



2026

REFERENCE
GUIDE





TABLE OF CONTENTS

- 1 2026 FUNDING ROUND APPLICATION EXHIBITS INSTRUCTIONS**
- 2 HULA MAE MULTI-FAMILY BOND PROGRAM CRITERIA**
- 3 RENTAL HOUSING REVOLVING FUND PROGRAM OVERVIEW**
- 4 AREA MEASUREMENT STANDARDS FOR CALCULATING DEVELOPMENT COST**



STATE OF HAWAII

Hawaii Housing Finance and Development Corporation

2026 FUNDING ROUND APPLICATION EXHIBITS - INSTRUCTIONS

Exhibit 1: Organizational Documents

- For the Applicant Entity: Provide a compliant Certificate of Vendor Compliance (CVC) dated no more than 30 days from the Application Submission date.
- For all Entities (including Applicant) involved in the project, provide current signed/executed copies of:
 - Articles of incorporation and bylaws (inclusive of amendments)
 - Declaration of trust (inclusive of amendments)
 - Partnership or limited partnership agreements (inclusive of amendments)
 - Current signature resolution (if not covered in bylaws)
- For Non-Profit Entities: Provide the current IRS Tax Exemption Letter
- For Non-Profit Entities: Provide the most recent signed/executed Treasury Form 990 with all supporting documentation as filed with the IRS.

Exhibit 2: Organizational Chart

- Provide a detailed organizational chart for the sponsor and owner of the project, inclusive of the following:
 - **All parties involved in the project**, labeling:
 - Each party's roles and responsibilities
 - Ownership percentage interests
 - Any additional clarifying details essential to understanding the organizational chart and its operations
 - **A summary narrative** providing context to the internal structure and operations of the entity(ies), including:
 - Applicant entity type (e.g., single asset, real estate holding company, etc.)
 - The entity's specific purpose and the date it was formed
 - Name and relevant operating details for the General Partner(s), Limited Partners(s), and any other affiliated parties.
 - If the ownership structure is expected to change at any point during the development process, include:
 - A separate organizational chart reflecting the anticipated ownership structure
 - A detailed narrative describing the planned changes, following the same structure outlined above.

Exhibit 3: Market Study

- Submit a market study/analysis prepared by an independent firm unaffiliated with the developer.
- The study must assess both current and projected demand for the proposed development within the market area.
- The study must be dated within six (6) months of the Application date.

- The following documentation is required:
 - **Certificate of Vendor Compliance:** Dated within 30 days of the Application date, showing "compliant" or "exempt" for all checks.
 - Evidence that conducting market studies is a primary purpose of the firm.
 - Affidavit certifying the firm is not affiliated with the developer/Applicant (submit the "Market Analyst Affidavit" worksheet found in the *Certifications and Assurances* document).
 - Affidavit from the developer/Applicant certifying no affiliation with the market analysis firm (submit the "Owner/Developer Affidavit" worksheet found in the *Certifications and Assurances* document)
 - If the project serves a special housing need, include an analysis of market demand for such tenants.

Exhibit 4: Site Control

- Submit documentation proving the Applicant has secured site control, such as:
 - Deed
 - Lease
 - Agreement of sale
 - Option agreement
- Include all accompanying exhibits, appendices, and attachments associated with the site control documents.
- Provide a comprehensive summary of each site control document, detailing:
 - Significant terms and conditions
 - Key milestones and dates
 - Costs associated with lease agreements
 - Any other pertinent details impacting site control throughout the development period

Exhibit 5: Project Readiness

- Provide documentation of the below-listed permits/approvals, **if required** for the project, including but not limited to:
 - State Land Use District conformance, or Boundary Amendment
 - County Zoning District conformance, or Zone Change/Variance
 - Special Management Area permit approvals
 - Special District permit approvals
 - 201H application approvals
 - Subdivision application approvals
 - Administrative approvals
 - County Site and Building Permits (permit submission documentation must be provided to receive points for Readiness Criterion)
- Include a comprehensive narrative that explains:
 - The status of each approval
 - Any compliance reports or associated conditions/requirements that may impact the project

Exhibit 6: Preliminary Engineering Report/Capital Needs Assessment

- For new construction: Provide a Preliminary Engineering Report (PER) completed within one (1) year of the Application date.

- For acquisition rehabilitation: Provide a Capital Needs Assessment (CNA) completed within six (6) months of the Application date.

Exhibit 7: Third-Party Projection Cost Certification

- Provide a Certified Cost Estimate (Plan & Cost Review) or Construction Contract.
- Must reconcile with Financial Worksheet – Exhibit B.

Exhibit 8: Public Housing Waitlist/Homeless Services Programs Letters

- Submit a signed letter sent to the Local Public Housing Authority.
- Submit a signed letter sent to the State of Hawaii, Department of Human Services, Homeless Programs Office.

Exhibit 9: Environmental Site Assessment

- Submit the following:
 - Phase 1 Environmental Site Assessment dated within one (1) year of the Application deadline. If the assessment is more than one (1) year old, include a letter from the consultant that revalidates the assessment and site conditions are the same.
 - Phase 2 Environmental Site Assessment, if required.
 - Any necessary remediation plan, if required.
- Submit the completed the “**Environmental Questionnaire**” worksheet found in the *Certifications and Assurances* document.

Exhibit 10: Environmental and Historic Reviews

- Provide documentation demonstrating compliance with HRS 343, such as:
 - Environmental Assessment (EA) Exemption Notice, with confirmation of publication in the Environmental Review Program’s “The Environmental Notice”.
 - If an EA Exemption Notice was issued, it must meet the requirements of HAR §11- 200.1-17.
 - HHFDC retains full discretion to determine whether the provided EA Exemption Notice meets the requirements of **HAR §11-200.1-17**, regardless of who prepared the document. A sample HHFDC EA Exemption Notice that meets the requirements of HAR §11-200.1-17 can be found at:
https://files.hawaii.gov/dbedt/erp/Other_TEN_Publications/2024-10-08-OA-Exemption-HHFDC-Kamoiiliili-Apartments-Project.pdf
 - Published draft EA, Anticipated Finding of No Significant Impact, or published draft Environmental Impact Statement (EIS).
- Provide documentation demonstrating compliance with NEPA, if required.
- Provide documentation demonstrating compliance with HRS 6E.

Exhibit 11: Special Site Classification, Surveys, and Location Map

- Special Site Classification. If a project is located in a Special Site Classification (SSC) , provide:
 - A map or maps clearly identifying the project’s location within the SSC.
 - SSC include, but are not limited to:
 - Special Management Areas (SMA)
 - Special Districts
 - Special Flood Hazard Areas (SFHAs) designated by FEMA
 - Extreme/Tsunami Evacuation Zones

- Sea Level Rise Exposure Area of 3.2 FT
 - Qualified Census Tracts (QCT)
 - Difficult Development Areas (DDA)
- Surveys. Provide available surveys, such as:
 - ALTA
 - Boundary
 - Topographic
- Location Map. Provide a location map of the project site. The map should identify:
 - TMK parcel(s) and Project Site boundaries
 - State Land Use District
 - County Zoning District
 - Public Transit Stops
 - Existing LIHTC Developments

Exhibit 12: Preliminary Title Report and Encumbrances

- Submit a preliminary title report dated no earlier than six (6) months prior to the Application submission date.
- Provide a separate document identifying all encumbrances listed in the title report and explaining whether and how each may impact the proposed project (e.g., utility easements, restrictive covenants, liens, mortgages).
- Include copies of any existing notes, mortgages, loan agreements, or other recorded encumbrances affecting the project site.

Exhibit 13: Digital Plans and Specifications

- Provide a digital copy of the full set of plans for the project, including:
 - Site plan: Minimum scale 1" = 40', showing building types, common elements, and parking.
 - Project Data must be included on the site plan sheet: zoning and building code information, both allowable and proposed, under which the project was designed
 - Floor plans: Each building type at minimum scale 1/8" = 1'0", including handicapped spaces with code references.
 - Exterior elevations: Minimum scale 1/8" = 1'0", indicating finish materials.
 - Unit plans
- Note: A final copy must be approved by the **State of Hawaii Disabilities and Communications**

Exhibit 14: Photographs and Renderings

- Include the following:
 - Photographs of the current project site
 - Post-construction renderings of the project and site

Exhibit 15: Project Utility Documents

- Provide current utility-related documents, including:
 - Water: A letter from the Board of Water Supply or Department of Water Supply confirming system adequacy and availability (based on current unit count).
 - Sewer: A copy of the sewer application, confirming system capacity adequacy. (based on current unit count).

- Electricity: A letter from the local electricity provider confirming availability to the site.
- If necessary, include a narrative summarizing:
 - Any off-site infrastructure improvements required
 - Material terms, conditions, or considerations affecting the project
 - Outstanding requirements and their anticipated completion timeline

Exhibit 16: Project Schedule

- Provide a project schedule and timeline in **Critical Path Method (CPM)** format, highlighting major steps such as:
 - Pre-development
 - Financial closing
 - Development and construction
 - Occupancy
 - Operation
- Ensure dates align with milestones listed in the Application.

Exhibit 17: Financing Commitments

- Provide terms and conditions for all proposed financing sources, including:
 - Commitment letters
 - Tax credit syndicators
- Submit a summary of each funding source, detailing:
 - Source name, amount, and interest rate (if applicable)
 - Duration and material terms/conditions
 - Tax credit pricing methodology and rate

Exhibit 18: Appraisal

- If available, include a current appraisal report conforming to USPAP standards.
 - HHFDC may require the submission of an appraisal during the application phase under certain circumstances, such as when necessary to establish land value, confirm acquisition cost reasonableness, or verify financing assumptions. *Applicants are strongly encouraged to provide an appraisal at the time of Application if uncertainty exists, as delays in confirming reasonableness may hold back an award recommendation.*
 - Circumstances that may trigger this requirement include, but are not limited to:
 - Land/property acquisition from a related party.
 - Projects with unusually high reported site or acquisition costs.
 - Long-term lease arrangements where lease rent is paid up-front in a lump sum, particularly when the developer or an affiliate owns the land.
 - Any appraisal submitted must conform to USPAP standards, and failure to provide an appraisal when requested by HHFDC may result in the Application being deemed incomplete.

Exhibit 19: Operating Subsidy

- If applicable, provide:
 - Commitment letters or executed contracts from the agency providing the operating subsidy. Commitment letter or contract must document that the subsidy is project-based and will remain attached to project for the duration of the subsidy.

- A detailed calculation of the subsidy by unit and the total projected amount for all units, including complete methodology for calculating total expected rents per unit (must reconcile with Financial Worksheet – Exhibit D-1).

Exhibit 20: Operational Budget Certification

- Submit a certified operational budget prepared by an independent third party with at least five (5) years of property management experience for similar projects.
- Include a statement of competence and the certified operational budget as an exhibit.
- **NOTE:** Providing a copy of Financial Worksheet – Exhibit D from the Consolidated Application is not sufficient. The submitted pro forma operating budget must be completed third-party and must reconcile with Financial Worksheet – Exhibit D.

Exhibit 21: Income Limits

- Provide current income limits and maximum tenant contribution schedules established by U.S. Department of Housing & Urban Development (HUD).
- Include the most recent Income, Rent and Sales Guidelines, as published on the HHFDC website.

Exhibit 22: Utility Allowance Schedule

- Include the current utility allowance schedule for the County where the project is located, or provide an alternative calculation as permitted by IRC Section 42.
- Ensure the allowance reconciles with Financial Worksheet – Exhibit D.

Exhibit 23: Energy Efficiency, Green Building Standards, and Solar Water Heating

- Energy Efficiency and/or Green Building Standards. If applicable, include a certification from a licensed architect confirming compliance with required building standards.
- Solar Water Heating requirement. Please reference and adhere to all requirements, as applicable, under **HRS 196-6.5**

Exhibit 24: Letters of Support

- Include letters of support dated within six (6) months of the Application submission date from any of the following:
 - County Mayor
 - City or County Council
 - County Housing Office or Agency
 - Neighborhood Board

Exhibit 25: Community Service Facility

- If applicable, submit a description of the Community Service Facility, specifying:
 - How it will serve individuals with income at or below 60% of AMGI.
 - Compliance with requirements under Section 42 of the Internal Revenue Code.

Exhibit 26: Revitalization Plan

- If applicable, provide:
 - Documentation of a formal designation by the State, City, or County.
 - A detailed explanation of how the project integrates with the revitalization plan for the community.

Exhibit 27: Tenant Services & Amenities

- Provide a comprehensive description of all design features, amenities, and resident services offered by the project that enhances tenant health, safety, livability, and long-term stability. At minimum, include the following:
 - Describe the project's design elements intended to support resident health and safety. Explain how these features address the needs of the project's target population and contribute to quality of life beyond basic shelter.
 - Describe any tenant services (including case management) that will be offered to enhance the quality of life for residents, if applicable. Specify the types and frequency of services offered; if services will be offered to all residents; and if services will be offered on-site. Include any supporting documentation that demonstrates a commitment to these services, such as Memorandums of Understanding (MOUs) or agreements with third-party service providers.

Exhibit 28: Certification and Assurances

- Submit signed versions of the following found in the Certification and Assurances document:
 - Application & Input (document located in ***Consolidated Application***)
 - Certifications & Assurance
 - LIHTC Threshold Certifications & Assurances
 - LIHTC Program Certification



STATE OF HAWAII
Hawaii Housing Finance and Development Corporation

HULA MAE MULTI-FAMILY BOND PROGRAM

Minimum Threshold Requirements

Applicants must meet the following Minimum Threshold requirements to receive consideration for financing from the Hula Mae Multi-Family (HMMF) Bond Program.

Bond Financing Limitation (New for 2026 Funding Round)

Applicants requesting tax-exempt private activity bond financing under the Hula Mae Multi-Family Bond Program must demonstrate that no more than **thirty percent (30%)** of the aggregate basis of the building and land is financed, directly or indirectly, with the proceeds of tax-exempt obligations described in section 42 of the Internal Revenue Code. Tax-exempt proceeds shall be considered to finance aggregate basis to the extent they are used to fund, reimburse, or refinance indebtedness originally used for that purpose.

Applications exceeding the 30% threshold will not be considered for the HMMF Bond Program. Compliance must be supported in the Consolidated Application, and HHFDC may require updated basis or financing documentation prior to closing.

Market Study:

A comprehensive Market Study of the housing needs of the proposed target population in the area to be served by the project by a disinterested party approved by the Hawaii Housing Finance and Development Corporation (HHFDC) must be submitted as part of this application. The Market Study shall be completed at the Owner's expense. Any application failing to submit a Market Study or submits a Market Study dated over 6 months from the time of application will not be considered for the HMMF Bond Program.

Market Study requirements are specified in Appendix 1 of the 2025 Qualified Allocation Plan for Low-Income Housing Tax Credits.

Site Control:

To receive consideration for an award of HMMF Bonds, the applicant must have control of the site in a form acceptable to the HHFDC. Evidence of site control shall be submitted with the application for financing from the HMMF Bond Program. Site control shall be substantiated by providing evidence in the form of an executed lease or sale option agreement, fee simple deed, executed land lease, or any other documentation acceptable to the HHFDC. Evidence of site control must be provided for all proposed sites.

All lease terms must extend a minimum of 5 years past the affordability commitment period.

Capital Needs Assessment (For projects acquiring an existing property):

To ensure that the proposed rehabilitation of the project is adequate, and that the property will have a useful life that exceeds the compliance and extended use period. **A capital needs assessment of the property by a competent independent third party shall be submitted with the application.** A capital needs assessment is a qualified professional's opinion of a property's current physical condition. It identifies deferred maintenance, physical needs and deficiencies, and material building code violations that affect the property's use, structural and mechanical integrity, and future physical and financial needs. The Capital Needs Assessment should be dated no earlier than six (6) months from the date of the application.

2026 Evaluation Criteria and Scoring System

All HMMF Bond Program applications will be scored and ranked using the following criteria:

Criterion 1. Affordable Commitment Period & State/Local Government Owned Land (0 to 5 points)

If, under the Restrictive Covenant Document, the project is “affordable” for:

45 years or less	0 points
46 to 55 years	0.5 point
56 to 69 years	1.0 point
70 or more	2.0 points
Perpetuity	5.0 points

OR

The project has received a lease from a State or local government agency (including HHFDC) on property owned prior to the application date. Lease payments, including all fees and expenses paid to the government agency, must be nominal or significantly below market, as determined solely by HHFDC. Property acquired by the government agency after the application date will not be eligible to receive points under this criterion.

5.0 points

Criterion 2. Percentage of Income Targeted Units (0 to 6 points)

Applicants receive points by providing a preference to lower income tenants in accordance with the table below.

Applications will earn up to 6 points based on agreeing to comply with the applicable limits in the matrix below. In order to receive points, the application must reflect one set-aside election (average income or “original” minimum set-aside (i.e., 40% at 60% or 20% at 50%) and meet the criteria below for the selected set-aside.

- For average income, the percent shown is the average AMI among the units’ designations.
- For an original minimum set-aside, at least 30% of the units must be affordable to and occupied by households at the AMI shown.

POINTS	MINIMUM SET-ASIDE ELECTION	
	Average Income	30% in Original @
6	51%	30%
3	54%	40%
1	57%	50%

Criterion 3. Financing Ratio – HMMF Resource Efficiency (0 to 2 points)

The HMMF Resource Efficiency ratio is calculated as “Total Bond Financing Requested divided by the Total Number of Proposed LIHTC Rental Units.” Scoring for this ratio will be applied as follows:

1. All projects, whether new construction or existing buildings, will be evaluated comparatively based on their HMMF Resource Efficiency.
2. Projects can earn between 0 and 2 points (rounded to the nearest 0.00) based on their relative HMMF Resource Efficiency:
 - a. The Project with the lowest HMMF Resource Efficiency will receive the maximum of 2 points.
 - b. The Project with the highest total HMMF Resource Efficiency will receive 0 points.
 - c. All other Projects will receive a proportionate score between 0 and 2 points, determined by their HMMF Resource Efficiency relative to the range of scores (difference between the highest and lowest efficiency).
 - d. The calculation formula is as follows:
 - i.
$$\text{Score} = (1 - ([\text{Subject HMMF Resource Efficiency}] - [\text{Lowest HMMF Resource Efficiency}] / ([\text{Highest HMMF Resource Efficiency}] - [\text{Lowest HMMF Resource Efficiency}])) * 2.$$

Criterion 4. Readiness (0 to 15 points)

The applicant's readiness to proceed with development will be assessed based on the status and timing of the project's site and building permits issued by the respective governing authority. The status of these permits will indicate the project's level of preparedness, and applications will be scored accordingly. However, HHFDC reserves the right to adjust the score if there are unresolved development issues that may jeopardize the project's ability to begin construction within one year of the award.

Applicants must provide evidence of permit status, including all permit identification numbers, in Exhibit: 5 Project Readiness. Any permit submissions and acceptances by the governing authority occurring after the Consolidated Application due date must be submitted to HHFDC before May 31, 2026, to qualify for points.

The Project will not submit for all required permits to the governing authority before May 31, 2026: 0 points

The Project will submit, and the governing authority will accept, all required permits before May 31, 2026: up to 5 points

The Project has submitted, and the governing authority has accepted, all required permits as of application date: up to 10 points

The Project has all required permits ready for issuance from the governing authority as of the application date: up to 15 points

Criterion 5. Project-Based Rental Assistance Subsidies (0 to 2 points)

Project will be receiving, for the first time, project-based rental assistance subsidies which would result in eligible tenants paying approximately 30% of their gross monthly income towards rent. Eligible programs include, but are not limited to, the Rural Development 515 Loan Program and HUD Section 8 project-based Rental Assistance Program. Scoring will be based on the percentage of units subsidized, defined as: $\text{Number of Subsidized Units} / \text{Total Project Units less Manager's Unit(s)}$

If the percentage of units subsidized is 0%: 0 points

If the percentage of units subsidized is greater than 0%, but less than or equal to 10%: 0.5 points

If the percentage of units subsidized is greater than 10%, but less than or equal to 20%: 1 point

If the percentage of units subsidized is greater than 20%, but less than or equal to 30%: 1.5 points

If the percentage of units subsidized is greater than 30%: 2 points

Criterion 6. State/Local Government Financing (0 to 2 points)

The project will be receiving a permanent below market loan or grant from a State or local governmental agency other than HHFDC.

The project has received a commitment for a permanent below market loan, or grant, of at least \$10,000 but less than \$80,000 per unit. A copy of a commitment letter, government action or contractual agreement must be included in the application. 1 point

The project has received a commitment for a permanent below market loan, or grant, of more than \$80,000 per unit. A copy of a commitment letter, government action or contractual agreement must be included in the application. 2 points

Criterion 7. Project Location and Market Demand (0 to 3 points)

Project is Existing Building currently used for housing: 0 Points

The points awarded will be based on HHFDC's evaluation of factors such as, but not limited to:

Project is in a county's urban core/district (preference) versus rural district and is accessible to employment opportunities and shopping; and recreational, medical and educational facilities are in the immediate vicinity of the project site.

Located in a County's urban core	1.5 points
Located in an urbanized area	1 point
Located in a master planned community	0.5 point
Located in a rural district in proximity to employment opportunities and medical and educational facilities	0.5 points
Proximity to Public Transportation Project may earn up to 1.5 additional points for availability of a mass transit station/stop within 0.5 miles. For Oahu, projects may earn 1.5 points for being within 0.5 miles of a rail transit station or a bus stop with peak bus service of at least 5 buses per hour, or 0.75 points for being within 0.5 miles of a bus stop with any level of service frequency. For neighboring islands, projects may earn 1.5 points for being within 0.5 miles of a bus stop with peak bus service of at least 3 buses per hour, or 0.75 points for being within 0.5 miles of a bus stop with any level of service frequency.	1.5 points

Criterion 8. Developer Experience (0 to 6 points)

Applicants receive scores for this criterion based on the following:

1. The development team (inclusive of its general partners, co-developers, management agents, and other members/agents) demonstrating the ability to meet all terms, conditions, and requirements set forth in the application materials will be awarded up to four (4) points. Any applications submitted to HHFDC within the previous five-year period may be considered when awarding points for this criteria.
2. Number of LIHTC projects placed in service by the by the Applicant or an affiliated entity. The number of LIHTC projects placed in service in which the Applicant's consultant that had a contractual obligation with the Project Owner throughout the construction/rehabilitation period continues to participate in the management of the project throughout the extended use period (as defined and required by section 42(h)(6)(D) of the Internal Revenue Code), may be included in the scoring of this criterion, subject to the submission of supporting documentation.

Projects Placed in Service	Points
None	0
1 – 5	0.25
6+	0.5

3. Number of LIHTC projects placed in service in Hawaii, without extensions, additional HHFDC resources, or other accommodations, by the Applicant. (HHFDC may elect to award points despite having granted an accommodation.) The number of

LIHTC projects placed in service in which the Applicant's consultant that had a contractual obligation with the Project Owner throughout the construction / rehabilitation period and continues to participate in the management of the project throughout the extended use period (as defined and required by IRC section 42(h)(6)(D)), may be included in the scoring of this Criterion, subject to the submission of supporting documentation.

Projects Placed in Service	Points
None	0
1 – 3	0.25
4+	0.5

4. Number of LIHTC projects managed by the Management Agent.

Projects Managed	Points
None	0
1 – 5	0.25
6+	0.5

5. Number of LIHTC projects located in the State of Hawaii managed by the Management Agent.

Projects Managed	Points
None	0
1 – 3	0.25
4+	0.5

Criteria 9. Reasonableness of Development Costs (0 to 2 points)

HHFDC will assess the reasonableness of project costs based on several factors, including (but not limited to): total development costs per unit, total costs per square foot, the ratio of hard to soft costs, total developer fee, site location, project size and type, target population, and cost feasibility relative to project scheduling assumptions.

HHFDC retains sole discretion to determine whether a Project's development costs are reasonable. Existing Building projects used for housing will receive 0 points.

Project costs are deemed Unreasonable, or Project is Existing Building currently used for housing:

0 Points

Project costs are deemed Reasonable:

2 Points

NOTICE for Awarded Projects: Once a project's costs have been deemed reasonable, any increase exceeding five percent (5%) of the total development cost prior to the construction

phase can render the initial cost projection unreasonable, per HHFDC's discretion. As a result, the project will forfeit the points awarded for this criterion, which may lead to a revocation of the award.

Criterion 10. Available and Minimum Unit Sizes (0 to 3 points)

An Applicant will receive up to 2 points if it elects to provide affordable housing that provide larger units which are available to individuals with children or large families according to the following schedule:

20% or more of the total units are 1-bedrooms or larger	0.5 point
20% to 39% of the total units are 2-bedrooms or larger	0.5 point
40% or more of the total units are 2-bedrooms or larger	1 point
The highest award possible is:	2 points

For all new construction applications, compliance with the minimum unit sizes below will result in 1 point. The measurements below will be only for square footage which is exclusively for the use of that unit and is fully enclosed, conditioned, and secured, measured interior finish face of wall to interior finish face of wall, and does not include exterior wall square footage. Unconditioned, unenclosed, or unsecured areas such as lanais, patios, decks, porches, stoops, or unattached storage rooms cannot be included. Existing Building projects used for housing will receive 0 points.

Studio	300 square feet
1 BR	360 square feet
2 BR	520 square feet
3 BR	720 square feet
4 BR	880 square feet

Criterion 11. Energy Efficiency and Green Building (0 to 1 points)

Projects which promote smart growth, energy, and water conservation, operational savings and sustainable building practices in affordable housing design may be awarded up to 1 point as follows:

Points can only be scored in only one category. If an Applicant attempts to elect more than one category, the project shall not receive any points in this criterion.

Applicants must submit a certification from the architect confirming that the Project can meet the required building standards for the category selected below (refer to exhibit list of the Consolidated Application). For example, if an applicant selects LEED Gold, the architect must certify that the Project can meet the LEED Gold standard. If the certification is missing or if the architect's certification does not reconcile with the applicant's election, the Project shall not receive any points in this criterion.

EPA Energy Star v3	Enterprise Green Communities	USGBC LEED V4 for Homes / BD & C	National Green Building Standard (NAHB)	Points
X	Certified	Certified	Bronze	0.25
		Silver	Silver	0.50
		Gold	Gold	0.75
		Platinum	Emerald	1.00

[Energy Efficient New Homes | ENERGY STAR](#)

[Green Communities Criteria & Certification | The Standard for Sustainable Futures \(greencommunitiesonline.org\)](#)

[LEED rating system | U.S. Green Building Council \(usgbc.org\)](#)

[National Green Building Standard Certification - NAHB](#)

Upon completion of the project, owners must submit a certification from either the appropriate regulating entity or the Project architect confirming that the Project has met the standard selected. Failure to provide the certification may result in forfeiture of the good faith deposit.

Criterion 12. State Conveyance (0 to 2 points)

Applicants will earn 2 points for agreeing to grant the State an option to purchase the project for fair market value (as determined by a third-party appraisal), subject to commercially standard terms. The option shall be exercisable at any time after the initial 15-year compliance period, provided the project remains subject to an affordability commitment. The agreement will be reflected in the Declaration of Restrictive Covenants.

Criterion 13. Special Housing Needs (0 to 1 point)

Applicants will earn one (1) point for agreeing to accept referrals for the project proposed from a state-coordinated system for 10% of units. If there are no or insufficient referrals on a timely basis, owners will lease the units in the regular course. HHFDC will establish additional parameters and specifics, including the approach to affordability, at a later date.



STATE OF HAWAII

Hawaii Housing Finance and Development Corporation

RENTAL HOUSING REVOLVING FUND PROGRAM OVERVIEW

Introduction

The following is an overview of the State of Hawaii's Rental Housing Revolving Fund (RHRF) Program. The Program guidelines, policies, and procedures were developed by the Hawaii Housing Finance and Development Corporation (HHFDC).

Background

The Hawaii State Legislature passed Act 308, SLH 1992 creating the Rental Housing Trust Fund Program in response to the critical shortage of affordable rental housing throughout the state. Pursuant to Act 237, SLH 2015, the Rental Housing Trust Fund (RHTF) was reclassified as a Rental Housing Revolving Fund (RHRF), effective July 14, 2015. In addition to Legislative appropriations, the Program also receives yearly funding from the State's Conveyance Tax. The Program is intended to act as a flexible financing vehicle, one that encourages the production of new affordable rental housing units as well as increases the capacity of organizations to meet future housing production needs.

The Program complements existing housing programs, at the federal, state, and local level. Program funds may be used in conjunction with other financing programs offered by the HHFDC. The Program seeks proposals that leverage new and existing resources - both human and financial - to address the need for creating more affordable housing.

RHRF Program Purpose

The RHRF Program provides loans for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing units. The primary goal is to assist lower income families and individuals, including homeless and special need groups, in obtaining rental housing. Priorities established include the need for new construction or substantial rehabilitation, projects which leverage funds to the greatest extent possible, projects which are maintained as affordable for more than 30 years, and projects which will repay the Program so that the monies may be invested for future rental housing projects.

Definitions

Listed below are the definitions of some of the key terms used in the Program. Additional definitions may be found in Chapter 15-311, Hawaii Administrative Rules ("HAR"), and the Procedural Manual. If you require further assistance or clarification, please contact HHFDC staff.

Administrative Expenses	Those expenses incurred in the administration of a Project including, but not limited to, salaries and employee benefits, utilities, supplies, accounting and audit fees, and telephone service.
Affordability	For Program purposes, affordability is generally achieved when a tenant's contribution toward rent (including utilities) is approximately 30% or less of their monthly gross income, or the unit rent (including utilities) is less than or equal to the rent established by the Program.
Application	A submittal requesting funds from the Program.
Cash flow	Cash available after vacancy, operating expenses, reserves, and debt service payments have been deducted from gross income generated from the rental units.

Construction Management Costs	Costs directly related to managing the Project to the point of completion of construction.
Consultant Fee	Fees paid to a third-party developer or a consultant for costs/services associated with the implementation of a Project. This may include developer's fee and overhead.
Corporation	The Hawaii Housing Finance and Development Corporation as defined by Section 201H-1, Hawaii Revised Statutes. The Corporation is headed by the Board of Directors (the "Board").
Debt Coverage Ratio	The ratio of Net Operating Income to total annual Debt Service payments. For Projects requesting Program funds, this ratio shall not be less than 1.00 to 1.00.
Debt Service Reserve	Program contract language may require a Program recipient to deposit all or a portion of the Project's cash flow into a debt service reserve account to reduce the loan principal during or at the end of the loan term.
Develop/Development	The planning, financing, acquisition of real and personal property, demolition of existing structures, clearance of real property, construction, reconstruction, alteration, or repairing of approaches, streets, sidewalks, utilities, and services, or other site improvements, or construction, reconstruction, repair, remodeling, extension, equipment, or furnishing of buildings or other structures, or any combination of the foregoing, of any housing project. It also includes any and all undertakings necessary therefore, and the acquisition of any housing, in whole or in part.
Eligible Applicants	Eligible applicants include non-profit entities, private developers, government agencies, LLC's and Partnerships. One or more eligible entities that submit an Application to the Corporation requesting funds from the Program.
Equity Gap Financing	Additional funds required to make a Project financially feasible, usually cash or subordinated debt used to fill the "gap" between available financing, available subsidies, and total development cost.
Housing/Housing Project/ Project	A plan, design, or undertaking for the development of dwelling units, and includes all real and personal property, buildings and improvements, commercial space, lands for farming and gardening, community facilities acquired or constructed or to be acquired or constructed, and all tangible or intangible assets held or used in connection with the housing project.
Leverage Ratio	The ratio of total project dollars from other sources benefiting low- to moderate-income households to the total Fund dollars requested.
Loan	Funds lent to an Eligible Applicant for the purpose of financing a qualified housing project located within the State of Hawaii with the obligation to repay the funds according to specific terms and conditions as set by the Corporation.
Loan-to-Value (LTV) Ratio	The ratio of the total loan amount to the total appraised value. The maximum LTV ratio authorized by the Fund is 100 percent.
Nonprofit Organization	A corporation, association, or other duly chartered entity which is

registered with the State, and which has received a written determination from the Internal Revenue Service that is exempt under either section 501(c)(3), section 501(c)(4), or so much of section 501(c)(2) as applies to title holding corporations that turn over their income to organizations that are exempt under either section 501(c)(3) or 501(c)(4), of the Internal Revenue Code of 1986, as amended.

Regulatory Agreement/
Restrictive Covenants

The agreement between the Corporation and the Applicant receiving Program funds that prescribe the manner in which a Project is to be operated, the rental rates to be charged, and the conditions under which distributions may be made from the Project to the Applicant.

Relocation Expenses

Those costs paid to households when relocation is necessary.

Special Needs

Housing for Groups of people who require special housing-related services.

(Note: If an Applicant states that a special needs population will be served/targeted, the Corporation will expect to see appropriate services described as part of the Application and design.)

Minimum Affordability Criteria

Qualified Projects funded in whole or in part from the Rental Housing Revolving Fund will be ranked in the following order of priority:

1. Projects awarded tax credits or financing administered by HUD or USDA RD maintaining a minimum of:
 - 50% of the units for families or households earning 80% or less of the area median gross income, of which 5% of the units for families or households earning 30% or less of the area median gross income;
 - and the remainder of the units for families or households earning 100% or less of the area median gross income.
2. Mixed-income rental projects or units in a mixed-income rental project where all units are for persons and families with incomes below 140% area median gross income.

Median gross income figures are derived annually from figures issued by HUD. Additionally, Program funds must be used for affordable rental housing projects.

Eligible Activities

As set forth in Chapter 15-311, HAR, activities eligible for assistance include, but are not limited to, the following areas:

- Planning;
- Design;
- Land acquisition;
- Cost(s) of options;
- Agreement(s) of sale;
- Down payments;
- Equity financing, including the leveraging of moneys with the use of fund assets;
- New construction or rehabilitation;
- Acquisition of housing units for the purpose of preservation as lower cost housing;
- Participation in interim construction loans provided by private lenders or in loan programs

- administered by government agencies;
- Capacity building grants to **nonprofit** organizations;
- Pre-Development grants or loans to **nonprofit** organizations or governmental agencies;
- Other housing development services or activities as approved by the HHFDC on a case-by-case basis.

Project Administrative Expenses

As codified in Chapter 15-311, section 23, HAR, program funds **cannot** be used to finance the day-to-day administrative expenses of a project.

The Application

The Application requires detailed and comprehensive descriptions and justifications for the proposed activities. The key to a successful application is a clear description of the Local Housing Need; the Project and its Design; the Benefits and Impacts; the Management of Project; and the degree to which the applicant is able to leverage limited resources.

Evaluation

After reviewing staff's findings, the HHFDC evaluates each project based on the five (5) elements that comprise the Rating Criteria. These broad criteria are based on statutory language contained in the enabling legislation and are translated into the specific rating criteria. The actual criteria and the corresponding point values are described below in the section labeled "Rating Criteria". It is important to note that the form of assistance requested (i.e., deferred loan, amortized, interest-only, or grant) is not part of the rating criteria.

The evaluation process favors proposals that demonstrate the following characteristics:

- Projects that serve the target groups as specified in §201H-202(c)(1) and (2) of the Hawaii Revised statutes;
- Projects which provide at least five percent of the total number of units for persons and families at or below thirty percent of the median family income;
- Projects which the maximum number of units for families with income at or below eighty percent of the median family income;
- Projects which provide the maximum number of units for least amount of subsidy;
- Projects which are committed to serving the original target population over a longer period of time;
- Projects which increase the integration of income levels of the immediate community area;
- Projects which meet the geographic needs of the target population (e.g., proximity to employment centers and services);
- Projects being developed by applicants with a favorable past performance in developing, owning, managing, or maintaining affordable rental housing; and
- Other criteria established by HHFDC that is deemed necessary to carry out the intended purposes of the fund.

For all funding requests, in order to be considered by the HHFDC the applicant's Project, **must** produce units in **at least one** of the following categories:

- Multi-family projects;
- Attached single-family units;
- Apartments;
- Townhouses;
- Housing units above commercial or industrial space;
- Single room occupancy units;
- Accessory apartment units;
- Employee housing;
- U.S. Department of Housing and Urban Development mixed finance development of public housing units; and

- Other types of units, as determined by the Corporation, meeting the eligibility criteria.

Staff or the HHFDC retains the right to contact local government officials, representatives of other funding programs, or other individuals to verify or obtain additional information about applicant's proposals.

Rating Criteria

Each application is evaluated and awarded points in accordance with the criteria listed below. The Corporation may accept a request, may deny a request, or may delay action on any request for project funds.

A minimum of 125 points (out of the 250 total points) must be scored in order to be placed on the Eligible Project List by the Corporation.

1.	Local Housing Need	
a.	Increase the integration of income levels of the immediate community area	0 - 10 points
b.	Supported by local county government as evidenced by a letter of support.	0 - 10 points
c.	Clearly describes the shortage and demand for low-income units in the proposed area.	0 - 10 points
d.	Project will add new low-income units to the State's inventory (i.e., new construction or substantial rehabilitation)	0 - 25 points
		<hr/>
		55 Points
2.	Project Description and Design	
a.	The project characteristics address the health and safety of tenants and provides amenities to enhance the project.	0 - 10 points
		<hr/>
		10 Points
3.	Benefits and Impact	
a.	Services the original target group (i.e., at least 50% of units serving individuals earning 80% or less of HUD median income, of which at least 5% of units serving individuals earning 30% or less of HUD median income, and the remainder of units serving individuals earning 100% or less of HUD median) or mixed income project rentals where in all of the available units are for persons and families with incomes at or below 140% AMGI	0 - 10 points
b.	Committed to serving the original target population for a longer period of time.	0 - 35 points
c.	Provides units for special needs groups.	0 - 10 points
d.	Provide units with two-bedroom units or larger	0 - 10 points
e.	Project will charge rent for units that is less than the maximum allowed under the Program.	0 - 20 points
		<hr/>
		85 Points

4.	Project Management	
a.	Applicant and/or project development team demonstrates the experience and the ability to successfully implement the proposed project in a timely and on-going manner.	0 - 10 points
b.	Applicant is a non-profit or affiliated with a non-profit entity.	0 - 10 points
c.	Project has low developer fees and overhead.	0 - 10 points
d.	Applicant presents a reasonable development budget, sources and uses statement, and operating pro forma for the project.	0 - 10 points
		<hr/> 40 Points
5.	Leverage	
a.	Provides maximum number of units for the least amount of Program subsidy	0 - 20 points
b.	Has secured commitments of other resources, including private funds, public funds, and recipient contributions.	0 - 10 points
c.	Project provides maximum amount of leverage (total state funds vs. other funds).	0 - 20 points
d.	Development schedule demonstrates a reasonable time frame.	0 - 10 points
		<hr/> 60 Points
<hr/> TOTAL POSSIBLE		250 Points

Loan Awards

Only those Applications that best meet the statutory intent and the criteria of the Program will be selected to receive Program funds.

The Corporation has the authority and the right to approve, disapprove or defer decisions regarding any application or project for funding awards, regardless of the ranking under the Rating Criteria. The Corporation or its designated representative has the authority to make such decisions if it is deemed to be in the best interest of meeting state housing needs. The Corporation reserves the right to make an award for less than the amount requested by the Applicant. The Corporation reserves the right to accept or reject any Application, to award loans to as many or as few Applicants as it may select, to award loans to entities other than Applicants. The Corporation reserves the right to cancel, suspend or terminate, in part or in whole, any funding round, if the Corporation, in its sole discretion, deems it to be in its best interest to do so. The Corporation reserves the right to reject any Application submitted and may exercise such right without notice and without liability to any Applicant or other parties for their expenses incurred in the preparation of an Application. Applications are prepared at the sole risk and expense of the Applicant. The completion, receipt, or acceptance of an Application does not commit the Corporation to pay any costs incurred in preparation of the Application. The Corporation shall not be responsible for any costs incurred by the Applicant due to the cancellation, suspension, or termination of such funding round, or the rejection of any Application.

The awarding of funds is subject to the availability of funds and approval by the Governor of the State of Hawaii.

Revolving Fund Contract

After an application is selected for funding by the Corporation, several legal documents will be negotiated

and executed between the applicant and the Corporation. The type of documentation and the form of documentation will depend upon the form of financing (i.e., grant, loan, or combination) provided by the Corporation.

At a minimum all award recipients will be required to execute a Regulatory Agreement/Restrictive Covenant between the applicant and the Corporation. The Regulatory Agreement/Restrictive Covenant will set out the terms and conditions that will be the basis for the applicant to operate the project for the duration of the commitment. Included in the agreement will be items such as rental rates, increases in rental rates, and other related topics. The final form of the agreement is determined by the type of funding award and by the specific terms and conditions negotiated between the Corporation and the applicant.

Compliance Monitoring and Follow-up

Staff monitors the expenditures and the activities associated with each project receiving Program funds. Participants may be required, subject to the Corporation's determination, to report the status of their projects on a monthly, a quarterly, or an annual basis, depending upon the nature of the project.

Staff monitors each project to ensure that the project complies with the terms of the Program Contract and to ensure that Program monies are spent efficiently and for their intended purposes.



STATE OF HAWAII
Hawaii Housing Finance and Development Corporation

AREA MEASUREMENT STANDARDS FOR CALCULATING DEVELOPMENT COST

The following standards are required to be used when completing the Building/Project Area table (the “table”) within the Application/Input worksheet tab of the Consolidated Application. Any deviation from these standards will result in significant delays in the review of your application and may impact scoring and ranking thereof.

General Instructions

1. All building areas must be reported in one of the following categories: Residential Area, Common Area, Commercial Area, Structured Parking Area, and Community Service Facility (as applicable). The sum of these areas must equal the total building area and no part of the structure should be omitted.
2. Unit counts reported in the table should be consistent with plans submitted with the application ([Exhibit 13](#)).
3. All areas reported in the table should be consistent with total Gross Square Footage (GSF).
4. Residential GSF should be supported by and be consistent with project drawings. Applicants may be required to justify any discrepancies in reported Residential GSF from graphical information reflected on the drawings. If there are unresolved discrepancies, then the drawings shall control over the amounts reported in the table.
5. Negligible discrepancies between amounts reported in the table and project drawings, such as those due to rounding, are acceptable. However, discrepancies based on “pending changes” are unacceptable.

Specific Instructions – Residential Area

1. The SF/Unit requested is GSF per unit. The GSF of residential units should be calculated to:
 - a. Exterior face of exterior walls. The measurement line should follow the actual exterior face of the wall, for example if there are any “bump-outs” or “notches”.
 - b. Outside face of corridor walls.
 - c. Centerline, taken face to face of the entire wall assembly (regardless of how many layers it has), of all demising walls, such as between a unit and a unit, between a unit and a stairwell, between a unit and structured parking, etc.
2. Do not “gross up” the residential unit areas to include circulation space. Circulation space should be reported as Common Area.
3. For multi-story units, vertical circulation which is internal to a unit (serves only that unit, e.g. stairs in a 2-story unit) must be included in the calculation for each floor plate (not only once).
4. For Single-Family Houses, enclosed garage space is not included and is reported instead as

structured parking.

5. Unenclosed spaces like covered entries, unenclosed lanais, etc., are not included in unit GSF.
6. Closets accessed from outside the unit may be considered as part of the unit's GSF if they are enclosed, attached, and exclusively for the use of that unit. This includes such spaces accessed from within a garage in a Single-Family House.
7. "Shared" water heater closets, which are accessed from a corridor and contain two water heaters for two separate units, may be counted as part of the unit's GSF, split equally between the two units in question if they are adjacent to or reasonably close to the units in question. "Centralized" water heater rooms or boiler rooms may not be.
8. HHFDC recommends that the project's architect prepare a drawing sheet with a GSF area table, showing the areas per unit type and the total areas, conforming to HHFDC's measurement standards (this is not required but is recommended).

Specific Instructions – Common Area

1. Common area includes all building area which is part of the overall building GSF but is not Residential Unit GSF, Commercial GSF, Community Service Facility GSF, or Structured Parking GSF. This includes internal circulation space such as corridors and stairwells in high-rise buildings (typically garden-style buildings do not have internal circulation space but some may, the architect should determine this).

Specific Instructions – Parking Structured Area

1. If the project includes Structured Parking, then its GSF should be reported.

Specific Instructions – Parking Surface Area

1. Submission of Surface Parking GSF is appreciated but not required. The inclusion of this line item is necessary to reinforce that it is NOT to be included in the Structured Parking GSF line item.