



2012 ANNUAL REPORT

HAWAI`I HOUSING FINANCE & DEVELOPMENT CORPORATION





The Hawaii Housing Finance and Development Corporation is administratively attached to the Department of Business, Economic Development and Tourism and is the primary agency charged with overseeing affordable housing finance and development in Hawaii by working with the state's residents, housing developers, and financiers.

The mission of the Hawai'i Housing Finance and Development Corporation is to increase and preserve the supply of workforce and affordable housing statewide by providing leadership, tools, and resources to facilitate housing development.

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THE HONORABLE NEIL ABERCROMBIE, GOVERNOR, STATE OF HAWAII

Dear Governor Abercrombie,

In fiscal year 2012, the HHFDC added 448 housing units to the inventory of workforce and affordable housing while managing assets in excess of \$1 billion. In fiscal year 2013, there are approximately 1,073 rental and 371 for-sale units planned for completion while we stay on course toward our production plan to assist in over 7,996 units over the next five years.



ECONOMY AND JOBS

In 2012 HHFDC projects captured millions of dollars for housing projects and created construction jobs to stimulate Hawaii's economy

- HHFDC utilized \$20.9 million in Neighborhood Stabilization Program grants to mitigate the impact of communities hit hardest by the economic decline.
- HHFDC's development partners completed construction of 448 newly-constructed rental & for sale units statewide.
- Assisted in obtaining State and County land use approvals under Chapter 201H for Kamakana Villages at Keahuolu and Halekauwila Place. Kamakana Villages at Keahuolu is a 2300-unit master planned community located in Kailua-Kona. Halekauwila Place, located in Kakaako, Oahu will add 204 family rental units in the urban core of Honolulu. Both projects are located on state land.

GROW A RESILIENT MIDDLE CLASS THROUGH ASSET BUILDING

The HHFDC's single-family programs focus on helping lower and moderate income families build financial assets by making home ownership more attainable. In FY 2012, HHFDC made available \$43.5M in Hula-Mae Single Family below-market rate mortgages and \$12.5M in Mortgage Credit Certificate federal tax credits for eligible first-time homebuyers.

ENERGY EFFICIENCY

The HHFDC is also assisting the state's efforts to reduce our dependency on fossil fuels by encouraging energy and water efficient development as a step towards providing a cleaner, more sustainable and secure energy future. Future Master-Planned communities incorporate design concepts to encourage walking, bicycling, carpooling and mass transit options.

As we look to the future, the HHFDC remains focused on our mission of increasing housing opportunities and committed to our vision of seeking long-term sustainable solutions that will benefit future generations in Hawaii.

A handwritten signature in black ink that reads "Karen Seddon". The signature is fluid and cursive.

KAREN SEDDON

Executive Director

LEGISLATIVE HISTORY

The Hawai'i Housing Finance and Development Corporation was created to focus on the financing and development of affordable housing.

In 1997, the Legislature established the Housing and Community Development Corporation of Hawai'i (HCDCH) by consolidating the the Hawai'i Housing Authority, the Housing Finance and Development Corporation and Rental Housing Trust Fund Commission. The HCDCH administered the state's public housing, homeless assistance, housing finance and housing development programs.

In 2005, the Legislature found that "the burden of administering the public housing projects in the State has overshadowed the ability of the corporation to pay sufficient attention to the financing and development of affordable housing." Therefore, Act 196 of 2005, as amended by Act 180 of 2006, separated the housing financing and development functions from the HCDCH to create the Hawai'i Housing Finance and Development Corporation.

ORGANIZATIONAL STRUCTURE

The HHFDC is administratively attached to the Department of Business, Economic Development and Tourism. It is governed by a nine-member Board of Directors which establishes policies and executive direction for the Corporation.

Six members are appointed by the Governor from each of the counties of Honolulu, Hawai'i, Maui and Kauai. At least four of which must have knowledge and expertise in public or private financing and development of affordable housing, and one of which is a representative for a low-income private nonprofit organization. The three ex-officio members are the Director of Business, Economic Development and Tourism, the Director of Finance, and a representative of the Governor's office.

FIVE-YEAR PRODUCTION PLAN

The HHFDC has a production plan in place to assist in the finance and development of over 5,000 affordable units over the next five years.

Fiscal Years	Current	Pipeline	Projected	Total
2013	1,444	0	0	1,444
2014	925	0	0	925
2015	501	0	375	876
2016	523	390	400	1,313
2017	250	150	425	825
Total	3,643	540	1,200	5,383

Hale Wai Vista II

Hawaii Housing Development Corporation



The Hale Wai Vista II affordable rental housing development in Wai'anae is the result of a public private collaboration between the State of Hawai'i's Hawai'i Housing Finance and Development Corporation (HHFDC), the U.S. Department of Housing and Urban Development (HUD), the City and County of Honolulu and the nonprofit Hawai'i Housing Development Corporation.

The 132-unit multifamily housing project is available to families with incomes between 30 percent to 60 percent of Honolulu County's area median income (AMI) of \$81,600, as determined annually by the HUD. The project includes 99 two-bedroom units and 33 three-bedroom units. In exchange for federal and state financing and tax credits, rents will remain at 30 percent to 60 percent of AMI for over 60 years.

HHFDC administered awards of \$29.5 million in federal and state Low-Income Housing Tax Credits, Rental Housing Trust Fund loans of \$16.2 million, American Recovery and Section 1602 Program federal tax credit exchange grant of \$16.7 million.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
132	\$35,090,503	131	262	\$22,808,827

Based on DBEDT 2012 Economic Model

Banyan Tree Manor

Vitus Group



Banyan Street Manor is the first acquisition and revitalization of public housing in Hawaii. The public-private partnership between the State of Hawaii, City & County of Honolulu and Vitus Group, Inc., purchased the property from the Hawaii Public Housing Authority.

HHFDC assisted in the acquisition/rehabilitation project with \$1,173,084 in state and federal Low Income Housing Tax Credits.

Banyan Street Manor has the largest living green walls in the state of Hawaii reducing heat gain in the units, lowering temperatures by up to ten degrees. Solar hot water and photovoltaic systems further improve energy efficiency and a USDA certified organic rooftop garden delivers fresh vegetables free of charge to the residents.



ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
55	\$6,853,470	26	51	\$4,454,756
Based on DBEDT 2012 Economic Model				

DEVELOPMENT RESOURCES

The HHFDC has a toolbox of resources to facilitate the development of affordable rental or for-sale housing including financing, expedited land use approvals under Chapter 201H, Hawaii Revised Statutes, exemptions from general excise taxes, and real property.

FINANCING TOOLS FOR DEVELOPMENT

Low Income Housing Tax Credits (LIHTC)

The LIHTC program is a major financing tool for non-profit and for-profit developers to construct or rehabilitate affordable rental housing. Under the program, HHFDC awards federal and state tax credits that may be used to obtain a dollar-for-dollar offset (tax credit) in income tax liability for 10 years or may be syndicated to generate substantial project equity. There are two types of federal tax credits: 9% competitive tax credits, which are applied against the State of Hawaii's annual LIHTC allocation and 4% non-competitive, which are awarded with tax-exempt bond financing. For 2012, Hawaii received \$3.024 million from the federal government. The state version is 50 percent, or \$1.512 million for a total 2012 tax credit allocation of \$4.536 million. Based on past experience, it is estimated that 150-250 units can be assisted each year with the LIHTC program.

Rental Housing Trust Fund (RHTF)

The RHTF provides equity gap low-interest loans or grants to qualified owners and developers for the development, pre-development, construction, acquisition or preservation of affordable rental housing. Preference is given to projects that meet certain statutory criteria. Included is a preference for projects that provide at least 5 percent of the total number of units for persons and families with incomes at or below 30 percent of the median family income. Another preference is projects that provide the maximum number of units for persons or families with incomes at or below 80 percent of the median family income. As of June 30, 2012, the RHTF has outstanding commitments totaling \$31,248,101, and a cash balance of \$23,382,846.

Rental Assistance Revolving Fund (RARF)

The RARF Interim Construction Loan Program provides below market interest rate interim construction loans for affordable rental housing projects (currently 4-5%), as well as a limited amount of project-based rental assistance subsidies to qualified owners of rental projects. The RARF interim construction program is authorized to loan up to an aggregate of \$11.5 million. As of June 30, 2012, the RARF is fully committed. Additionally, 13 projects comprised of 1,602 rental units have Rental Assistance Program commitments totaling \$47,789,034.

Hawaii Rental Housing System Revenue Bond (HRHSR)

This program was developed to alleviate the shortage of available rental housing opportunities through the development and acquisition of affordable rental housing projects throughout the State. The HRHSR provides tax-exempt bond financing for HHFDC-owned affordable rental projects that provide at least 60 percent of the rental units for tenants earning 80 percent and below the median family income (40 percent of the units may be rented at market rents). There are currently 6 projects consisting of 1,220 units on Oahu, Hawaii and Maui. Bond authority under the program is \$375 million. As of June 30, 2012, the available authority is \$97,720,000.

Hula Mae Multi-Family Revenue Bond Program

The Hula Mae Multi-Family program provides low interest rate financing through the issuance of tax-exempt revenue bonds for the construction and/or acquisition and rehabilitation of rental housing projects. Developers are able to secure 4% noncompetitive low income housing tax credits in conjunction with the Hula Mae multifamily financing. The HHFDC, with the approval of the Governor, is authorized to issue up to \$750 million in revenue bonds. As of June 30, 2012, the program has issued 16 series of bonds, including one refunding series, totaling \$322,132,699. Remaining bond issuance authority is \$322,132,699. There are 4 projects pending bond issuance totaling \$94,150,000, subject to the availability of sufficient bond issuance authority.

Dwelling Unit Revolving Fund (DURF)

DURF was established pursuant to Act 105, SLH 1970 which authorized the issuance of \$125,000,000 of general obligation bonds to carry out the purposes of the Housing Development Program. Funds may be used for the acquisition of real property; development and construction of residential, commercial and industrial properties; interim and permanent loans to developers; and any and all things necessary to carry out the purposes of the Housing Development Program, including administrative expenses. As of June 30, 2012, DURF has outstanding commitments of \$92,791 million and a cash balance of approximately \$74.526 million.

FEDERAL FUNDS

Home Investment Partnerships Program (HOME)

The HHFDC administers the federal HOME program which is intended to expand the supply of decent, safe, affordable and sanitary housing. HOME funds may be used for a variety of activities including tenant-based rental assistance, down payment loans for first-time homebuyers, rehabilitation loans for existing homeowners, property acquisition, new construction, reconstruction, moderate or substantial rehabilitation, site improvements, demolition, relocation expenses, loan guarantees, and other reasonable and necessary expenses related to development of affordable housing. The HHFDC receives approximately \$3 million in HOME funds from HUD each year. Funds allocated on an annual rotating basis to the Counties of Hawaii, Kauai and Maui.

Neighborhood Stabilization Program (NSP)

The NSP was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized.

HHFDC received two awards of NSP funds. In 2009, the HHFDC received an award of \$19.6 million from NSP Round 1, authorized under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA). In 2011, HHFDC received a subsequent award of \$5 million from NSP Round 3 authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. NSP funds were allocated to all four counties to create affordable rental and homeownership opportunities for households whose incomes do not exceed 120% of the area median income.

Senior Residence at Iwilei

Pacific Housing Assistance Corporation



The State of Hawai'i and Pacific Housing Assistance Corporation, a private non-profit developer, broke ground on a new 160-unit senior rental project. The Senior Residence at Iwilei is the result of a public-private partnership between the state's Hawai'i Housing Finance and Development Corporation (HHFDC), the City and County of Honolulu, and Pacific Housing Assistance Corporation.

For the project, the HHFDC is leasing 1.825 acres of state land to Pacific Housing Assistance Corporation and providing financing through its Dwelling Unit Revolving Fund, Hula Mae Multifamily bond, and low income housing tax credit programs. The Hawai'i State Legislature also appropriated capital improvement project funds for the project in 2011. The City and County of Honolulu approved 201H land use exemptions for the project and awarded Community Development Block Grant funds as well.

The project will assist senior residents with incomes at or below 50 percent and 60 percent the area median income, which for a single person is about \$36,000 and \$41,000, respectively. Rents will range from \$650 for a one-bedroom unit to \$950 for a two-bedroom unit.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
160	\$69,440,000	2620	518	\$45,136,000

Based on DBEDT 2012 Economic Model

DEVELOPMENT TOOLS

Real Property

A portfolio of property acquired by negotiation, exchange, or purchase, is made available to developers through the Request for Proposals (RFP) process. Each real property parcel is evaluated for “highest and best use” in relation to the HHFDC working mission and strategies and then an RFP is framed for flexibility to assure that different developer specialties and concentrations can be accommodated.

For the developer, the RFP process starts when an advertisement is placed in the newspaper with information that a certain real property is available for development. The actual RFP with relevant criteria is made available for review or purchase at the HHFDC. When the completed proposals are received on the given date in the RFP, a selection committee reviews the proposals for compliance with the RFP and a developer is preliminarily selected, subject to approval by the HHFDC Board of Directors. Developer approval is followed with negotiation of development and loan agreements.

Chapter 201H Expedited Processing

Pursuant to Chapter 201H, Hawaii Revised Statutes, the HHFDC may develop, on behalf of the State or with an eligible developer, or may assist under a government assistance program in the development of housing projects which are exempt from all statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of units thereon.

Chapter 201H also provides for greater flexibility in the design of housing projects. The particular exemptions requested through the 201H process are reviewed by the appropriate county agencies. All 201H projects must comply with the County building permit process, HRS Chapter 104 (Wages and Hours of Employees on Public Works), and HRS Chapter 343 (Environmental Impact Statements).

Developers are encouraged to begin the 201H process by first contacting the appropriate county. If the county government does not accept the developer's 201H application, the HHFDC will consider the developer's application. The HHFDC requires that the developer conduct at least one public meeting to solicit community input on the proposed project.

General Excise Tax Exemptions

The HHFDC may approve and certify for exemption from GET any qualified person or firm involved with an “eligible project” developed under 1) Chapter 201H, 2) a government assistance program approved by the HHFDC, 3) the sponsorship of a private nonprofit corporation providing homes for qualified families in need of decent, low-cost housing, or 4) by a qualified person or firm providing affordable rental housing where at least 50 percent of the available units are for households with incomes at or below 80 percent of the area median income, as determined by HUD, of which at least 20 percent of the available units are for households with incomes at or below 60 percent of the area median income.

Moa'e Ku Phase 1

EAH Housing



The Villages of Moa'e Ku, a Public Private Partnership between the Hawaii Housing Finance & Development Corporation, the City & County of Honolulu and EAH Housing, will provide 192 rental apartments for families at or below 60% of the area median income. The project is conveniently located next to the Ewa Elementary School, Ewa Beach parks and shopping centers.

The HHFDC provided Low-Income Housing Tax Credits, Hula Mae Multi-Family Bonds and Rental Housing Trust Fund financing for the project.

The apartments will be built in three phases and will consist of twelve two-story buildings. Phase one will contain 64 units. The one-, two- and three-bedroom units feature entrances directly accessible from the outside of the building and facing a central lawn and open landscaping.

The development includes a community room with a kitchen, computer learning facility and meeting space for residents along with a fenced-in tot lot for the protection of the keikis. Phase one of the Villages of Moa'e Ku is expected to open in fall 2012.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
64	\$27,912,063	77	195	\$16,747,238

Based on DBEDT 2012 Economic Model

Holomua

KRC Partners, LLC



The State of Hawai'i and private developers broke ground on a new 176-unit for sale condominium that will include 90 affordable units. The condominium in urban Honolulu, called "Holomua" (which means "progress" or "to move forward"), is the result of a public-private partnership between the state's Hawai'i Housing Finance and Development Corporation (HHFDC) and THM Partners LLC/KRC Partners LLC.

HHFDC is assisting THM Partners with construction financing and in obtaining land use approvals and exemptions. The Honolulu City Council adopted resolutions authorizing the exemptions for the project in November 2008 and October 2010.

Holomua will be located at 1315 Kalakaua Avenue, between S. King St. and S. Beretania St. Holomua's 90 affordable units will range from \$239,000 for a one bedroom/one bath unit up to \$393,000 for a 2 bedroom/1bath unit. Remaining market-priced units range in price from \$320,000 for a one bedroom/one bath to \$467,000 for a two bedroom/two bath unit.

In exchange for buyers having the opportunity to purchase Holomua units at below-market price, owners of affordable units must occupy and use the property purchased as their principal residence and the sale and transfer of the property is restricted for 10 years. In addition, owners of affordable units agree to share the property's net appreciation with HHFDC.

ECONOMIC IMPACT

Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
176	\$53,607,754	201	400	\$34,845,040

Based on DBEDT 2012 Economic Model

FINANCING RESOURCES FOR FIRST-TIME HOMEBUYERS

The HHFDC's single-family programs are consumer oriented, providing below-market rate mortgage financing, tax credits, and down payment loans to assist eligible first-time homebuyers.

Hula Mae Single Family Program

This program offers eligible first-time homebuyers with mortgage financing at very competitive interest rates. Since 1979, the Program issued over \$1.821 billion of Single Family Mortgage Purchase Revenue Bonds. Borrowers apply directly with participating lending institutions and must meet federal eligibility requirements including income and purchase price limitations, as well as the three year no prior ownership interest in a principal residence requirement. As of June 30, 2012, 10,026 families were able to purchase their first homes.

The New Issue Bond (NIB) Program, established by the Housing and Economic Recovery Act of 2008, provides for the federal government to purchase certain housing finance agency bonds at below market rates through its Government Sponsored Entities (GSE), Fannie Mae and Freddie Mac. Under this program, the GSE's purchase up to 60% of a bond issue provided that at least 40% of the bond issue is sold to the public.

The HHFDC issued \$100 million in taxable bonds under the NIB Program in December 2009, which are currently held in escrow. On December 1, 2011, the HHFDC issued \$50 million in tax-exempt revenue bonds, which provided approximately \$43 million for eligible first-time homebuyers with mortgage financing at a rate of 3.45% or 3.8% with downpayment assistance. In November 2012, \$15 million in Hula Mae funds were made available at reduced interest rates of 2.95% or 3.45% with downpayment assistance.

Mortgage Credit Certificate (MCC) Program

The MCC program provides eligible first-time homebuyers with a direct tax credit against their federal income tax liability to make more income available to qualify for a mortgage loan and make monthly payments. The amount of credit is equivalent to 20% of the annual interest paid on a mortgage loan. MCCs are offered through participating lenders. As of June 30, 2012, the HHFDC has traded in approximately \$606.07 million of mortgage revenue bond authority for just over \$139.01 million of MCC authority and to date, has assisted 2,522 families in purchasing their first homes. During FY 2012, the program has assisted 477 families in purchasing their first homes.

Downpayment Loan Program

HHFDC may make second mortgage loans to help first-time homebuyers. Under the Downpayment Loan Program, the maximum loan amount is 30 percent of the purchase price or \$15,000, whichever is less. Loans are available at an interest rate of 3 percent for 15 years. As of June 30, 2012, nine families were assisted. Due to funding constraints, funds are not available at this time.



Homeownership Month Governor Neil Abercrombie and Lt. Governor Brian Schatz signed a proclamation in recognition of June 2012 as Homeownership Month to promote and preserve homeownership opportunities for the people of Hawaii.

ANCILLARY RESPONSIBILITIES

Maintaining Waiahole Valley Subdivision

The HHFDC owns approximately 750 acres in Waiahole Valley and a 1.0 million gallon water system that services the residents and Waiahole Elementary School. There are 159 total lots for residential, agricultural and commercial use, open space, water lots, stream lots, and roadways. Approximately \$21.5 million has been spent to acquire the property and for capital improvements as of June 30, 2012. In addition, a total of \$11.4 million has been charged to the project for General Obligation Bond interest through June 30, 2003, when the bonds were retired.

Maintaining Infrastructure in the Villages of Kapolei

The City and County of Honolulu has not yet accepted dedication of infrastructure in the Villages of Kapolei. Therefore, the HHFDC maintains the infrastructure and is in the process of engaging a consultant to assist with the dedication. The time frame for dedication cannot be readily estimated as the dedication process involves many different agencies, entities, consultants and contractors.

The current infrastructure budget is approximately \$195 million, of which \$127.2 million has been expended as of June 30, 2012. This includes \$115.7 million in infrastructure development costs and \$11.5 million in interim maintenance costs. There has been no interest charge to the project because it was initially funded by the Homes Revolving Fund, which was repealed in 2003.

The Villages of Kapolei was developed pursuant to Act 15, SLH 1988. The Act provided the Housing Finance and Development Corporation (HFDC) (predecessor to the HCDCH and HHFDC) with temporary powers to expedite the development of affordable housing. It authorized the HFDC to develop housing projects that were exempt from all statutes, ordinances, charter provisions, and rules of any governmental agency relating to planning, zoning, construction standards for subdivisions, development and improvement of land, and the construction of units thereon; provided that the project met minimum requirements of health and safety; did not contravene any safety standards or tariffs approved by the Public Utilities Commission for public utilities; and the HFDC first conducted a public hearing after reasonable notice in the county in which project was situated conducted a public hearing after reasonable notice in the county in which project was situated

Seawinds Apartments

Housing Solutions, Inc.



A Grand Opening/Blessing ceremony was held for Seawinds Apartments, a new construction 50 unit affordable rental in Wai'anae.

The Public Private Partnership between HHFDC, the City and County of Honolulu, HUD and Housing Solutions, Inc. is comprised of 20 studio units and 30 2-bedroom units. The HHFDC provided administered \$4.9 million in federal Neighborhood Stabilization Program (NSP) financing for the project.

The 30 long-term townhouses and 20 transitional studios are designed for low-income residents who earn less than 60 percent of Honolulu's \$81,600 median income. For a family of four, households that earn less than \$59,520 qualify. For a couple, those that earn less than \$47,640 qualify.

Average resident annual income is \$28,689, resulting in average monthly rents of \$749 for town homes and \$549 for studios. Utilities are included in the rents. ABOUT 20 percent of the units will be reserved for those who make less than 50 percent of the median income.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
50	\$14,770,945	58	103	\$8,714,858

Based on DBEDT 2012 Economic Model

Franciscan Vistas Ewa

Saint Francis Healthcare System of Hawaii



A Grand Opening/Blessing ceremony was held for Franciscan Vistas Ewa, a new construction 149-unit independent living senior community in Ewa Villages.

The Public Private Partnership between HHFDC, the City and County of Honolulu, HUD, St. Francis Healthcare System of Hawaii and Stanford Carr Development is comprised of six two-story buildings, each with 24 apartments and includes a community center for cultural, social and recreational activities. The HHFDC provided Low-Income Housing Tax Credits, Hula Mae Multi-Family Bonds and Rental Housing Trust Fund financing for the project.



All apartment homes are accessible and adaptable and include split-level air conditioning and a fully equipped kitchen. Environmentally-friendly features include Energy Star refrigerators, high efficiency showerheads and faucets, and solar hot water heating. An elevator and coin-operated washer and dryer are available in each building.

Six two-story buildings, each with 25 apartment homes, are steps away from the community center, available to all residents.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
149	\$39,622,000	157	276	\$23,377,334
Based on DBEDT 2012 Economic Model				

Land Programs – Chapters 516 and 519, HRS

The purpose of the Land Reform Act of 1967 was to encourage widespread ownership of fee simple lands among Hawaii's people. Pursuant to Chapter 516, HRS, the HHFDC assists lessees of single family homes to purchase the leased fee interest in their houselots by petitioning the state to facilitate a lease-to-fee conversion through its use of eminent domain powers. Since inception of the Land Reform Program, over 14,600 lessees have been assisted. The HHFDC continues to provide assistance and information on the lease to fee conversion process, as well as promote negotiated settlements to reduce conversion costs.

Chapter 519, HRS provides the framework for the fair arbitration of renegotiated ground lease rents for one- or two-family residential leasehold lots and cooperative housing corporations. The Lease Rent Renegotiation Program is used when lessees and lessors are unable to agree on the amount of the new lease rent upon expiration of the fixed term of the lease.

Assistance to Displaced Persons - Chapter 111, HRS

Chapter 111, HRS establishes a uniform policy for the fair and equitable treatment of owners, tenants, other persons, and business concerns lawfully residing on or lawfully occupying real property and displaced by the acquisition of real property for public or other purposes in the public interest and by building, zoning, and housing code enforcement activities. The HHFDC must assure that relocation payments are fair, reasonable, and promptly paid.

National Foreclosure Mitigation Counseling Program (NFMC)

NFMC was established to provide counseling and limited legal assistance to families and individuals facing the threat of foreclosure. HHFDC received four awards of NFMC funds (NFMC Rounds 2 through 5), totaling \$860,245. As of June 30, 2012, through partnerships with nonprofit counseling agencies, 2430 homeowners have received foreclosure mitigation counseling and 299 homeowners have received legal assistance under the NFMC program.

Emergency Homeowners' Loan Program (EHLF)

EHLF, authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, provides loan funds to eligible homeowners who have become unemployed or underemployed due to the economic downturn or a medical condition to avert foreclosure. Loans of up to \$50,000 assist homeowners with payments of arrearages, including delinquent taxes and insurance plus up to 24 months of monthly payment on their mortgage principal, interest, mortgage insurance premiums, taxes and hazard insurance. HHFDC, again in partnership with nonprofit housing counseling agencies, was awarded up to \$79,089.05 under the EHLF to provide housing counseling services for the loan period.

PUBLIC-PRIVATE PARTNERSHIPS

Ewa Villages, Phase II – 76-unit, one-to-three bedroom rental project targeted at households earning 30% - 60% of AMGI located in Ewa Beach. Estimated completion date of second quarter of 2013. *Developer - Hui Kauhale, Inc.*

Green Homes at Lualualei – 25-unit affordable, for-sale project located in Waianae, Oahu. In an effort to combine a sustainable approach to building and living affordably, Green Homes at Lualualei will conserve energy through its design, energy-efficient appliances and utilize solar technology. *Developer - Green Homes at Lualualei, LLC*

Halawa View Apartments – Rehabilitation of approximately 121 rental units in a 14-story and two 3-story building in Aiea. HHFDC assisting with LIHTC and HMMF financing. *Developer - Hawaii Pacific, LLC*

Halekauwila Place – 204-unit affordable family rental housing project in Kakaako. Units are targeted to families earning 60% of AMGI. Project is estimated to start in second quarter of 2013 and completed in third quarter of 2014. *Developer - Stanford Carr Development, LLC*

Hale Makana `O Nanakuli – 48 one-, two- and three-bedroom family rentals in Nanakuli. HHFDC has financing commitments for tax-exempt revenue bonds, federal and state Low Income Housing Tax Credits and a Rental Housing Trust Fund loan. *Developer - Hawaiian Community Development Board*

Hale Mohalu II Family – 164 rental units in Pearl City. The master planned project consists of a 164-unit senior project and a future 168-unit family rental housing project on approximately 4.7 acres of state land. *Developer - Coalition for Specialized Housing*

Hale Ohana Apartments - Acquisition/rehabilitation that will preserve 48 units for families earning 30% - 50% of area median income in Koloa, Kauai. *Developer - Koloa Hale Ohana, LP*

Hale Uhiwai Nalu Addition – 50-unit new construction addition to the Hale Uhiwai Nalu in Kapolei. Units are targeted at Veterans earning 80% and below of AMGI. Estimated project completion date is second quarter of 2013. *Developer - Cloudbreak Hawaii, LLC*



Kamakana Villages at Keahuolu

Ma'ili III Self-Help Housing

Self-Help Housing Corporation of Hawaii



A groundbreaking ceremony was held for Ma'ili Self-Help Housing Project III, an affordable subdivision of 72, 5,000 square-foot lots on a 9.5 acre parcel of vacant land in Ma'ili. It is the result of a public-private partnership between the State of Hawai'i's Hawai'i Housing Finance and Development Corporation (HHFDC), The City and County of Honolulu, U.S.D.A. Rural Development and Self Help Housing Corporation of Hawaii (SHHCH).

"The Ma'ili Self-Help Housing Project provides an example of how the public and private sectors can work together to deliver quality, affordable workforce housing in Hawai'i." said Governor Abercrombie. Most importantly, this project empowers families by asking them to become equal partners, requiring investments of personal time, effort and commitment that result in their becoming not just occupants but homeowners who are truly vested in the long-term future of their homes and neighborhoods."

Low-income families will all build their own houses presently being developed by the SHHCH. Developing the project as a 201 H project with special exemptions through the City and County of Honolulu, and with loans from the State's HHFDC, Rural Community Assistance Corporation, Housing Assistance Council, and a grant from U.S. Department of Housing and Urban Development, SHHCH will be able to offer fee simple house and lot packages from \$256,000 - \$276,000.

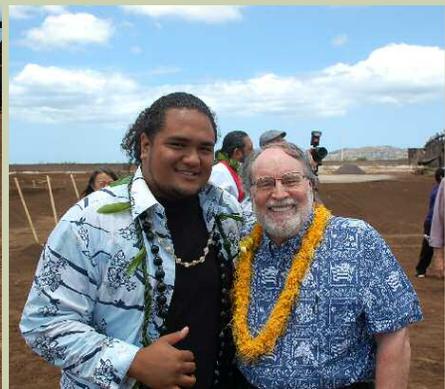


ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
72	\$15,625,746	43	109	\$9,375,448

Based on DBEDT 2012 Economic Model

Ko'oloa'ula Phase I

Mutual Housing Association of Hawaii



The Public Private Partnership between HHFDC, the City and County of Honolulu, HUD and Mutual Housing Assistance of Hawaii broke ground on its first phase of 120 affordable rental units at Ko'oloa ula in East Kapolei. A total of 308 units are planned to be built over the next five years in the Ko'oloa ula community.

Ko'oloa'ula will give renters a choice between 11 different floorplans for apartments with up to four bedrooms. Rents will be targeted for families earning 30%, 50% and 60% of the HUD median incomes for the area.

The HHFDC provided Low-Income Housing Tax Credits, Hula Mae Multi-Family Bonds and Rental Housing Trust Fund financing for the project. In exchange for affordability, HHFDC is leasing the land to Mutual Housing Assistance of Hawaii for 65 years.

ECONOMIC IMPACT				
Units	Project Value	Direct Jobs	Indirect Jobs	Income Generated
308	\$80,750,000	224	564	\$48,450,000

Based on DBEDT 2012 Economic Model

PUBLIC-PRIVATE PARTNERSHIPS

Holomua – 176-unit affordable for-sale condo in the urban core. Units are targeted to families earning 140% and below of AMGI. Estimated project completion date is second quarter of 2013. *Developer - KRC Partners, LLC*

Honokowai Villa Apartments- Acquisition/Rehabilitation that will preserve 56 units for families earning 30% - 50% of area median income in Lahaina, Maui. *Developer - Lahaina Honokowai Villa, LP*

Imi Ikena Apartments - 28-unit rental housing project located in Wailuku, Maui. HHFDC provided financing assistance with Low-Income Housing Tax Credits. *Developer - Imi Ikena Housing Partners LLC*

Kahuku Elderly Hauoli Hale - a 64-unit acquisition/rehabilitation of 32 duplex buildings targeted at families earning 50% and below of AMGI. *Developer - Vitus Group*

Kamakana at Keahuolu – Master-planned community on 272 acres of non-ceded land in Keahuolu, Kailua-Kona, Hawai'i. Approximately 1,169 units of the total projected 2,330 will be workforce and affordable. *Developer - Forest City Hawaii Kona, LLC*

Kewalo Apartments - 38-unit Acquisition/Rehabilitation located in the urban core of Honolulu. *Developer - Hawaii Pacific LLC*

Ko'oloa'ula Phase I – 120-unit rental project in East Kapolei, Oahu. The ten three-story townhome rental is targeted at families earning 30% to 60% of AMGI and will remain affordable for 63 years. *Developer - Mutual Housing Association of Hawaii, Inc.*

Ma'ili III Self-Help Housing - HHFDC administered interim DURF loans for the 72-unit fee simple housing project located on the Waianae Coast of Oahu. *Developer - Self Help Housing Corporation of Hawaii*

Mohouli Heights Senior Neighborhood Phase I – 60-unit affordable senior rental. The new construction located in Hilo, Hawaii is targeted to seniors earning 50% and below AMGI. HHFDC provided financing assis-

tance in Low-Income Housing Tax Credits and Rental Housing trust Fund and Rental Assistance Revolving Fund loans. *Developer - Mohouli Senior Phase 1 LLP*
Senior Residence at Iwilei – 160-unit affordable senior rental. The new construction located in the urban core of Honolulu includes partial HHFDC financing in the form of Low-Income Housing Tax Credits, Hula Mae-Multi Family Bonds and a Dwelling Unit Revolving Fund Loan. *Developer - Senior Residence at Iwilei Limited Partnership*

Villages of Leiali'i – Master planned community located on 1,128 acres of State land in Lahaina, Maui. In May 7, 2007, the HHFDC approved a DURF budget of \$1 million to update the master plan and EIS for the project.

Wilikina Apartments - 119 unit affordable rental for families whose incomes do not exceed 60% in Wahiawa, Oahu. *Developer - Pacific Housing Assistance Corporation*



Halekauwila Place 204-unit affordable family rental project in Kakaako.

HOUSING-RELATED LEGISLATION PASSED IN 2012

Act 98, Session Laws of Hawaii 2012 (Senate Bill 3025, S.D. 2, H.D. 2) Relating to Affordable Housing Credits.

This bill provides that the counties shall issue affordable housing credits for each single family residence, multi family unit, other residential unit, or if allowed under the county's affordable housing program, vacant lot, to be developed by the Department of Hawaiian Home Lands. The bill also provides that county wide or project specific requirements for the location of affordable housing units; housing class, use, or type; construction time; or other county requirements for affordable housing units shall not impair, restrict, or condition a county's obligation to apply the credits in full satisfaction of all county requirements.

Act 138, Session Laws of Hawaii 2012 (Senate Bill 2740, S.D. 1) Relating to the Housing Loan and Mortgage Program.

This bill increased the Hawaii Housing Finance and Development Corporation's Hula Mae Multifamily cumulative revenue bond authority from \$500,000,000 to \$750,000,000. This will allow the agency to continue to provide financing assistance for affordable rental housing projects.

The following Concurrent Resolutions approving the fee simple sale of HHFDC lands were adopted:

House Concurrent Resolution 24/Senate Concurrent Resolution 18

Approving The Sale Of The Leased Fee Interest In 593 Kuliouou Road, Honolulu, Hawaii.

House Concurrent Resolution 25/Senate Concurrent Resolution 19

Approving The Sale Of The Leased Fee Interest In 593 Kuliouou Road, Honolulu, Hawaii.

House Concurrent Resolution 26/Senate Concurrent Resolution 20

Approving The Sale Of The Leased Fee Interest In 644 Hokiokio Place, Honolulu, Hawaii.

House Concurrent Resolution 27/Senate Concurrent Resolution 21

Approving The Sale Of The Leased Fee Interest In 2314 10th Avenue, Honolulu, Hawaii.

House Concurrent Resolution 28/Senate Concurrent Resolution 22

Approving The Sale Of The Leased Fee Interest In 41-557 Kamanaaina Place, Waimanalo, Hawaii.

House Concurrent Resolution 29/Senate Concurrent Resolution 23

Approving The Sale Of The Leased Fee Interest In 2949 Ala Ilima Street, No. 303, Honolulu, Hawaii.

House Concurrent Resolution 30/Senate Concurrent Resolution 24

Approving The Sale Of The Leased Fee Interest In 2949 Ala Ilima Street, No. 303, Honolulu, Hawaii.

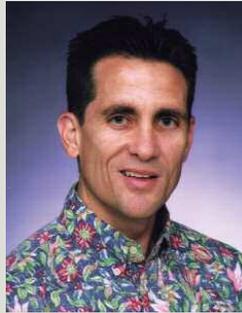
House Concurrent Resolution 31/Senate Concurrent Resolution 25

Approving The Sale Of The Leased Fee Interest In 95-017 Kuahelani Avenue, No. 321, Mililani, Hawaii.

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Executive Director



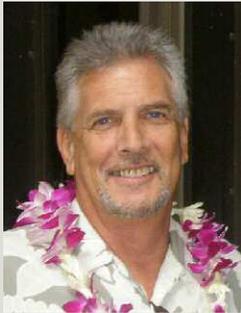
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