

**Grantee: Hawaii State Program**

**Grant: B-08-DN-15-0001**

**July 1, 2012 thru September 30, 2012 Performance Report**

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**Grant Number:**

B-08-DN-15-0001

**Obligation Date:****Award Date:****Grantee Name:**

Hawaii State Program

**Contract End Date:**

03/19/2013

**Review by HUD:**

Reviewed and Approved

**Grant Amount:**

\$19,600,000.00

**Grant Status:**

Active

**QPR Contact:**

Glori Ann Inafuku

**Estimated P/RL Funds:**

\$2,000,000.00

**Total Budget:**

\$21,600,000.00

**Disasters:****Declaration Number**

No Disasters Found

**Narratives****Areas of Greatest Need:**

All counties within the State of Hawaii experience a shortage of affordable housing. The housing needs for the Counties of Hawaii, Kaua'i, and Maui are described in the State of Hawaii's Consolidated Plan for Program Years 2005-2010 and Action Plan for Program Year 2008-2009. The housing needs for the City and County of Honolulu are described in the City's Consolidated Plan for Program Years 2005-2010 and Action Plan for Program Year 2008-2009, which are incorporated by reference and may be viewed by consulting the links below: [http://www.honolulu.gov/budget/consol\\_plan\\_+2006\\_2010.pdf](http://www.honolulu.gov/budget/consol_plan_+2006_2010.pdf) <http://www.honolulu.gov/budget/final14thyractionplan.pdf> Hawaii's economy typically lags one to two years behind the mainland United States. HUD's foreclosure rate for Hawaii was estimated at 2.3%, which is low compared to foreclosure rates on the mainland. Instead of relying solely on HUD's risk scores, the State considered a combination of factors for purposes of identifying areas of greatest need for NSP funding: 1) Census tracts with a higher HUD "estimated foreclosure and abandonment risk score;" 2) Trends in the local housing market and economy. While a census tract may not have a high HUD risk score, home foreclosures in the State of Hawaii are on the rise due to job losses, rising costs, declining property values, and the effects of a weakened economy; 3) County assessments of local communities and neighborhoods most likely to experience the effects of an increased number of foreclosures; and 4) The impact of an NSP activity or project in meeting the housing needs of households of low-, moderate-, or middle-income (LMMI) and in stabilizing an LMMI neighborhood. Areas include neighborhood "hot spots" with relatively high percentages of loans that are seriously delinquent, concentrations of subprime loans, or variable interest rate subprime loans that reset in 2008. Declining residential sales volume and resale prices exert additional pressure on the risk for foreclosure, particularly for homeowners with variable interest rate subprime loans that reset in 2008. The increase in unemployment in all counties will also add to the potential for foreclosure. In the City and County of Honolulu, areas of greatest need include Waianae, Hauula, Ewa Beach, Waipahu, Waiialua-Mokuleia, Kapolei, Kahuku, Laie, Kaaawa, Waimanalo, Kaneohe, Wahiawa, Mililani, Pearl City, Aiea, and portions of Honolulu. The County of Hawaii's areas of greatest need include Papaikou-Wailea, Hilo, Kalaoa, Kaunakakai, Kealahou, Kailua-Kona, Kahului-Kaunakakai, Naalehu, Pahoa, Mountain View, Keaau, Waikoloa, Holualoa, Captain Cook, Volcano, Honokaa, Kapaa, and Paauilo. In the County of Kauai, areas of greatest need include Elele, Hanapepe, Kapaa, Kilauea, Wailua-Kapaa, Puhi-Hanamaulu, and Lihue. The County of Maui's areas of greatest need include Kahului, Kihei, Wailuku, Paia, Makawao, Hana, Lahaina, Kula and Puunene.

**Distribution and and Uses of Funds:**

Of the four county jurisdictions in the State, the City and County of Honolulu has the highest population. However, every county jurisdiction has been impacted by foreclosures, regardless of population size. Based on the State of Hawaii's needs assessment, the state selected projects that were serving communities in areas of greatest need, regardless of jurisdiction. The HHFDC worked closely with the City and County of Honolulu and the Counties of Hawaii, Kaua'i, and Maui to identify eligible uses of the NSP funds. In identifying activities to be funded under NSP, HHFDC also considered the capability of an entity to effectively administer the NSP and the ability of the NSP funds to be used for a particular activity within the required 18-month time period. NSP funds will be used in the City and County of Honolulu for the redevelopment of vacant properties in Waianae and Ewa, producing 2 affordable rental housing projects. NSP funds used in these projects will meet the NSP requirement that 25% of the NSP allocation be used for households with incomes at or below 50% AMI. In the County of Hawaii, NSP funds will be used for the redevelopment of a vacant property in Kailua-Kona, to produce an affordable rental housing project. In the counties of Kauai and Maui, NSP funds will be used county-wide for the purchase and rehabilitation of abandoned or foreclosed homes and residential properties, to provide homeownership opportunities to LMMI households. The County of Kauai will also use NSP funds for the redevelopment of 3 vacant parcels in Waimea and Elele, producing homeownership opportunities for LMMI households.



**Definitions and Descriptions:**

**Low Income Targeting:**

**Acquisition and Relocation:**

**Public Comment:**

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$21,600,000.00
<b>Total Budget</b>	\$0.00	\$21,600,000.00
<b>Total Obligated</b>	\$0.00	\$19,980,193.82
<b>Total Funds Drawdown</b>	\$57,429.23	\$19,199,905.73
<b>Program Funds Drawdown</b>	\$57,429.23	\$18,924,403.33
<b>Program Income Drawdown</b>	\$0.00	\$275,502.40
<b>Program Income Received</b>	\$0.00	\$1,603,298.68
<b>Total Funds Expended</b>	\$57,429.23	\$19,199,905.73
<b>Match Contributed</b>	\$0.00	\$13,755.42

## Progress Toward Required Numeric Targets

<b>Requirement</b>	<b>Required</b>	<b>To Date</b>
<b>Overall Benefit Percentage (Projected)</b>		0.00%
<b>Overall Benefit Percentage (Actual)</b>		0.00%
<b>Minimum Non-Federal Match</b>	\$0.00	\$13,755.42
<b>Limit on Public Services</b>	\$2,940,000.00	\$0.00
<b>Limit on Admin/Planning</b>	\$1,960,000.00	\$911,735.91
<b>Limit on State Admin</b>	\$0.00	\$911,735.91

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

<b>National Objective</b>	<b>Target</b>	<b>Actual</b>
<b>NSP Only - LH - 25% Set-Aside</b>	\$4,900,000.00	\$6,900,000.00

## Overall Progress Narrative:



HHFDC continues to make progress on various NSP activities throughout the state:

- The County of Kauai is near completion on the renovation of the Hunakai Street property located in Lihue, Kauai and is pursuing additional foreclosed properties in their target area.
- The Ewa Villages project is near completion and will lease up the NSP units during the next quarter.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
001a, Purchase and rehabilitate foreclosed and abandoned	\$0.00	\$3,744,391.89	\$2,423,523.73
001b, Purchase and rehabilitate foreclosed and abandoned	\$0.00	\$4,900,000.00	\$4,900,000.00
001c, Purchase and rehabilitate foreclosed and abandoned	\$0.00	\$2,000,000.00	\$1,900,000.00
001d, Purchase and rehabilitate foreclosed and abandoned	\$0.00	\$3,146,728.90	\$3,146,728.90
002a, Redevelop demolished or vacant properties	\$0.00	\$5,422,935.08	\$5,239,435.08
002b, Redevelop demolished or vacant properties	\$0.00	\$1,474,259.00	\$813,573.55
003 Admin, Program Admin	\$57,429.23	\$911,685.13	\$501,142.07



## Activities

<b>Grantee Activity Number:</b>	<b>HI-NSP-002</b>
<b>Activity Title:</b>	<b>Hui Kauhale, Inc. / Ewa Villages / LH25</b>

**Activity Category:**

Construction of new housing

**Project Number:**

001c

**Projected Start Date:**

06/15/2009

**Benefit Type:**

Direct ( HouseHold )

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Activity Status:**

Planned

**Project Title:**

Purchase and rehabilitate foreclosed and abandoned

**Projected End Date:**

06/18/2010

**Completed Activity Actual End Date:**

**Responsible Organization:**

Hui Kauhale, Inc.

Overall	Jul 1 thru Sep 30, 2012	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$2,000,000.00
<b>Total Budget</b>	\$0.00	\$2,000,000.00
<b>Total Obligated</b>	\$0.00	\$2,000,000.00
<b>Total Funds Drawdown</b>	\$0.00	\$1,900,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$1,900,000.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$1,900,000.00
Hui Kauhale, Inc.	\$0.00	\$1,900,000.00
<b>Match Contributed</b>	\$0.00	\$0.00

### Activity Description:

NSP grant funds will be used to construct eight units in a 140-unit affordable rental project on vacant land in Ewa, Oahu. The Ewa / Ewa Beach area has a high rate of loans in foreclosure and real estate owned, high concentrations of subprime loans, and a high rate of variable interest subprime loans scheduled to reset in 2008. The Ewa / Ewa Beach neighborhood area is a LMMI area, with a foreclosure risk score of 4 and an unemployment rate of 4.2%. Construction of the project will be in two phases. The project will consist of 140 one-, two-, and three-bedroom affordable rental units serving the following income groups: PHASE NO. OF UNITS % OF UNITS INCOME GROUP Phase I 4 6% 30% AMI 18 29% 50% AMI 41 65% 60% AMI 1 Resident Mgr. Phase II 4 5% 30% AMI 19 25% 50% AMI 52 70% 60% AMI 1 Resident Mgr. TOTAL 140 NSP funds for this project will be counted towards the total amount required to meet the NSP low-income housing requirement that funds benefit households with incomes that do not exceed 50 percent AMI. Program income would only be generated should there be net income after operating expenses are deducted from the gross income. Any program income generated would be returned to the HHFDC for other NSP-eligible uses.

### Location Description:

Census Tract 86.05. Vacant site on Renton Road, Ewa, Hawaii, TMK: (1) 9-1-017-076 and 077

### Activity Progress Narrative:

Construction of the Ewa Villages project is near completion. Certificates of Occupancy were issued for two of the four buildings. Over 583 applications have been received by the property management firm to date, with at least 63 households qualified for occupancy.



## Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		0/8	

## Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	0/8	0/0	0/8	0

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	



**Grantee Activity Number:** HI-NSP-003

**Activity Title:** Hawaii County / Kaloko / LMMI

**Activity Category:**

Construction of new housing

**Project Number:**

002a

**Projected Start Date:**

10/01/2009

**Benefit Type:**

Direct ( HouseHold )

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

Redevelop demolished or vacant properties

**Projected End Date:**

06/30/2010

**Completed Activity Actual End Date:**

**Responsible Organization:**

County of Hawaii, Office of Housing and Community

**Overall**

	<b>Jul 1 thru Sep 30, 2012</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$5,422,935.08
<b>Total Budget</b>	\$0.00	\$5,422,935.08
<b>Total Obligated</b>	\$0.00	\$5,239,435.08
<b>Total Funds Drawdown</b>	\$0.00	\$5,239,435.08
<b>Program Funds Drawdown</b>	\$0.00	\$5,239,435.08
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$5,239,435.08
County of Hawaii, Office of Housing and Community	\$0.00	\$5,239,435.08
<b>Match Contributed</b>	\$0.00	\$13,755.42

**Activity Description:**

The County of Hawaii is proposing to use NSP funds for the development of eight affordable rental units in a 96-unit multi-family project called the Kaloko Housing Program (KHP). The KHP project site is in the West Hawaii Census Tract 215.01, an area with a high HUD foreclosure and abandonment risk score. The KHP facility will include approximately 24 transitional housing units and 72 affordable rental units, a warehouse, a self-contained wastewater treatment plant and a community center. The NSP funds will also be used to pay for a proportionate share of the Community Center, the on- and off-site construction, flood, sewer and storm drain improvements, access roads, sidewalks, landscaping and parking. The eight multi-family affordable rental units will be designed into a building containing four rental units upstairs and four rental units downstairs. All units will be rented to households with incomes that do not exceed 120% AMI. Program income would only be generated should there be net income after operating expenses are deducted from the gross income. Any program income generated would be returned to the HHFDC for other NSP-eligible uses. A Federal and State Environmental Assessment (EA) for the Kaloko Rental Housing Project (KRHP) is being completed and will be amended to include the NSP funding. The County is preparing to publish the EA for public review and comment. The expected project start of construction will be in November 2009 which will meet the NSP requirement of obligating NSP funds in 18 months. Prior to the completion of KHP, the County will lease KHP to a non-profit organization for a minimum of 20 years for its management and day-to-day operations. The OHCD will monitor the lease and the non-profit's management and record-keeping requirements, which will be in accordance with applicable government and other program rules and requirements. The OHCD will incorporate into its lease that the project shall remain affordable for not less than 20 years to meet the NSP affordability requirements. The affordable rental units will provide long-term affordable rentals near the urban core areas to households with incomes that do not exceed 120% AMI, providing ready access to employment, education and other essential resources. Increased access will also reduce household transportation costs, alleviate commute time, and increase time spent with family.

**Location Description:**

Census Tract 215.01. The Koloko Rental Housing Project will be constructed on part of a vacant parcel owned by the County of Hawaii. The site is located north of Kaloko Industrial Park, off Hina Lani Street in Kailua-Kona, Hawaii. TMK: (3)7-3-009-055.



### Activity Progress Narrative:

The County of Hawaii obtained project based Section 8 vouchers for the first two phases of the project. (40 units) Construction of Phase 3 is underway with the expected completion scheduled for May, 2013.

### Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	28/8
# of Multifamily Units	0	28/8

### Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	28/0	0/8	28/8	100.00
# Renter Households	0	0	0	28/0	0/8	28/8	100.00

### Activity Locations

No Activity Locations found.

### Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	





<b>Grantee Activity Number:</b>	<b>HI-NSP-005</b>
<b>Activity Title:</b>	<b>Kauai/ Acquisition, Rehabilitation &amp; Sales / LMMI</b>

**Activity Category:**

Acquisition - general

**Project Number:**

001a

**Projected Start Date:**

05/11/2009

**Benefit Type:**

Direct ( HouseHold )

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

Purchase and rehabilitate foreclosed and abandoned

**Projected End Date:**

06/18/2010

**Completed Activity Actual End Date:**

**Responsible Organization:**

Kauai County Housing Agency

Overall	Jul 1 thru Sep 30, 2012	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$3,193,190.32
<b>Total Budget</b>	\$0.00	\$3,193,190.32
<b>Total Obligated</b>	\$0.00	\$2,326,250.83
<b>Total Funds Drawdown</b>	\$0.00	\$2,238,527.21
<b>Program Funds Drawdown</b>	\$0.00	\$2,103,041.13
<b>Program Income Drawdown</b>	\$0.00	\$135,486.08
<b>Program Income Received</b>	\$0.00	\$993,124.33
<b>Total Funds Expended</b>	\$0.00	\$2,238,527.21
Kauai County Housing Agency	\$0.00	\$2,238,527.21
<b>Match Contributed</b>	\$0.00	\$0.00

**Activity Description:**

The activity will provide six permanent housing structures, all of which will be occupied by households whose incomes do not exceed 120% AMI. The benefit to income-qualified persons is that LMMI households will be able to purchase homes to serve as their primary residence. The County will buy approximately six or more housing units from bank owned (foreclosed) real estate. The housing units to be purchased shall not have been built before 1978. Foreclosed properties will include property for which the mortgage or tax foreclosure is complete - - i.e., after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law. Depending on the area and circumstance, the County will purchase units at a minimum discount of 1% from the current market-appraised value of the home. Such discounts will ensure that buyers are paying below-market value for the home. The current market-appraised value will be determined through an appraisal completed within 60 days prior to an offer to purchase. NSP administrative funds will be required to obtain these appraisals. If necessary, the County will rehabilitate the unit pursuant to Chapter 12, Building Code of the County Code, which was recently amended by Ordinance No. 857. The Ordinance adopted the 2003 Edition of the International Building Code and International Residential Code for One- and Two-Family Dwellings of the International Code Council, Incorporated. The units will also meet HUD's housing quality standards for habitability. The property will then be sold to an eligible household as a primary residence. The sales price shall be equal to or less than the cost to acquire and rehabilitate the home up to a decent, safe and habitable condition. The sales price may include sales and closing costs. All sales will be through the County of Kauai's LELP, which provides an inventory of permanently affordable housing units. The County of Kauai will retain fee ownership of all properties and sells the leasehold interest to buyers under 99-year leases. There will be a separate document which will mandate a minimum NSP affordability period of 15 years for the units. Every buyer will be required to receive and complete eight hours of counseling provided by a HUD-approved counseling agency retained by the County of Kauai. Curriculum will include such topics as budgeting, understanding credit, mortgage loan basics, home selection criteria, money management, and avoiding default and foreclosure. The HHFDC will allow the County of Kauai to retain and utilize program income generated from NSP activities. Program income will be used for the purchase and rehabilitation of additional foreclosed homes in subsequent phases until all funds are utilized or the program time limit is reached, at which time any remaining NSP funds will be returned.



## Location Description:

This activity will take place island-wide as foreclosed properties become available. However, the County of Kauai will place priority on the acquisition of properties in areas with higher foreclosure rates including Kapaa, Koloa, Kalaheo, Lihue and Princeville.

## Activity Progress Narrative:

The County of Kauai has continued to pursue the acquisition of foreclosed homes with their program income funds. Offers were made on several short sales but only one sale is anticipated to close in the next quarter. There have been impediments to the acquisitions such as the processing time for government acquisition vs. the general public and the number of foreclosed homes in the market has decreased significantly over the past two years. The County proposed a plan to expand their use of program income to include eligible use E and establish a revolving loan fund for financing activities.

The Hunakai Street property was renovated and is expected to be sold to an LMMI homebuyer in the next quarter.

## Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Properties	0		5/6	
# of Parcels acquired by	0		0/0	
# of Parcels acquired by admin	0		0/0	
# of Parcels acquired voluntarily	0		8/6	

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		5/6	
# of Singlefamily Units	0		5/6	

## Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	0/0	5/6	7/6	71.43
# Owner Households	0	0	0	0/0	5/6	7/6	71.43

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	



**Grantee Activity Number:** HI-NSP-007

**Activity Title:** HHFDC / Program Administration

**Activity Category:**

Administration

**Activity Status:**

Under Way

**Project Number:**

003 Admin

**Project Title:**

Program Admin

**Projected Start Date:**

09/29/2008

**Projected End Date:**

12/31/2013

**Benefit Type:**

( )

**Completed Activity Actual End Date:**

**National Objective:**

N/A

**Responsible Organization:**

Hawaii Housing Finance and Development Corporation

**Overall**

	<b>Jul 1 thru Sep 30, 2012</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$776,920.21
<b>Total Budget</b>	\$0.00	\$776,920.21
<b>Total Obligated</b>	\$0.00	\$776,920.21
<b>Total Funds Drawdown</b>	\$57,429.23	\$366,377.15
<b>Program Funds Drawdown</b>	\$57,429.23	\$366,377.15
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$57,429.23	\$366,377.15
Hawaii Housing Finance and Development Corporation	\$57,429.23	\$366,377.15
<b>Match Contributed</b>	\$0.00	\$0.00

**Activity Description:**

NSP Program Administration.

- HHFDC = \$776,920.21
- Kauai County Housing Agency = \$351,201.57
- Hawaii County, Office of Housing and Community Development = \$486,400

**Location Description:**

not applicable

**Activity Progress Narrative:**

HHFDC continues to administer the NSP program and drawing admin funds for both NSP 1 and NSP 3 activities. Reprogramming of the \$400,000 awarded to the County of Hawaii for their Ulu Wini (Kaloko) project is anticipated for the next quarter.

HHFDC posted the Draft Amendment No. 3 to the NSP Substantial Amendment on September 11, 2012. The proposed amendment is to expand the County of Kauai's use of program income to include eligible use E and to establish a revolving loan fund for financing activities.

**Accomplishments Performance Measures**

**No Accomplishments Performance Measures found.**



## Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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