Environmental Design Platinum rated.
 5. The Nook – 5th aggregate LIHTC criteria score and has some unresolved issues, such as the Federal National Environment Policy Act Environmental Assessment.
 6. Fort Street Mall Affordable Senior Rental Housing – 6th aggregate LIHTC criteria score. The schedule fails to meet the placed-in-service deadline.
 7. 1525 Piikoi Apartments – 7th aggregate LIHTC criteria score and the highest cost without land per residential GSF.
 8. 330 Kuulei Apartments – 8th aggregate LIHTC criteria score and 3rd highest cost without land per residential GSF.
 9. Hale Uhiwai Nalu - Phase III – 9th aggregate LIHTC criteria score.

I. Summary of 9% LIHTC award recommendation(s):

Project	Non-Profit Set-Aside	Qualified Contract Waiver	LIHTC Units	2023 Federal LIHTC (over 10 years)	2023 State LIHTC (over 5 years)
Hale O Piikea III*	Y	Y	35	\$ 1,027,464	\$ 1,027,464
Villages of Laiopua III*	Y	Y	32	\$ 1,232,000	\$ 1,232,000
Kai Olino Phase II	Y	Y	25	\$ 1,400,000	\$ 1,400,000
TOTAL			92	\$ 3,659,464	\$ 3,659,464

*Previously awarded at the June 8, 2023 Board meeting.

J. After the above referenced 9% LIHTC awards, \$2,131,604 in Federal 9% LIHTC and \$2,131,604 in State 9% LIHTC remains. The balance may be used for additional project awards during the Funding Round. Any remaining 9% LIHTC after the Funding Round will be carried forward to 2024 for future allocation. Applicants failing to receive a 9% LIHTC award may re-apply for consideration in subsequent Funding Rounds (subject to availability).

IV. RECOMMENDATION

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

A. Kai Olino Phase II

1. Allocation of up to \$1,400,000 in annual Federal 9% LIHTC over a 10-year period and \$1,400,000 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 \$1,217,000.

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

Attachments: Exhibit A – LIHTC Scoring Summary
 Exhibit B – Kai Olino Phase II (Project Summary/Analysis)
 Exhibit C – Kai Olino Phase II (Project Location, Plans & Images)
 Exhibit D – Conditions of the LIHTC Award
 Exhibit E – Submittal Form and Requirements for IRS Form 8609 (subject to updates and changes)

Prepared by: Jay Nakamura, Finance Specialist



Reviewed by: David Oi, Finance Manager



Approved by The Board of Directors at its meeting
 on August 10, 2023
Finance Branch

For Action – August 10, 2023

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Please take necessary action.


 EXECUTIVE DIRECTOR

2023 LIHTC (9%) - Application Scoring Summary

Criteria	Description	Max Points	1525 Piikoi Apartments	330 Kuulei Apartments	Fort Street Mall	Hale O Pi'ikea III	Hale Uhiwai Nalu III	Kai Olino II	The Nook	Uahi Ridge Phase 2	Villages of La'opua III
			Points	Points	Points	Points	Points	Points	Points	Points	Points
1A	LIHTC and HHFDC Resources (Efficiency)	5.00	2.40	0.07	3.73	2.58	5.00	0.00	2.62	3.19	0.41
1B	LIHTC and HHFDC Resources (Leveraging)	5.00	0.26	0.79	5.00	4.32	2.89	0.75	1.35	0.00	1.34
2	County Income Adjustor	3.00	0.00	0.00	0.00	1.40	0.00	1.41	0.00	1.41	3.00
3	Overall Project Feasibility	22.00	9.30	10.67	8.60	12.03	17.22	16.54	10.84	12.61	16.40
4	Developer Fee & Overhead / Total Project Cost	7.00	7.00	3.00	5.00	7.00	0.00	7.00	7.00	7.00	7.00
5	Rental Subsidies Project will be receiving, for the first time, project-based rental assistance subsidies resulting in tenants paying approximately 30% of their gross monthly income towards rent.	7.00	1.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	State and Local Government Support	6.00	0.00	6.00	0.00	6.00	0.00	0.00	3.00	3.00	6.00
7	Energy Efficiency and Green Building	4.00	2.00	4.00	1.00	3.00	1.00	4.00	3.00	2.00	3.00
8	Project Location and Market Demand	6.00	4.00	3.00	6.00	5.00	4.00	4.00	4.00	6.00	3.00
9	Developer & Managing Agent Experience	7.00	7.00	7.00	7.00	7.00	1.00	7.00	7.00	7.00	7.00
10	Affordable Commitment Period Project will provide low-income units for a longer period than is required under Section 42 of the Internal Revenue Code (IRC)	7.00	7.00	7.00	7.00	7.00	2.00	7.00	7.00	7.00	7.00
11	Project Preference to Larger Units	2.00	0.00	1.00	0.00	2.00	0.00	2.00	0.00	2.00	2.00
12	Special Housing Needs	2.00	2.00	2.00	2.00	2.00	0.00	2.00	1.00	0.00	0.00
13	Affordability Project will provide a greater percentage of low-income units than required under Section 42 of the Internal Revenue Code (IRC)	10.00	10.00	9.45	9.35	10.00	2.31	8.35	10.00	10.00	10.00
14	Qualified Non-Profit Organization Involvement as defined in Section 42 of the Internal Revenue Code (IRC)	3.00	3.00	3.00	3.00	3.00	0.00	3.00	3.00	3.00	3.00
15	Home Ownership - Section 42(i)(7) of the Internal Revenue Code (IRC)	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	1.00
16	Qualified Census Tract	2.00	2.00	0.00	0.00	0.00	2.00	0.00	2.00	0.00	0.00
17	Historic Nature	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Waiver of Qualified Contract	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
	Total Score	120.00	77.40	76.98	77.68	93.33	57.42	83.05	81.81	85.21	90.15
	Rank >>>		7	8	6	1	9	4	5	3	2

EXHIBIT A

PROJECT SUMMARY/ANALYSIS

<i>Project Name:</i>	Kai Olinu Phase II		
<i>Applicant:</i>	Olali Partners LP		
<i>Tax Map Key and Location:</i>	TMK No.: (4) 2-1-010: 062 61 Okupu Street, Eleele, Kauai, HI 96705		
<i>Land Tenure:</i>	Ground Lease Fee Owner: Okupu Land LLC		
<i>Project Type:</i>	New Building		
<i>Target Population:</i>	Family and Homeless		
<i>Length of Affordability:</i>	61 Years		
<i>Affordability Restrictions:</i>	<p>5 Units @ 30% Area Median Gross Income (AMGI)</p> <p>20 Units @ 60% AMGI</p> <p>2 Units @ 100% AMGI</p> <p>0 Manager Unit</p> <hr/> <p>27 Total Units</p>		
<i>Projected Unit and Rent Mix:</i>	Units	Unit Type	Monthly Rent*
	5	2-Bedroom Unit	\$599
	16	2-Bedroom Unit	\$1,369
	4	3-Bedroom Unit	\$1,564
	2	3-Bedroom Unit	\$2,750
	*Net of Utility Allowance		
<i>Estimated Completion:</i>	August 2024		
<i>Type of Construction:</i>	New Construction Type V-B		
<i>Amenities and Services:</i>	<p>Project Amenities: picnic area, community meeting room, elevator, laundry room, computer with high-speed internet, BBQ pavilion with covered cabana</p> <p>Unit Amenities: range, refrigerator, microwave, disposal, window coverings, high-speed internet access, ceiling fans, pantry, linen closets</p>		
<i>Floor Area:</i>	<p>30,549 sq. ft. Residential Area</p> <p>6,423 sq. ft. Common Area</p> <hr/> <p>36,972 sq. ft. Total</p>		
<i>Developer:</i>	<p>Ahe Equity Fund I LLC</p> <p>Contact – Makani Maeva</p> <p>157 Makawao, Kailua HI 96734</p> <p>(808) 381-5958</p>		
<i>Consultant:</i>	<p>GLI Advisors</p> <p>Contact: Steve Galash</p> <p>2863 Northwest Crossing Drive, Suite 130, Bend OR 97730</p> <p>(541) 647-2500</p>		

EXHIBIT B

<i>Contractor:</i>	Unlimited Construction Services, Inc. Contact: Jason Thon 733 Bishop Street, Suite 1717, Honolulu, HI 96813 (808) 521-4141
<i>Property Manager:</i>	EAH Housing Contact: Josh Romoff 22 Pelican Way, San Rafael CA 94104 (415) 689-9402

HHFDC FINANCING:

LIHTC REQUEST:	FEDERAL	\$1,400,000	STATE	\$1,400,000
LIHTC PER UNIT:	(over 10 years)	\$56,000	(over 5 years)	\$56,000

RHRF REQUEST:	Up To:	\$2,250,000
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	Cost	Cost/Unit	Cost/SF*	Avg Cost/SF**
SITE CONSTRUCTION:	\$425,283	\$15,751	\$11.50	Avg: \$40.13 Low: \$7.03 High: \$100.83
BUILDING CONSTRUCTION:	\$12,936,014	\$479,112	\$349.89	Avg: \$397.41 Low: \$277.95 High: \$627.42
CONTRACTOR PROFIT & OH:	\$1,870,581	\$69,281	\$50.59	Avg: \$52.64 Low: \$33.43 High: \$68.92
TOTAL CONSTRUCTION:	\$15,231,878	\$564,144	\$411.98	Avg: \$490.18 Low: \$387.38 High: \$694.32
TOTAL PROJECT:	\$21,534,435	\$797,572	\$582.45	Avg: \$800.30 Low: \$533.77 High: \$1,197.04

*Cost/SF is based on the Project's total residential and common area square footage.

**Average Cost/SF data is based on the 2023 Funding Round 9% LIHTC applicant group.

FINANCING STRUCTURE (SOURCE OF FUNDS):

Source	Interim	Permanent
Sponsor Equity	\$ 200	\$ 200
LIHTC Equity	8,574,315	17,148,629
Senior Debt	9,500,769	1,700,000
RHRF	2,250,000	2,250,000
Subordinate Debt	250,000	250,000
Deferred Developer Fee	912,750	185,606
Deferred Developer OH	46,401	0
Total	\$ 21,534,435	\$ 21,534,435

EXHIBIT B

PROJECT BUDGET (USE OF FUNDS):

Budget Item	Amount	Cost/sf	Total Cost %
Land Acquisition	\$ 1,044,000	\$ 28.24	4.85%
Construction	15,231,878	411.98	70.73%
Interim and Soft Costs	1,151,501	45.06	5.35%
Financing and Syndication Costs	1,133,500	54.43	5.26%
Developer Fee and Overhead	1,217,000	43.16	5.65%
Project Reserves	233,368	3.14	1.08%
Contingency	1,523,188	38.92	7.07%
Total	\$ 21,534,435	\$ 582.45	100%

DEVELOPMENT:

Kai Olino is a 75-unit new affordable housing community built over 3.8 acres in Eleele, Kauai. The first phase comprising of 2.55 acres (Buildings A and B) received a 9% LIHTC award from HHFDC in 2022 and is currently under construction with estimated completion in 2024-Q1. Kai Olino Phase II comprises 1.25 acres with one (1) 3-story residential building (Building C) and twenty-seven (27) affordable units. Of this, twenty-five (25) will target families earning 60% of the Area Median Gross Income (AMGI) and below of which two will be set aside for homeless. The remaining two (2) units will target families earning 100% of the AMGI and below. The Project will be LEED Platinum Certified.

DEVELOPER:

Olali Partners LP (Applicant) is limited partnership between AHED Olali LLC and Olali Management LLC. Ahe Equity Fund I LLC (Makani Maeva) is the developer of the Project and has completed numerous affordable projects throughout Hawaii including, most recently, the new construction of Hā'upu View (aka Pua Loke Apartments) in Lihue, Kauai and The Queen Emma, an adaptive reuse of an abandoned commercial building located in downtown Honolulu. Kai Olino Phase I and Lima Ola Apartments, both located on Kauai, are currently under construction.

FINANCING & COSTS:

1. LIHTC equity, senior debt, RHRF and subordinate debt from the County of Kauai provide the primary financing support for the Project.
2. Recommended award of \$1,400,000 in Federal LIHTC over 10-years and \$1,400,000 over 5-years in State LIHTC from the volume pool (9% LIHTC).
 - a. Applicant projects a blended investment rate of about \$0.82/LIHTC (supported by a Letter of Intent from CREA, LLC dated 2/15/23).
 - b. Anticipated net eligible basis of \$18,365,129 and an applicable percentage of 9.00% supports the recommended LIHTC amounts.
 - c. The projected layering gap of \$17,148,629 supports the recommended LIHTC amount based on the projected investment rate.
3. \$1,700,000 projected permanent senior conventional loan (supported by a Letter of Interest from Bank of Hawaii letter dated 02/15/23).

EXHIBIT B

- a. Applicant anticipates coverage of no less than 1.15x over the 35-year amortization period at 5.60%.
 - b. Breakeven (1.00x DSR) prompted by: (i) increase in interest rate to 7.50%; (ii) increase in vacancy to 11.00%; or (iii) decrease in average rents to \$1,271 from \$1,358 per unit.
4. \$2,250,000 RHRF loan to support construction and permanent financing.
- a. Full repayment of the loan is expected by the end of loan term based on annual servicing of 55% of available cash flow after senior debt service at a rate of 0.25%.
5. Additional financing sources include subordinate debt totaling \$250,000 from the County of Kauai and deferred developer fees.
6. The Project's costs are generally in line with the 2023 applicant averages for new construction projects.
- a. Total development costs of \$797,572/unit and \$582.45/SF are both below the 9% LIHTC group applicant average.
 - b. Total construction costs of \$564,144/unit are above the 9% LIHTC group applicant average. This is due in part to the larger sized units. Total construction costs of \$411.98/SF are below the 9% LIHTC group applicant average.
 - c. Contractor profit, overhead and general requirements of \$1,870,581 is at the 14.00% HUD Ceiling Standard.
 - d. Developer overhead and fee of \$1,217,000 is 5.99% of the net total development costs and below the 9% LIHTC group applicant average.
 - e. Contingency of \$1,523,188 is 10.00% of total construction costs and 7.43% of net development costs (less acquisition costs). Inclusion of \$912,750 deferred developer's fee increases contingency to 12.00% of total construction costs and 8.92% of net development costs. This amount is sufficient to absorb a construction cost increase up to \$461.41/SF from \$411.98/SF.

DEMAND:

The market study submitted in the application indicates satisfactory demand for the project.

FEASIBILITY:

Project is feasible and the assumptions are reasonable.

READINESS:

Phase I of the Project is under construction with an estimated completion of 2024-Q1. Phase II has all discretionary approvals in place and does not require a 201-H. Phase II has secured building permits and executed construction contracts for the required improvements.

PROJECT LOCATION, PLANS & IMAGES

Kai Olino Phase II
TMK No.: (4) 2-1-010: 062
61 Okupu Street, Eleele, Kauai, HI 96705



EXHIBIT C

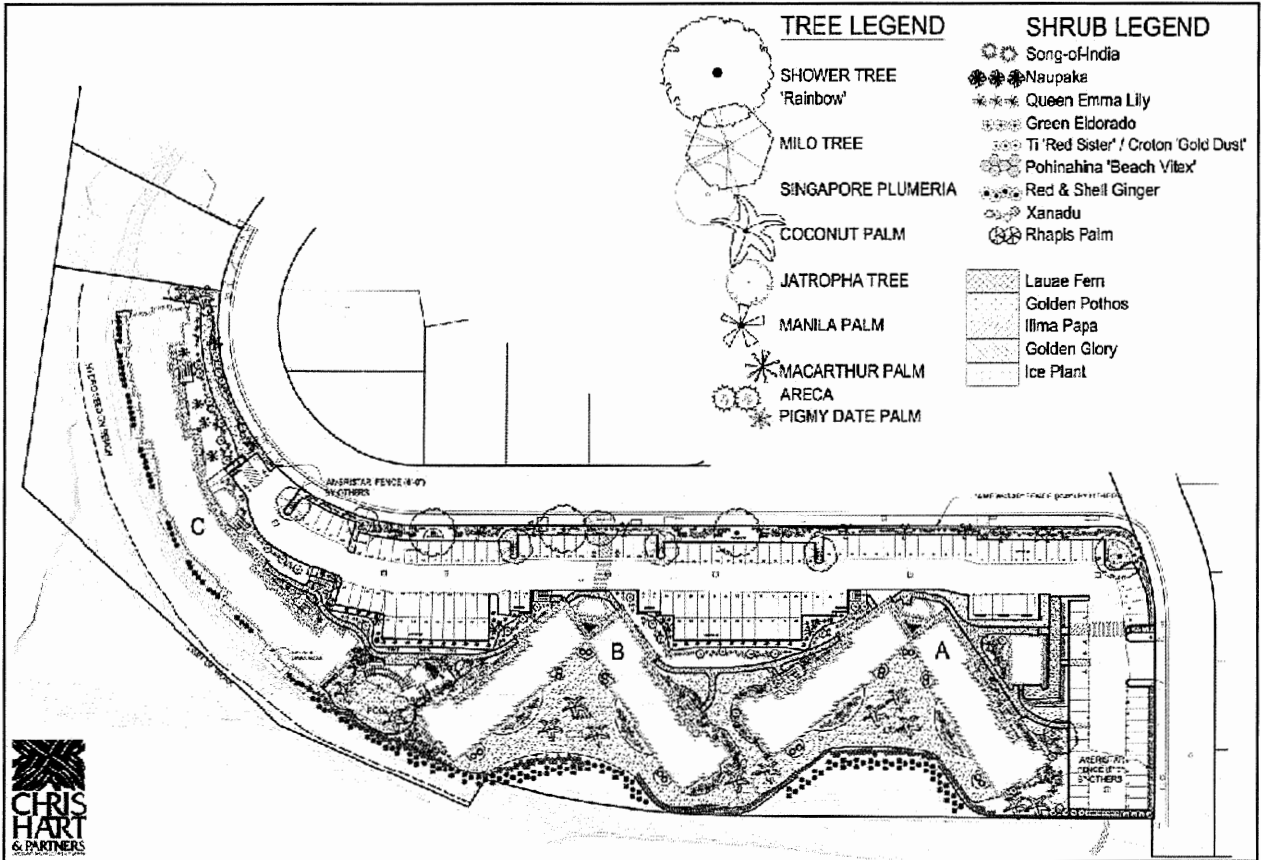
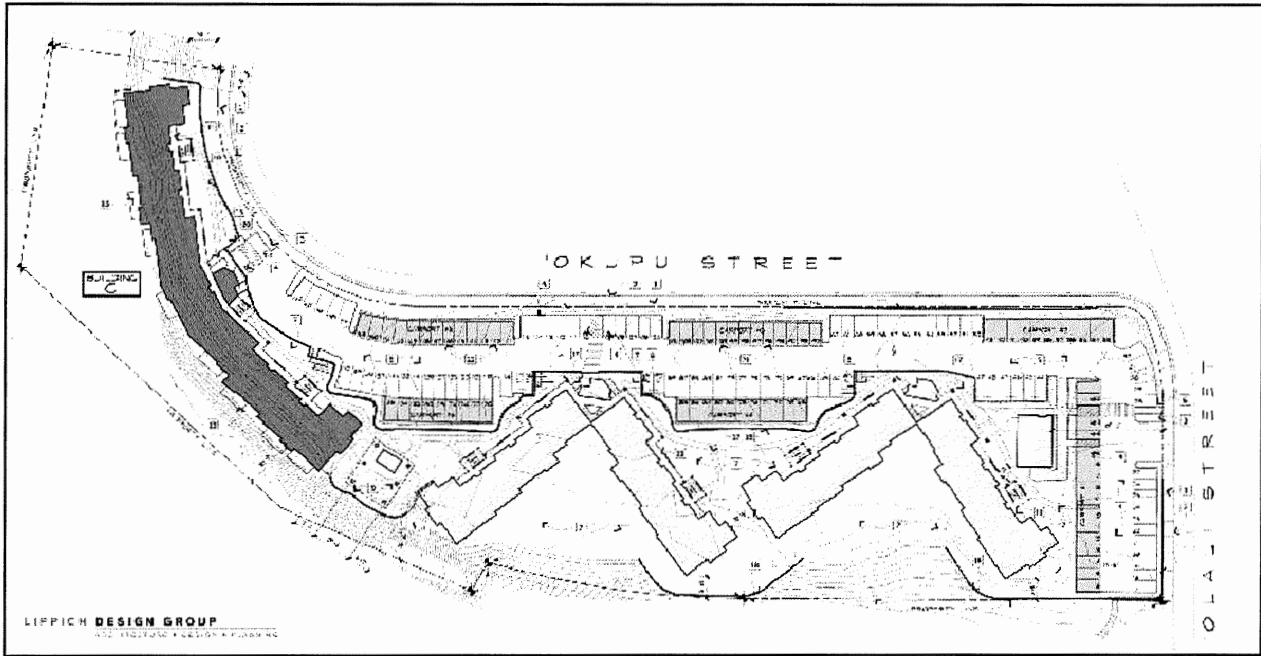


EXHIBIT C

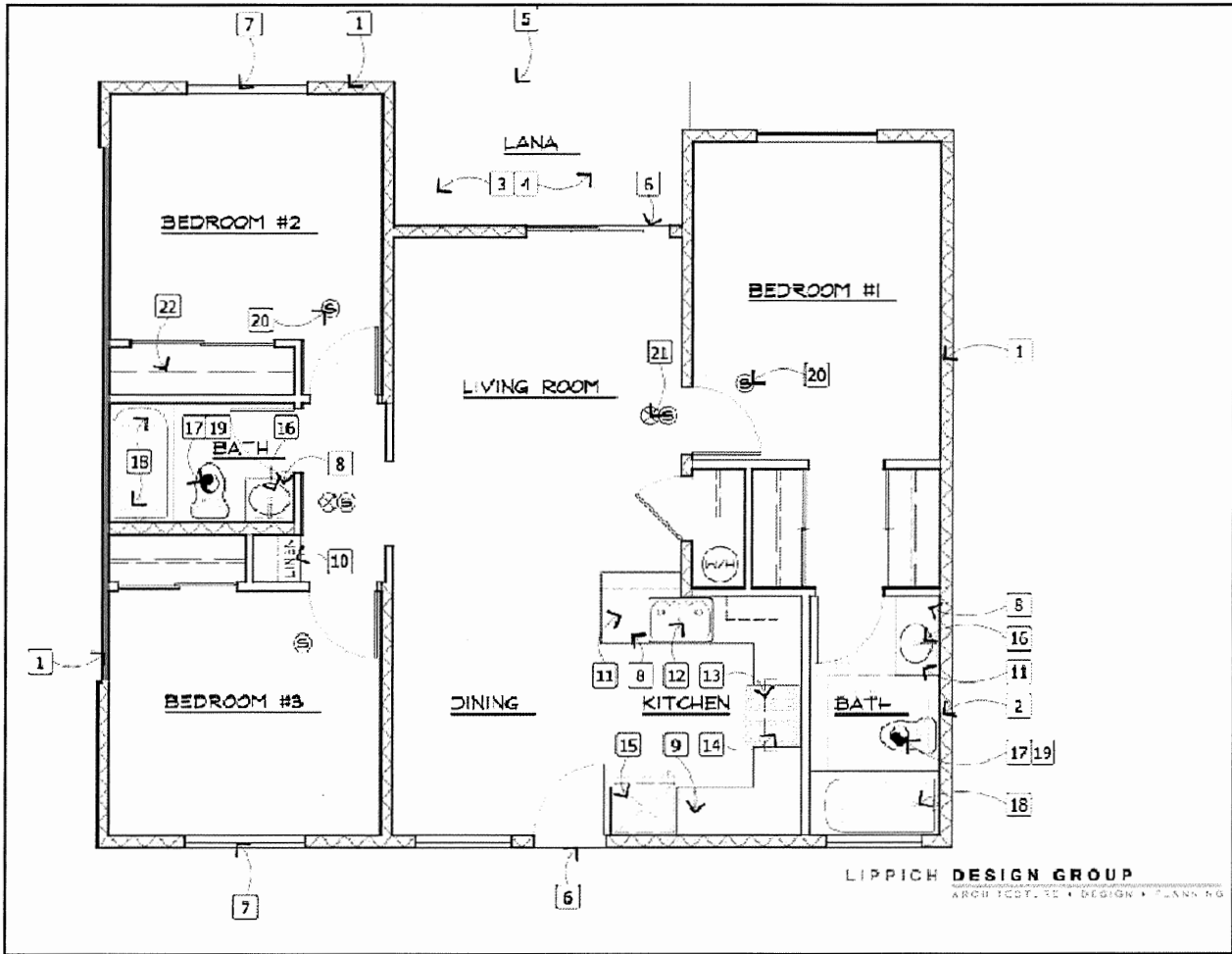
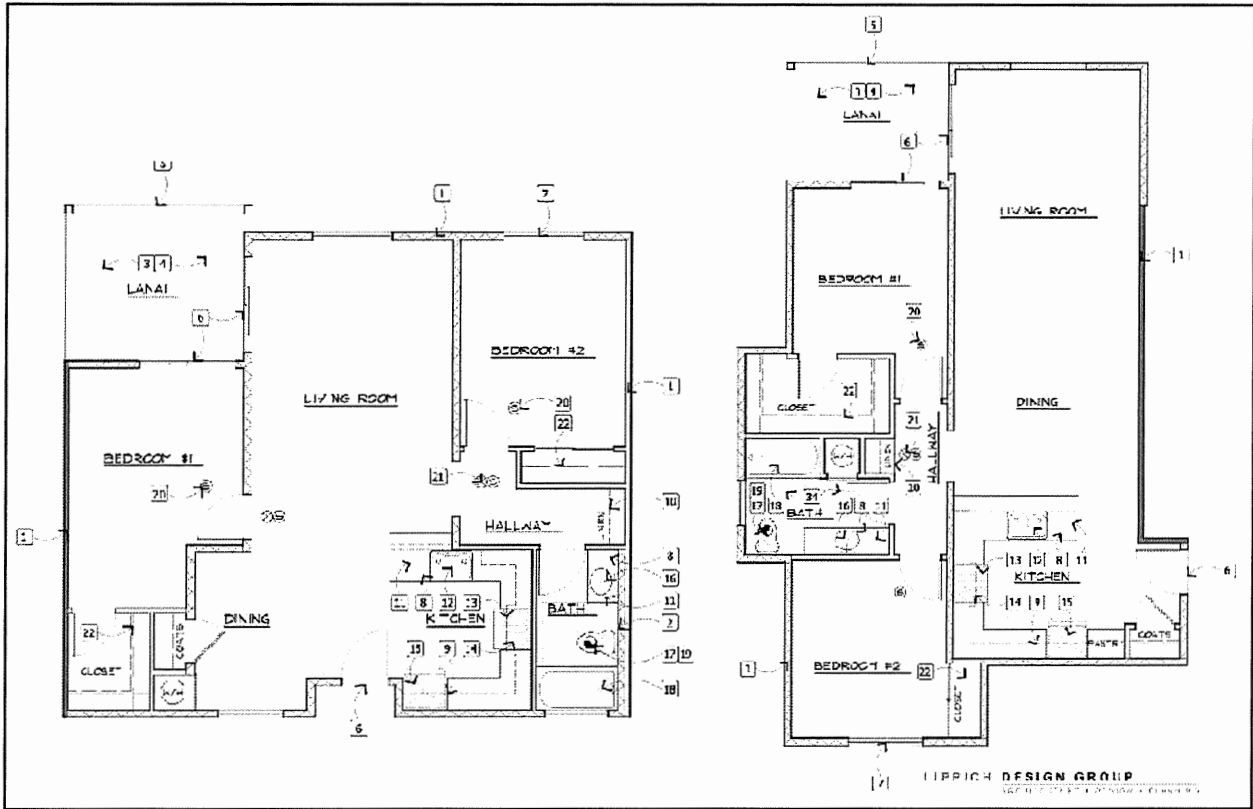


EXHIBIT C

Conditions of Low-Income Housing Tax Credit Award

The recommendation to allocate 2023 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.

EXHIBIT D

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 August 31, 2023.
12. The owner agrees to meet the 10% expenditure requirement as described under Internal Revenue Code Section 42 as of August 31, 2024. 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, 2023.
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 landowner is different from the project owner, both the project owner and the fee simple landowner (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 landowner, 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"> a. <input type="checkbox"/> Certificate(s) of Occupancy b. <input type="checkbox"/> Proof of Bond Issuance Date c. <input type="checkbox"/> Notice of Substantial Completion (Rehabilitation Projects Only) d. <input type="checkbox"/> Proof of Acquisition Date (Acquisition and Rehabilitation Projects Only) e. <input type="checkbox"/> Affidavit of Publication – Notice of Completion

EXHIBIT E

General Requirements:	
4. <input type="checkbox"/>	<p>New Construction: 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>Rehabilitation: Submit a letter confirming the following:</p> <ol style="list-style-type: none"> 1. Number of tenants displaced during the rehabilitation. 2. Duration of tenant displacement. 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.) 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." 5. Any other information that pertains to the displacement or non-displacement of the tenants.
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"> 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.
8. <input type="checkbox"/>	<p>Final Project Cost Certification audited by a Certified Public Accountant. The cost certification must include, at minimum, the following:</p> <ol style="list-style-type: none"> a. <input type="checkbox"/> Total Project Cost Detail by Line Item based on Exhibit B of HHFDC's Consolidated Application b. <input type="checkbox"/> Eligible Basis Detail by Line Item based on Exhibit B of HHFDC's Consolidated Application c. <input type="checkbox"/> Interim Financing Sources Schedule d. <input type="checkbox"/> Permanent Financing Sources Schedule e. <input type="checkbox"/> Reconciliation of Interim Sources, Permanent Sources and Total Project Costs f. <input type="checkbox"/> Calculation of eligible LIHTC by building and in project aggregate. Include reconciliation of eligible LIHTC with LIHTC Allocation Request. g. <input type="checkbox"/> Tax-Exempt Bond Projects: Proof of compliance with 50% Test h. <input type="checkbox"/> Rehabilitation Projects: <ol style="list-style-type: none"> i. Certification that the project met the minimum expenditure requirement of IRC Section 42(3)(A). ii. Identify the 24-month period allowed under IRC Section 42(3)(A) for aggregating rehabilitation expenditures.

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"/>	
2. <input type="checkbox"/>	
3. <input type="checkbox"/>	
4. <input type="checkbox"/>	
5. <input type="checkbox"/>	