

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

DEPT. COMM. NO. 85

December 15, 2016

The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Rental Housing Revolving Fund Annual Report, as required by Section 201H-202(f), Hawaii Revised Statutes. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at:
<http://dbedt.hawaii.gov/overview/annual-reports-reports-to-the-legislature/>.

Sincerely,

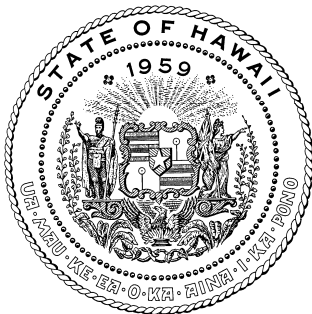
Luis P. Salaveria

Enclosure

c: Legislative Reference Bureau

Report to the 2017 Hawaii State Legislature:

Pursuant to Section 201H-202(f), Hawaii Revised Statutes,
Relating to Rental Housing Revolving Fund Project Awards
for Calendar Year 2016.



Prepared by:
Hawaii Housing Finance and Development Corporation
Department of Business, Economic Development & Tourism

December 2016

Section 201H-202, Hawaii Revised Statutes (HRS), requires the Hawaii Housing Finance and Development Corporation (HHFDC) to "describ[e] the projects funded and, with respect to rental housing projects targeted for persons and families with incomes at or below thirty per cent of the median family income, its efforts to develop those rental housing projects, a description of proposals submitted for this target group and action taken on the proposals, and any barriers to developing housing for this target group" (§201H-202(f)).

During Calendar Year 2016, HHFDC made Rental Housing Revolving Fund (RHRF) awards to four projects. These project awards totaled \$29,120,000 and will result in 326 units of rental housing being added to the statewide inventory of affordable housing.

The following RHRF project applications were received on August 19, 2015 during the second 2015 competitive funding round. Of these, the projects in **boldface** below received project awards in 2016. Totals for "RHRF Award," "Unit Count," and "30% MFI Units" columns are for **awarded units only**.

PROJECT	LOCATION	RHRF REQUEST	RHRF AWARD	UNIT COUNT	30% MFI Units
East Kapolei II LDA 2 Family Phase 1	Ewa Beach, Oahu	\$7,770,000	\$7,770,000	75	8
Hale Kewalo	Kakaako, Oahu	\$10,600,000	\$10,600,000	128	13
Kenolio Apartments	Kihei, Maui	\$6,500,000	0	186	
Na Lei Hulu Kupuna	Honolulu, Oahu	\$1,500,000	0	76	
Ola Ka 'Ilima Artspace Lofts	Honolulu, Oahu	\$7,750,000	\$7,750,000	84	9
	Total	\$34,120,000	\$26,120,000	287	30

HHFDC also received eight new 2016 project applications on June 15, 2016 during the first 2016 competitive funding round. These eight project applications requested loans for a total of up to \$101,965,025 in RHRF funding. The following table lists all applicants and their RHRF requests.

Of these, one project received a RHRF award of \$3,000,000 in Calendar Year 2016 -- Hale Mahaolu Ewalu Phase 1, a 39-unit elderly project located in Pukalani, Maui. HHFDC anticipates making additional project awards to additional 2016 competitive funding round applicants in early Calendar Year 2017.

The totals below for "RHRF Award," "Unit Count," and "30% MFI Units" columns are for **awarded units only**.

PROJECT	LOCATION	RHRF REQUEST	RHRF AWARD	UNIT COUNT	30% MFI UNITS
Hale Mahaolu Ewalu Phase 1	Pukalani, Maui	\$3,000,000	\$3,000,000	39	2
Kahului Lani I	Kahului, Maui	\$14,500,000		82	
Kaiaulu O Waikoloa	Waikoloa, Hawaii	\$9,900,000		60	
Kaiwahine Village	Kihei, Maui	\$10,240,000		64	
Kapolei Mixed Use Development Ph 2	Kapolei, Oahu	\$14,777,516		143	
Kenolio Apartments	Kihei, Maui	\$9,250,000		186	
Mohouli Heights Sr Neighborhood Phase 3	Hilo, Hawaii	\$20,279,904		93	
Nohona Hale	Honolulu, Oahu	\$20,017,605		107	
	Total	\$101,965,025	\$3,000,000	39	2

All projects receiving RHRF awards must meet the required set aside of 5% of total units for households at or below 30% of the median family income (MFI), and the remaining units have income restrictions that do not exceed 60% MFI.

Due to excessive errors and incomplete responses in applications received in June 2016, additional time was needed to review and underwrite loan applications. In September 2016, HHFDC issued a Notice of Cancellation of the FY 2017 (Funding Round 1) Application for RHRF loans. Applications are now available and will be due in February 2017.

HHFDC is in the process of drafting RHRF program rule amendments to improve the program to better address the affordable rental housing need, including the need for units targeted at extremely low income families. A description of these amendments to the RHRF program will be reported in next year's Report to the Legislature.