

Grantee: Hawaii State Program

Grant: B-08-DN-15-0001

January 1, 2010 thru March 31, 2010 Performance Report

Grant Number:

B-08-DN-15-0001

Obligation Date:**Grantee Name:**

Hawaii State Program

Award Date:**Grant Amount:**

\$19,600,000.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

QPR Contact:

Dean Sakata

Disasters:

Declaration Number

NSP

Plan Description:

All counties within the State of Hawaii experience a shortage of affordable housing. The housing needs for the Counties of Hawaii, Kauai, 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/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, Waialua-Mokuleia, Kapolei, Kahuku, Laie, Kaaawa, Waimanalo, Kaneohe, Wahiawa, Mililani, 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, Kapaau, and Paauilo. In the County of Kauai, areas of greatest need include Eleele, Hanapepe, Kapaa, Kilauea, Wailua-Kapaa, Puhi-Hanamalu, and Lihue. The County of Maui's areas of greatest need include Kahului, Kihei, Wailuku, Paia, Makawao, Hana, Lahaina, Kula and Puunene.

Recovery Needs:

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, Kauai, 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 Eleele, producing homeownership opportunities for LMMI households.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$23,100,000.00
Total CDBG Program Funds Budgeted	N/A	\$19,600,000.00
Program Funds Drawdown	\$3,348,618.31	\$5,301,079.38
Obligated CDBG DR Funds	\$976,646.27	\$6,519,564.71
Expended CDBG DR Funds	\$3,215,467.64	\$5,258,386.08
Match Contributed	\$0.00	\$0.00
Program Income Received	\$128,264.96	\$128,264.96
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.99%	7.692%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$2,940,000.00	\$0.00
Limit on Admin/Planning	\$1,960,000.00	\$211,620.12
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$4,900,000.00	\$5,500,000.00

Overall Progress Narrative:

The Hawaii Housing Finance and Development Corporation (HHFDC) is actively working to implement its NSP management plan. NSP is administered by the HHFDC's Finance Branch. The HHFDC continues its intradepartmental coordination to monitor and administer program and federal overlay requirements. The HHFDC's Development Branch monitors for compliance with federal and state prevailing wage. The HHFDC's Planning and Evaluation Office assists with NEPA compliance. HHFDC is awaiting approval to hire additional staff to assist in administering NSP.

HHFDC staff works closely with Community Planning and Development (CPD) staff from HUD's Honolulu Field Office. Honolulu CPD staff has continued to provide HHFDC with the most current guidance on the administration of NSP. Honolulu CPD also provides technical assistance regarding compliance with program and federal overlay requirements.

HHFDC continues to provide technical assistance to each of its developers/recipients through on-site and phone meetings. The HHFDC has coordinated group teleconferences to discuss new program requirements and facilitated open discussions about how to implement the new guidance in the respective activities.

The HHFDC will be receiving technical assistance from HUD to more effectively administer NSP. In February 2010, representatives from the Urban Land Institute and the Rural Community Assistance Corporation conducted an assessment of the HHFDC for delivery of technical assistance. The HHFDC learned that it will receive its first phase of technical assistance in the next quarter.

The HHFDC published a Notice of Funding Availability (NOFA) to accept applications for alternate NSP activities subject to the availability of NSP funds. No NSP funds were available during the quarter. The intent of the NOFA is to identify alternate activities to funds should any of the existing activities return NSP funds or are not able to utilize its entire NSP award. On February 26, 2010, the HHFDC accepted applications submitted by the Na Hale O Maui, County of Hawaii, Office of Housing and Community Development and the Self-help Housing Corporation of Hawaii. Applications are currently under review.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
001, Purchase and rehabilitate foreclosed and abandoned	\$3,738.05	\$3,344,500.00	\$217,284.01
001, Purchase and rehabilitate foreclosed and abandoned	\$0.00	\$0.00	\$0.00
001, Purchase and rehabilitate foreclosed and abandoned	\$3,118,514.64	\$3,500,000.00	\$3,118,514.64
001, Purchase and rehabilitate foreclosed and abandoned	\$0.00	\$2,000,000.00	\$0.00
002, Redevelop demolished or vacant properties	\$0.00	\$930,500.00	\$0.00
002, Redevelop demolished or vacant properties	\$96,953.00	\$4,887,800.00	\$96,953.00
002, Redevelop demolished or vacant properties	\$0.00	\$0.00	\$0.00
002, Purchase and rehabilitate foreclosed and abandoned	\$69,316.95	\$3,000,000.00	\$1,596,611.94
003, Administration	\$0.00	\$0.00	\$0.00
003, Program Admin	\$60,095.67	\$1,937,200.00	\$271,715.79
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

Activities

Grantee Activity Number:	HI-NSP-001
Activity Title:	Housing Solutions Inc. / Seawinds Apartments / LH2

Activity Category:

Construction of new housing

Project Number:

001

Projected Start Date:

07/17/2009

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Purchase and rehabilitate foreclosed and abandoned

Projected End Date:

03/18/2013

Responsible Organization:

Housing Solutions Incorporated

Overall	Jan 1 thru Mar 31, 2010	To Date
Total Projected Budget from All Sources	N/A	\$7,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$3,500,000.00
Program Funds Drawdown	\$3,118,514.64	\$3,118,514.64
Obligated CDBG DR Funds	\$0.00	\$3,500,000.00
Expended CDBG DR Funds	\$3,118,514.64	\$3,118,514.64
Housing Solutions Incorporated	\$3,118,514.64	\$3,118,514.64
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

NSP grant funds will be used to construct 20 units in a 50-unit affordable rental project on vacant land leased from the State of Hawaii in Waianae. The Waianae area has the highest rate of loans in foreclosure and real estate owned, and a concentration of subprime loans. The Waianae neighborhood area's estimated foreclosure rate is 4.5%, with a risk score of 7 and an unemployment rate of 4.2%. Phase I of the project is funded by HOME Investment Partnership Act funds from the City & County of Honolulu, and Economic Development Initiative grant funds, and consists of thirty two-bedroom units. Phase II will consist of twenty studio units; NSP funds will be used for Phase II. The project will include offices, a conference room, a computer center and lanai area. The project is supported by the Waianae Neighborhood Board and has approval of exemptions from development requirements pursuant to Resolution 08-161, adopted August 20, 2008. A construction contract has been awarded and permits are expected shortly. Because the project does not include tax credit or bank financing, construction will not be delayed due to current economic and tightened credit conditions. All 20 units in Phase II of the project will target families whose incomes do not exceed 50% AMI, with rents at \$831 per month. 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% 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. At a minimum, the project will be kept affordable for a 20-year period which will be ensured through a recorded use restriction on the property, required with the use of HOME funds. In addition, the 50-year land lease from the State of Hawaii requires the property to be used solely to provide rental housing opportunities to families whose incomes do not exceed 60% of the area median income, with preference given to people and families who are in need of transitional housing.

Location Description:

Census Tract 97.01. Vacant site on Kauioakalani Place (TMK: 8-5-028-044), Waianae, Hawaii. The site is mauka of the Waianae Neighborhood Community Center.

Activity Progress Narrative:

The Seawinds Apartments is currently under construction. Construction is 45% complete. Constuction is scheduled to be completed in March 2011. HHFDC staff conducted an on-site review of project files. No findings were reported. Note: Program funds expended for this activity is \$3,118,514.64. Program funds expended were not reported in previous quarterly reports.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/20
# of Households benefitting	0	0	0	0/20	0/0	0/20

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
NSP	\$3,500,000.00
Total Other Funding Sources	\$3,500,000.00

Grantee Activity Number: HI-NSP-002

Activity Title: Hui Kauhale, Inc. / Ewa Villages / LH25

Activity Category:

Construction of new housing

Activity Status:

Planned

Project Number:

001

Project Title:

Purchase and rehabilitate foreclosed and abandoned

Projected Start Date:

06/15/2009

Projected End Date:

06/18/2010

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

Hui Kauhale, Inc.

Overall

Jan 1 thru Mar 31, 2010

To Date

Total Projected Budget from All Sources	N/A	\$2,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$2,000,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Hui Kauhale, Inc.	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$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:

Hui Kauhale Inc. (HKI) has made progress in the development of the Ewa Villages project. The Ewa Villages will be developed as a 64 unit project. The project originally consisted of two phases with 140 total units. The HKI received its tentative subdivision approval from the City and County of Honolulu. Plans have been updated to reflect a single phase project. Once complete, the updated plans will be submitted as part of its application to the City and County of Honolulu for the issuance of building permits. The HKI will be rebidding its construction subcontracts to update the budget. The subcontracts were bid last year. The HKI has selected its financing team including its construction lender, permanent lender, bond underwriter and Low Income Housing Tax Credit investor.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/8
# of Households benefitting	0	0	0	0/8	0/0	0/8

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

Activity Status:

Planned

Project Number:

002

Project Title:

Redevelop demolished or vacant properties

Projected Start Date:

10/01/2009

Projected End Date:

06/30/2010

National Objective:

NSP Only - LMMI

Responsible Organization:

County of Hawaii, Office of Housing and Community

Overall	Jan 1 thru Mar 31, 2010	To Date
Total Projected Budget from All Sources	N/A	\$4,887,800.00
Total CDBG Program Funds Budgeted	N/A	\$4,887,800.00
Program Funds Drawdown	\$96,953.00	\$96,953.00
Obligated CDBG DR Funds	\$96,953.00	\$96,953.00
Expended CDBG DR Funds	\$96,953.00	\$96,953.00
County of Hawaii, Office of Housing and Community	\$96,953.00	\$96,953.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

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-profits 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 solicited bids for construction of the Kaloko project. The bid opening and selection will be in April. The construction contract is expected to be executed in the next quarter. Construction work will start in May or June.

Note: Program funds expended for this activity is \$96,953.00. Program funds expended were not reported in previous quarterly reports.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/8
# of Households benefitting	0	0	0	0/0	0/0	0/8

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-004

Activity Title: Kauai / Waimea Eleele Kauai / LMMI

Activity Category:

Construction of new housing

Activity Status:

Under Way

Project Number:

002

Project Title:

Redevelop demolished or vacant properties

Projected Start Date:

05/11/2009

Projected End Date:

06/18/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

Kauai County Housing Agency

Overall	Jan 1 thru Mar 31, 2010	To Date
Total Projected Budget from All Sources	N/A	\$930,500.00
Total CDBG Program Funds Budgeted	N/A	\$930,500.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$824,449.76	\$837,000.00
Expended CDBG DR Funds	\$0.00	\$12,550.24
Kauai County Housing Agency	\$0.00	\$12,550.24
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Permanent structures will be constructed and occupied by households whose incomes do not exceed 120% AMI (low-, moderate-, and middle-income, or LMMI). The benefit to income-qualified persons is that LMMI households will be able to purchase homes to serve as their primary residence. In this activity, three single family homes will be built on land that has been vacant for over 15 years. The vacant lots have a blighting effect on the surrounding neighborhood. Residential development of the lots will help to stabilize the neighborhood. The homes will be sold through the County of Kauais Limited Equity Leasehold Program (LELP), which provides an inventory of permanently affordable housing units. The County of Kauai will retain fee ownership of all properties and sell 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 program income generated from this NSP activity. Program income will be used for the purchase, rehabilitation and sale of additional foreclosed real estate. Construction plans for the three homes have been drawn, and building and zoning permits have been approved. The total cost of constructing the home is estimated at \$442,000, a total of \$1,326,000 for the 3 homes.

Location Description:

a. Census Tract 409.00. Waimea, TMK (4)1-2-008-007. b. Census Tract 407.00. Eleele Nani, TMK (4) 2-1-009-074. c. Census Tract 407.00. Eleele Nani, TMK (4) 2-1-009-077.

Activity Progress Narrative:

The County of Kauai executed its construction contract on February 17, 2010 to develop three (3) single family homes. A Notice to Proceed (NTP) will be issued in April. The contractor will have 180 days from the date of issuance of the NTP to complete construction of the three (3) homes.

Note program funds reported expended should be \$0 due to input error. Correction will be made in the quarter funds begin disbursing for this activity.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/3
# of Households benefitting	0	0	0	0/0	0/0	0/3

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-005

Activity Title: Kauai/ Acquisition, Rehabilitation & Sales / LMMI

Activity Category:

Acquisition - general

Activity Status:

Under Way

Project Number:

001

Project Title:

Purchase and rehabilitate foreclosed and abandoned

Projected Start Date:

05/11/2009

Projected End Date:

06/18/2010

National Objective:

NSP Only - LMMI

Responsible Organization:

Kauai County Housing Agency

Overall	Jan 1 thru Mar 31, 2010	To Date
Total Projected Budget from All Sources	N/A	\$3,344,500.00
Total CDBG Program Funds Budgeted	N/A	\$3,344,500.00
Program Funds Drawdown	\$3,738.05	\$217,284.01
Obligated CDBG DR Funds	(\$74,169.08)	\$217,284.01
Expended CDBG DR Funds	\$0.00	\$291,453.09
Kauai County Housing Agency	\$0.00	\$291,453.09
Match Contributed	\$0.00	\$0.00
Program Income Received	\$128,264.96	\$128,264.96
Program Income Drawdown	\$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 5% from the current market-appraised value of the home, but in the end, the County will have an aggregate discount of 15% as required. 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 Kaua'i's LELP, which provides an inventory of permanently affordable housing units. The County of Kaua'i 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 Kaua'i. 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 Kaua'i 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 Kaua'i will place priority on the acquisition of properties in areas with higher foreclosure rates including Kapaa, Koloa, Kalaheo, Lihue and Princeville.

Activity Progress Narrative:

During this quarter, the County of Kauai inspected eight (8) properties as part of its due diligence to submit an offer to purchase. Four (4) of the properties were located in the targeted areas of Lihu'e and Kalaheo. Offers were made on three (3) of the properties. The acquisition of one (1) of the properties will close in early April 2010. The County of Kauai is negotiating the acquisition of one (1) property.

One (1) home was sold this quarter to a NSP qualified household. Program income of \$128,264.96 was received from the sale of the home.

Note: Program funds expended for this activity is \$217,284.01. \$74,169.08 was de-obligated from this activity due to an input error. The correction was made this quarter.

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Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	1/6
# of housing units	0	0	1	0/0	0/0	2/6
# of Households benefitting	0	1	1	0/0	1/0	1/6
# of Parcels acquired by	0	0	0	0/0	0/0	0/0
# of Parcels acquired by admin	0	0	0	0/0	0/0	0/0
# of Parcels acquired voluntarily	0	0	0	0/0	0/0	1/6

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-006
Activity Title:	Na Hale O Maui/ Acquisition, Rehab & Sales/ LMMI

Activity Category:

Acquisition - general

Activity Status:

Under Way

Project Number:

002

Project Title:

Purchase and rehabilitate foreclosed and abandoned

Projected Start Date:

04/29/2009

Projected End Date:

06/18/2010

National Objective:

NSP Only - LMMI

Responsible Organization:

Na Hale O Maui

Overall	Jan 1 thru Mar 31, 2010	To Date
Total Projected Budget from All Sources	N/A	\$3,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$3,000,000.00
Program Funds Drawdown	\$69,316.95	\$1,596,611.94
Obligated CDBG DR Funds	\$69,316.95	\$1,596,611.94
Expended CDBG DR Funds	\$0.00	\$1,527,294.99
Na Hale O Maui	\$0.00	\$1,527,294.99
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

NHOM is a 501(c)(3) nonprofit organization. It is prepared to track, analyze, inspect, acquire, rehabilitate, and resell foreclosed homes in the County of Maui suitable for workforce housing, and negotiate discounted acquisitions from lenders who have REOs that have already completed the foreclosure process or deed in lieu process. Funds generated by resale of the foreclosed homes will be used of the purchase and rehabilitation of additional foreclosed homes until all funds are utilized or until the program expiration date, at which time any remaining funds will be returned. The affordability of the abandoned and foreclosed homes will be preserved by converting them to community land trust homes that remain affordable. Na Hale O Maui (NHOM) will provide long-term stewardship of the rehabilitated affordable homes by holding title to the underlying land in trust and providing the homeowner with a renewable 99-year ground lease that contains an equity-sharing resale formula that preserves affordability for future qualified buyers. NHOM has an established project affordability criteria that requires land trust homes to be at least 25% below market value for a comparable fee simple home, which will guide their resale pricing for the benefit of low-, moderate-, and middle-income buyers. The resale price will not exceed the cost to acquire, rehabilitate, and dispose of the home. In addition to compliance with rehabilitation standards previously described, NHOM will utilize the rehabilitation standards set forth in the HUD Nationally Applicable Recommended Rehabilitation Provisions (NARRP) 1997 and the Uniform Building Code 1997 Edition as amended by the County of Maui. Every NSP-assisted homebuyer will be required to receive and complete at least 8 hours of homebuyer counseling from Hale Mahaolu, a Maui-based, HUD-approved housing counseling agency before obtaining a mortgage loan. During the first year of operation, NHOM anticipates acquiring and rehabilitating approximately 13 homes using NSP funds. All of the homes will be sold to households with incomes that do not exceed 120% AMI, as required by the NSP program. The HHFDC will allow NHOM to retain program income generated from NSP activities. Funds generated by resale of the rehabilitated foreclosed homes 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:

Abandoned and foreclosed homes will be targeted in the high risk foreclosure areas of Kihei, Kahului, Lahaina and Wailuku. Specifically, activity will be focused in the following census tracts: Census Tract 307.02 (North Kihei); Census Tracts 311.01, 311.02 311.03 and 312 (Dream City-Maui Lani, Kahului); Census Tracts 314.01 and 314.02 (Lahaina); and Census Tracts 309.02 and 309.03 (North Wailuku/Waiehu).

Activity Progress Narrative:

The Na Hale O Maui (NHOM) did not acquire any properties during this quarter. It completed the rehabilitation of three (3)

homes during this quarter. One (1) home is currently being rehabilitated. NHOM has been working with three (3) qualified buyers to purchase the NSP acquired homes. The sales of the three (3) homes are expected to close in the next quarter.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	4/13
# of housing units	0	0	0	0/0	0/0	0/13
# of Households benefitting	0	0	0	0/0	0/0	0/13
# of Parcels acquired by	0	0	0	0/0	0/0	0/0
# of Parcels acquired by admin	0	0	0	0/0	0/0	0/0
# of Parcels acquired voluntarily	0	0	0	0/0	0/0	4/13

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

Project Title:

Program Admin

Projected Start Date:

09/29/2008

Projected End Date:

12/31/2013

National Objective:

N/A

Responsible Organization:

Hawaii Housing Finance and Development Corporation

Overall

Jan 1 thru Mar 31, 2010

To Date

Total Projected Budget from All Sources	N/A	\$980,000.00
Total CDBG Program Funds Budgeted	N/A	\$980,000.00
Program Funds Drawdown	\$18,488.71	\$98,475.80
Obligated CDBG DR Funds	(\$113,144.32)	\$98,475.80
Expended CDBG DR Funds	\$0.00	\$211,620.12
Hawaii Housing Finance and Development Corporation	\$0.00	\$211,620.12
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

NSP Program Administration. HHFDC = \$980,000 Kauai County Housing Agency = \$470,800 Hawaii County, Office of Housing and Community Development = \$486,400

Location Description:

not applicable

Activity Progress Narrative:

The Hawaii Housing Finance and Development Corporation (HHFDC) is actively working to implement its NSP management plan. NSP is administered by the HHFDC's Finance Branch. The HHFDC continues its intradepartmental coordination to monitor and administer program and federal overlay requirements. The HHFDC's Development Branch monitors for compliance with federal and state prevailing wage. The HHFDC's Planning and Evaluation Office assists with NEPA compliance.

HHFDC is awaiting approval to hire additional staff to assist in administering NSP.

HHFDC staff works closely with Community Planning Development (CPD) staff from HUD's Honolulu Field Office. Honolulu CPD staff has continued to provide HHFDC with the most current guidance on the administration of NSP. Honolulu CPD also provides technical assistance regarding compliance with program and federal overlay requirements.

Note that the Administration Expense has been divided into three activities. HHFDC Administration of \$980,000, County of Kauai Administration of \$470,800 and County of Hawaii Administration of \$486,400. The Administration Activities will be tracked individually.

Note: Program funds expended for this activity is \$98,475.80. Total Program Funds Expended reflect amount that were reallocated for tracking purposes to Administration Funds to County of Kauai and County of Hawaii.

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Performance Measures

No 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

Grantee Activity Number:	HI-NSP-007H
Activity Title:	County of Hawaii / Program Administration

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

003

Project Title:

Program Admin

Projected Start Date:

06/12/2009

Projected End Date:

03/18/2013

National Objective:

N/A

Responsible Organization:

Hawaii Housing Finance and Development Corporation

Overall	Jan 1 thru Mar 31, 2010	To Date
Total Projected Budget from All Sources	N/A	\$486,400.00
Total CDBG Program Funds Budgeted	N/A	\$486,400.00
Program Funds Drawdown	\$4,115.50	\$4,115.50
Obligated CDBG DR Funds	\$4,115.47	\$4,115.47
Expended CDBG DR Funds	\$0.00	\$0.00
Hawaii Housing Finance and Development Corporation	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Administration of the Neighborhood Stabilization Program in the County of Hawaii.

Location Description:

County of Hawaii

Activity Progress Narrative:

County of Hawaii's Administration Expense allocation is \$486,400. The County of Hawaii is a State Recipient responsible for administration and monitoring for program and federal overlay compliance.

Note: Program funds expended for this activity is \$4,115.47. Total Program Funds Expended are reflected in HI-NSP-007 HHFDC Administration funds. Administration funds were reallocated for tracking purposes to Administration Funds to County of Kauai and County of Hawaii, respectively.

The Obligation and Disbursement amount to date for this activity should be \$4,115.47. The \$4,115.50 disbursed is in error and has been reported to the DRGR Help Desk for correction.

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Performance Measures

No 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

Grantee Activity Number:	HI-NSP-007K
Activity Title:	County of Kauai / Program Administration

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

003

Project Title:

Program Admin

Projected Start Date:

05/11/2009

Projected End Date:

03/18/2013

National Objective:

N/A

Responsible Organization:

Hawaii Housing Finance and Development Corporation

Overall

Jan 1 thru Mar 31, 2010

To Date

Total Projected Budget from All Sources	N/A	\$470,800.00
Total CDBG Program Funds Budgeted	N/A	\$470,800.00
Program Funds Drawdown	\$37,491.46	\$169,124.49
Obligated CDBG DR Funds	\$169,124.49	\$169,124.49
Expended CDBG DR Funds	\$0.00	\$0.00
Hawaii Housing Finance and Development Corporation	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

Administration of Neighborhood Stabilization Program by the Kauai County Housing Agency.

Location Description:

County of Kauai

Activity Progress Narrative:

County of Kauai's Administration Expense allocation is \$470,800. The County of Kauai is a State Recipient responsible for administration and monitoring for program and federal overlay compliance.

Note: Program funds expended for this activity is \$169,124.49. Total Program Funds Expended are reflected in HI-NSP-007 HHFDC Administration funds. Administration funds were reallocated for tracking purposes to Administration Funds to County of Kauai and County of Hawaii, respectively.

Performance Measures

No 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
