

STATE OF HAWAII  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
SUBSTANTIAL AMENDMENT NO. 3 TO THE  
NEIGHBORHOOD STABILIZATION PROGRAM  
SUBSTANTIAL AMENDMENT

This submittal represents Substantial Amendment No.3 to the State of Hawaii's Neighborhood Stabilization Program (NSP) Substantial Amendment and application (Application), approved on March 19, 2009. Substantial Amendment No.3:

- 1) Expands the County of Kauai's use of program income to include activities under NSP Eligible Use E; and
- 2) Allows HHFDC to exercise its pre-award authority to avoid delays or interruption of activities under Eligible Use E.

In the NSP Application, HHFDC allocated NSP grant funds to the County of Kauai for two activities: 1) Eligible Use B: purchase, rehabilitation and sale of foreclosed real estate; and 2) Eligible Use E: new construction to redevelop vacant land. Both activities provided for the County's use of program income for NSP Eligible Use B, purchase, rehabilitation and sale of foreclosed real estate.

Substantial Amendment No. 3 expands the use of the County of Kauai's NSP program income to include Eligible Use E, allowing for the redevelopment of vacant properties and, pursuant to the guidance in the NSP Policy Alert dated August 20, 2012, the establishment of revolving loan funds. (The County of Kauai is currently working on establishing a Homeowner's Revolving Loan Fund, to be funded with NSP program income. If approved by the County of Kauai, the program will be submitted to HHFDC for review and analysis and, if accepted, the HRLF will trigger NSP Substantial Amendment No. 4.)

Program income used for activities under both Eligible Use B and Eligible Use E will increase affordable homeownership opportunities for residents in the County of Kauai.

In addition, Substantial Amendment No. 3 will allow HHFDC to exercise its pre-award authority for the County of Kauai's redevelopment of vacant properties under Eligible Use E. The County is currently increasing its budget by \$300,000 to provide for the development of an additional single-family residential structure in Waimea, identified as TMK (4) 1-2-008-007. For this eligible activity, HHFDC may exercise its pre-award authority and allow the County to incur project development costs not to exceed the budget amount.

All other aspects of the State's NSP Substantial Amendment, as amended, remain the same.

On September 11, 2012, a Notice of Public Comment was posted to HHFDC's website at <http://hawaii.gov/dbedt/hhfdc>, to accept comments from the public on Amendment No. 3 to the NSP Substantial Amendment. The 15-day public comment period ended on September 26, 2012; no comments were received.

Substantial Amendment #3 was approved by HHFDC on November 8, 2013.