

THE THIRTIETH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES

Type of Grant Request:

Operating Capital

Legal Name of Requesting Organization or Individual: DbA:

Neighborhood Housing Community Development Corporation PAL Kauai

Amount of State Funds Requested: \$ 200,000

Brief Description of Request (Please attach word document to back of page if extra space is needed):

PAL is seeking funding to subsidize the building of four houses for Kaua'i households to offset the rising costs of construction against the falling allowable for sale limits due to rising interest rates.

Amount of Other Funds Available:

State: \$ _____

Federal: \$ _____

County: \$ _____

Private/Other: \$ 920,000

Total amount of State Grants Received in the Past 5 Fiscal Years:

\$ 0

Unrestricted Assets:

\$ 5,239,053.02

New Service (Presently Does Not Exist): Existing Service (Presently in Operation):

Type of Business Entity:

501(C)(3) Non Profit Corporation

Other Non Profit

Other

Mailing Address:

PO Box 37

City:

Kilauea

State:

HI

Zip:

96754

Contact Person for Matters Involving this Application

Name:
Lawrence Graff

Email:
lgraff@pal-kauai.org

Title:
Chief Operating Officer

Phone:
8087386706

Federal Tax ID#:

██████████

State Tax ID#

██████████



Authorized Signature

Lawrence Graff, COO

Name and Title

01/19/2023

Date Signed

Application Submittal Checklist

The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

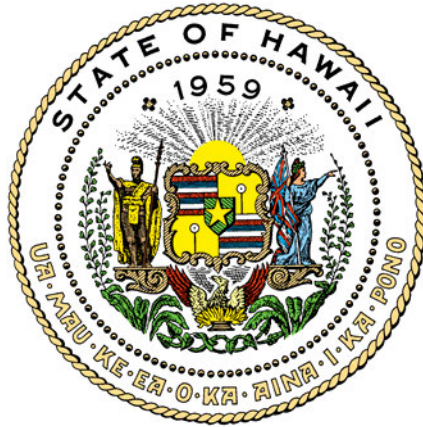
- 1) Certificate of Good Standing (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing


AUTHORIZED SIGNATURE

LAWRENCE GRAFF, CHIEF OPERATIONS OFFICER
PRINT NAME AND TITLE

DATE

1/17/23



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

NEIGHBORHOOD HOUSING COMMUNITY DEVELOPMENT CORPORATION

was incorporated under the laws of Hawaii on 11/14/2018 ;
that it is an existing nonprofit corporation; and that,
as far as the records of this Department reveal, has complied
with all of the provisions of the Hawaii Nonprofit Corporations
Act, regulating domestic nonprofit corporations.



IN WITNESS WHEREOF, I have hereunto set
my hand and affixed the seal of the
Department of Commerce and Consumer
Affairs, at Honolulu, Hawaii.

Dated: January 04, 2023

Director of Commerce and Consumer Affairs

PAL Kaua'i
Permanently Affordable Living Kauai

POB 37 Kilauea, HI 96754
Anahola Marketplace
4523 Ioane St. Suite A-1 Anahola, HI 96703
Phone: (808) 720-1011
Email: info@pal-kauai.org



Application for Grants Public Purpose Certification

The grant will be used for Public Purpose pursuant to Section 42F-102, Hawai'i Revised Statutes.

Name of requesting Organization: PAL Kaua'i

The Public Purpose for the grant: Providing homes and sustainable living solutions within reach, restoring hope for the people of Hawai'i.

Services to be supported by the grant: Development of four affordable for sale single-family homes.

Target Group: Eligible homebuyers earning 120% AMI or below selected from the County of Kaua'i's First-time Homebuyer Program

Cost of the grant: \$200,000

Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Certification – Please attach immediately after cover page

1. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2022.

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with [Section 42F-103, Hawaii Revised Statutes](#).

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to [Section 42F-102, Hawaii Revised Statutes](#).

PAL Kaua'i attached a statement specifying that the grant will be used for a public purpose pursuant to Section 42F-102, Hawaii Revised Statutes.

II. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

Neighborhood Housing Community Development Corporation officially received its 501(c)(3) status on November 14, 2018. Shortly after, we created our d.b.a. Permanently Affordable Living Kauai (PAL Kaua'i) to better reflect the heart of our organization - our mission to provide homes and sustainable living solutions within reach, restoring hope for the people of Hawai'i. We construct, purchase, and manage affordable communities across the island for houseless and very low to moderate-income families, partnering with organizations to provide social services and programming to help beneficiaries thrive in their homes.

Our goal is to provide permanently affordable living for houseless and very low- to moderate-income residents with generational ties to Hawai'i. We do this through developing housing projects that provide various pathways: (1) Rental Housing, (2) Fee Simple Homeownership, and

(3) Leasehold Homeownership via our Ho’omaluhia Community Land Trust. These diverse offerings allow us to provide equitable and accessible housing that meets our applicants' needs within each income bracket. We have also created a points and preferences application system to ensure that local, generational households have priority.

When developing our projects, we don’t just plan for affordable housing, we plan for affordable *living*. True affordability includes all basic needs — food, utilities, transportation, healthcare, and employment. Our projects are designed to make these essential components accessible through location, sustainable architectural design, amenities, and service enrichment.

Access to resources and education is vital to secure permanently affordable living. Our Beyond Housing Program, implemented at our rental housing projects, is designed to guide tenants from houselessness to homeownership through supportive services. Providing onsite case management, we refer tenants to social services and develop their skills in financial literacy and planning, entrepreneurship, and small business management.

To provide our permanently affordable housing options we must schedule construction with an elevated level of predictability and control costs to build affordability. To do so we formed the PAL Construction Company as a single entity LLC under PAL Kauai's non-profit status. Due to our isolated nature, Kauai's workforce is limited, and most construction tradespeople are in high demand. PAL's workforce will be engaged in our mission and dedicated to building affordable housing for the community. Crews familiar with our designs and building techniques through repetition will be able to construct units efficiently using innovative techniques such as those used by Habitat for Humanity. This will increase savings in construction so that we can meet our target price of \$225 per sq ft.

Three years ago, PAL Kaua'i began the Kaua'i Affordable Housing Alliance (KAHA) to foster collaboration between all the affordable housing developers on the island. Through the alliance, Affordable Housing developers working on Kauai can coordinate resources and explore collaborations on projects with a more extensive scope and impact. PAL is also spearheading the initiative to start a revolving fund that will solve the affordable housing crisis on Kaua’i. This fund will provide easily accessible, risk tolerant funds with low interest rates that will allow developers to build at the speed needed.

2. The goals and objectives related to the request;

This funding will address our For Sale Homeownership pathway. The funds will be used to build four (4) affordable homes for households earning up to 120% Area Median Income or below (120% AMI is workforce affordable housing as defined by the County of Kaua‘i).

Goal: To Select, Qualify and Build homes for four families.

Objectives:

(1) Select and qualify four (4) households earning up to 120% Area Median Income or below. Households are selected from the County of Kaua‘i First-time Homebuyer Program. The households are income qualified by the County of Kaua‘i. We have an MOU with Hawaiian Community Assets to help eligible homebuyers receive loan approval.

(2) To produce and complete four (4) affordable homes and keep the total cost to about 50% of market value

3. The public purpose and need to be served;

Housing is the number one expense for families. Aloha United Way 2022 study has shown that 41% of Kaua‘i’s population is Asset Limited, Income Constrained, Employed (ALICE). ALICE represents the growing number of families who are earning above the Federal Poverty Level but not enough to afford the basics of housing, childcare, food, transportation, health care, and technology. These workers often struggle to keep their own households from financial ruin, while keeping our local communities running. On Kaua‘i, 34% of households are “just getting by” or “finding it difficult to get by.” These households do not have the financial resilience to able to sustain a crisis and are vulnerable to houselessness. That is roughly 24k people. By offering affordable housing opportunities, we greatly reduce families' economic burdens.

In 2019 the Hawai‘i Housing Planning Study identified that the island of Kaua'i needed 4,281 new affordable housing units by 2025. Unfortunately, so far, only about 265 have been built. We are acting as urgently as possible to close this quickly widening gap.

With limited affordable housing supply, many Hawaiian families and families with multigenerational ties to the island can no longer afford to live here. We need to prevent the displacement of the people who are our culture's lifeblood.

4. Describe the target population to be served; and

Eligible homebuyers earning 120% AMI or below selected from the County of Kaua‘is First-time Homebuyer Program

5. Describe the geographic coverage.

We currently serve the County of Kaua‘i.

III. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant’s approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

- A. The Homebuyer selection and loan approval process is carried out in coordination with the County of Kauai and Hawaiian Community Assets.
- Send marketing materials to the County of Kauai Housing Department for dissemination to consumers on the County's First Time Home Buyer list.
 - County of Kauai income qualifies interested households.
 - Income qualifies homebuyers are sent to PAL Kaua'i and eligible homebuyers are selected through PAL's priority and preferences prioritising length of residency.
 - Hawaiian Community Assets assembles all information necessary to have a complete loan application and will submit to lending institutions for loan approval.
- B. Actual home construction
- Excavation - Dig footings for foundation
 - Foundation - Install pier and post foundation
 - Subfloor - Construct floor (plywood) over joists
 - Wall framing - Build and stand walls
 - Roof framing/sheathing - Build roof framing and sheathing
 - Roofing - Install roofing material
 - Siding, porches - Install siding, build porches
 - Windows, exterior doors - Install windows and exterior doors
 - Plumbing (roughed in) - Install plumbing system (drain, waste, vent pipe, water supply, etc.)
 - Electrical (roughed in) - Install conduit/cable, switch, light, outlet boxes w/ready-to-connect wires
 - Insulation - Install heat resistant barriers
 - Dry wall - Install dry wall on interior walls
 - Porches/steps - Build porch flooring and steps
 - Interior carpentry - Interior finish work of molding/trim, interior doors
 - Cabinets, counter tops - Secure cabinets and countertops
 - Interior painting - Clean, prep, and paint interior
 - Exterior painting - Clean, prep, and paint exterior
 - Plumbing (complete fixtures) - Complete plumbing fixtures
 - Electrical (complete fixtures) - Complete electrical fixtures
 - Finish hardware - Install hardware (hinges, pulls, knobs)
 - Gutters /downspouts - Install rain gutters and downspouts
 - Grading, landscaping - Final grading, grass planting
- Home Construction to be completed by subcontractors under the supervision of the PAL Construction's Superintendent.
- C. The final loan closing process is carried out by PAL Kaua'i and recorded through a title company.
2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

- (1) Select and qualify four households up to 120% AMI or below (3 months)
- (2) Produce and complete four (4) affordable homes (8 months)
- (3) Close mortgages (2 months)

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

PAL Construction’s Superintendent monitors all construction activities at our home-sites on a regular basis. This includes work conducted by subcontractors as well as PAL Kaua’i staff. All material orders are done through the PAL Construction Superintendent and all work is tracked through established systems and schedules. The PAL Construction Superintendent also receives and complies with all necessary County Building Regulations and Permits and coordinates and receives County inspections and approvals throughout the home construction process. Ensuring that each stage of home construction is started and completed according to our construction timetable is essential to keep at or under budget and completing the building project without significant delay. Further evaluation occurs through job costing and subsequent surveys of homeowners, staff, and vendors in an effort to make improvements and streamline future projects.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

We will measure the effectiveness of our efforts on this project by:

- (1) Selecting and qualifying four households up to 120% Area Median Income or below that are in need of housing and that have an income in order to pay an affordable mortgage.
- (2) Producing and completing four affordable houses using keeping the total cost to about 50% of market value
- (3) Receiving Certificate of Occupancy, finalizing loan approval for homebuyers. Title transferred to Homebuyers.

IV. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
 - a. Budget request by source of funds (attached)
 - b. Personnel salaries and wages (N/A)

- c. Equipment and motor vehicles (N/A)
- d. Capital project details (attached)
- e. Government contracts, grants, and grants in aid (N/A)

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2024.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$100,000	\$100,000	\$0	\$0	\$200,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2024.

The cost to build the homes will be approximately \$280,000 each (not including land and infrastructure costs) for a total of \$1,200,000. The remainder of the home purchase price will come from USDA Section 502 Loan Guarantee Program. While the total cost of each home will be closer to \$500,000 with land and infrastructure, the sales price is determined by the interest rate based on 30% of the homebuyer’s income. Therefore, as interest rates rise, the amount we are allowed to sell houses for decreases. In this environment where materials and labor costs are rapidly increasing, and the amount we can sell the houses are decreasing because of rising interest rates, subsidy is needed to sell homes affordably.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

PAL Kaua’i has not been given any state or federal tax credits within the past three years. PAL Kaua’i has not applied for any state or federal tax credits, nor do we anticipate applying for any.

5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2024 for program funding.

\$0

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2022.

\$5,239,053.02 *note a large majority of these funds are allocated towards the purchase of projects and operating expenses.

V. Experience and Capability

1. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

Our leadership has years of experience in real estate, affordable housing development, program management, and non-profit administration. The collective experience of our executive team and talented staff enables our organization to execute projects and programs seamlessly, responding to the affordable housing crisis quickly and effectively.

PAL Construction's Superintendent has over 35 years of experience as a general contractor on Kaua'i. PAL's Construction Consultant has 27 years of experience as the former Executive Director of Habitat for Humanity Kaua'i, building affordable homes. The architectural design of PAL homes are based on the same design used for Habitat for Humanity and therefore are value engineered to provide high-quality, low-cost housing. This experience provides us with a high capacity to build these units.

2. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

Rental Housing

PAL Kaua'i owns two apartment buildings where we conduct our Rental Housing Program. Kauhale O Kekaha is located at 4517 Kala Road, Kekaha, HI 96752. It has 13 units. Kauhale O Kapa'a is located at 4585 Lehua Street, Kapa'a, HI, 996746. It has 14 units.

PAL Kaua'i Administration

Our office space is located at the Anahola Marketplace (4523 Ioane Road, Anahola, Hawaii 96703). We rent two buildings, for our main office and PAL Construction. These facilities provide an office space for all the administrative tasks and meeting rooms that allow us to successfully complete our development projects.

VI. Personnel: Project Organization and Staffing

1. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

To provide our permanently affordable housing options we must schedule construction with an elevated level of predictability and control costs to build affordably. To do so we formed PAL Construction, a single entity LLC under PAL Kauai's non-profit status. Due to our isolated nature, Kauai's workforce is limited, and most construction tradespeople are in high demand. PAL's workforce will be engaged in our mission and dedicated to building affordable housing for the community. Crews familiar with our designs and building techniques through repetition will be able to construct units efficiently using innovative techniques such as those used by Habitat for Humanity. This will increase savings in construction so that we can meet our target price of \$225 per sq ft.

PAL Kaua'i has a team of seasoned professionals responsible for implementing, executing, and completing our home construction project. In addition to the Executive Director Jim Edmonds and our PAL Construction Superintendent, Bill Chase we have our Project Consultant Stephen Spears, former Executive Director of Habitat for Humanity Kaua'i.

2. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

Executive Director - \$127,200
Construction Superintendent - \$95,400
Chief Operating Officer - \$88,046.82

VII. Other

1. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

PAL Kaua'i is not currently under and pending litigation or outstanding judgement.

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

Executive Director holds Real Estate Brokers License in the State of Hawai'i.

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see [Article X, Section 1, of the State Constitution](#) for the relevance of this question.

The grant will not be used to support or benefit a sectarian or non-sectarian private educational institution.

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2023-24 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2023-24, but
- (b) Not received by the applicant thereafter.

There are three sources that fund PAL Kaua'i operations: donations, income from rentals, and income from the sale of homes from our single-family residential projects. We assumed ownership of Kauhale O Kekaha in February 2022 which has required significant rehabilitation, limiting net operating income. We anticipate our repairs to be completed and our first construction projects to be sold in 2023. The GIA funding will supplement our operating costs for our program until our anticipated income streams will be able to support future development.

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2023 to June 30, 2024

Applicant: _____ PAL Kaua'i _____

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2021-2022	FY: 2022-2023	FY:2023-2024	FY:2023-2024	FY:2024-2025	FY:2025-2026
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION		920000	200000			
EQUIPMENT						
TOTAL:		920000	200,000			
JUSTIFICATION/COMMENTS:						
Funds will only be used for the construction of the homes.						



Organizational Chart

Board of Directors



LEILANI SPENCER
PRESIDENT



LARRY GRAFF
VICE PRESIDENT



HARVEST EDMONDS
TREASURER



**PUNA KALAMA
DAWSON**
SECRETARY



JANICE BOND
BOARD MEMBER



GLENN HEAD
BOARD MEMBER



JIM EDMONDS
EXECUTIVE
DIRECTOR



LARRY GRAFF
CHIEF OPERATING
OFFICER



TAYLOR REID
ASSOCIATE
EXECUTIVE
DIRECTOR



BILL CHASE
PAL CONSTRUCTION
SUPERINTENDENT



**ARMANDA
HOOMANANUI SUGAI**
PROPERTY ASSETS
DIRECTOR



MOANA WAIPA
CONTROLLER



BRIAN ALSTON
PROGRAMS DIRECTOR



SARAH O'ROURKE
DIRECTOR OF
COMMUNICATIONS



**RACQUEL
SEGATO-FIGUEROA**
DEVELOPMENT
ASSOCIATE



STEPHEN SPEARS
PROJECT
CONSULTANT



DANIEL METTEAUR
CONSTRUCTION
ASSOCIATE