

# **Report to the 2013 Hawaii State Legislature:**

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**Pursuant to Section 201H-202(f), Hawaii Revised Statutes,  
Relating to Rental Housing Trust Fund Project Awards.**



Prepared by:  
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Department of Business, Economic Development & Tourism

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

In 2012, the HHFDC Board of Directors reviewed the following RHTF project applications and made 4 project awards. All projects that received RHTF awards are meeting the required set aside of 5% of total units for households at or below 30% of the median family income (MFI), and the remaining units do not exceed 60% MFI.

PROJECT	LOCATION	RHTF REQUEST	RHTF AWARD	UNIT COUNT	30% MFI UNITS
Ewa Villages Phase III	Ewa, Oahu	\$4,600,000	\$0	52	3
Halawa View Apartments Option 1(b)	Aiea, Oahu	\$4,850,000	\$4,850,000	121	7
Hale Mohalu II Family	Pearl City, Oahu	\$5,000,000	\$5,000,000	84	5
Kamakana Senior Phase 1	Kona, Hawai'i	\$3,700,000	\$0	30	2
Kauhale Ohana	Honolulu, Oahu	\$3,198,000	\$0	26	3
Kewalo Apartments – Option 1(b)	Honolulu, Oahu	\$3,000,000	\$3,000,000	38	2
Meheula Vista I	Mililani, Oahu	\$6,400,000	\$0	76	4
Riverside Apartments**	Hilo, Hawai'i	\$4,976,388	\$7,894,095	74	9
Vineyard Apartments	Wahiawa, Oahu	\$1,500,000	\$0	46	5
	Total	\$37,224,388	\$20,744,095	547	40
		Total Funded Projects only		327	28

*\*\* NOTE: Award exceeded original request amount because HHFDC was not able to provide Low-Income Housing Tax Credits in the amounts contained in the project's original financing proposal.*

### Barriers to Developing Housing For Households at or Below Thirty Per Cent MFI

The largest barriers to development of housing for this income group are: (1) lack of sufficient available funding to subsidize project development costs; and (2) lack of sufficient rental income to cover ongoing operating expenses of affordable rental projects due to the low rents that very low income households can afford to pay.

Although the RHTF is available to subsidize development costs for affordable rental projects that include units set aside for households at or below 30% MFI, the level of available funds for project commitments is not sufficient to meet demand. As of the date of this report, the HHFDC has only been able to make RHTF awards to 4 out of 9 total project applicants in 2012 given the current availability of funds.

As of June 30, 2012, the RHTF had an available balance of \$23,382,846. The RHTF was funded by a set-aside of 25% of conveyance tax receipts until June 30, 2012, when that percentage was restored to 30%. In FY 2012, the RHTF received a total of \$10,545,244 from its conveyance tax allocation, yet received 9 project applications requesting \$37,224,388.

Based upon the U.S. Department of Housing and Urban Development 2012 Income Limits for households at 30% MFI, affordable rents range from \$495 to \$697 per month for two-bedroom apartments, depending upon the county in which the project is located. This level of rental income is not sufficient to cover the per unit share of construction debt service and operating expenses (including maintenance, utilities, property management, and legal expenses). As a result, affordable rental project developers must subsidize the operational costs of units at 30% MFI with the rental income from units at 60% MFI. Additional RHTF funds would allow HHFDC to increase project awards to provide a more substantial subsidy for the construction of 30% MFI units.