

**STATE OF HAWAII
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION**

**AMENDMENT NO. 1 TO THE
NEIGHBORHOOD STABILIZATION PROGRAM
SUBSTANTIAL AMENDMENT**

This submittal represents an amendment to the State of Hawaii's Neighborhood Stabilization Program (NSP) Substantial Amendment and application, approved on March 19, 2009.

This Amendment No. 1 reallocates funds from the County of Kauai to the City and County of Honolulu. The reallocation was approved by the Board of Directors of the Hawaii Housing Finance and Development Corporation on July 8, 2010. All other aspects of the State's NSP Substantial Amendment and application remain the same.

On July 8, 2010, a Notice of Public Comment was posted to HHFDC's website at <http://hawaii.gov/dbedt/hhfdc>. Public comment on this Amendment No. 1 to the NSP Substantial Amendment is due by 4:30 p.m., July 23, 2010.

AMENDMENT NO. 1 TO THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Hawaii <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: Karen Seddon
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This Amendment No. 1 to the NSP Substantial Amendment revises the following sections of the State of Hawaii's Substantial Amendment:

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

Note: The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

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.

As such, NSP funds will be distributed to the areas of greatest need identified in Section A of this NSP Substantial Amendment.

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.

City and County of Honolulu

NSP funds will be used for the development of affordable rental housing in the Waianae Kai and East Kapolei-Ewa Villages “hot spots”, which were determined to be areas of greatest need based on relatively high percentages of loans that are seriously delinquent, concentrations of subprime loans, and variable interest rate loans that reset in 2008. Funding for both projects will help to meet the need for permanent rental housing opportunities, particularly for homeless individuals and low- and moderate-income households, on the Leeward side of Oahu.

County of Hawaii

NSP funds will be used for the development of eight affordable rental housing units in Kaloko, located in census tract 215.01. This census tract has a higher HUD score for foreclosure and abandonment risk, as well as a concentration of subprime loans. The County of Hawaii has placed a priority on the development of the Kaloko Housing Program due to the impending closure of the only homeless facility in West Hawaii in June 2009.

County of Kaua'i

NSP funds will be used to finance two activities on Kaua'i. The first activity is the redevelopment of three residential lots, which are owned by the County and have been vacant for over 15 years. Two lots are located in Eleele-Kalaheo (census tract 407), which is a “hot spot” due to the high percentage of seriously delinquent loans and high concentrations of subprime loans. One lot is located in Kekaha-Waimea (census tract 409), which (according to Cyberhomes) has experienced a decline in property values of over 23 percent.

The second activity involves the acquisition, rehabilitation or redevelopment, and resale of residential property in which a mortgage or tax foreclosure is complete. 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.

County of Maui

NSP funds will be used for the acquisition, rehabilitation, and resale of foreclosed homes under a community land trust model. Priority will be placed on acquiring homes in the higher risk foreclosure areas of North Kihei (census tract 307.02), Kahului (census tracts 311.01, 311.02, 311.03, and 312), Lahaina (census tracts 314.01 and 314.02), and Wailuku (census tracts 309.02 and 309.03). These areas have HUD foreclosure risk scores ranging from 3 to 5, and are located in areas with relatively high percentages of seriously delinquent loans or concentrations of subprime loans. The median value of homes in these areas has significantly declined since 2007. According to Cyberhomes, Kihei property values have decreased by about 15%; approximately 19% in Wailuku, and nearly 26% in Lahaina.

The distribution and uses of NSP funds are summarized in the table below.

PROJECT DESCRIPTION	NSP USE*	HONOLULU	HAWAII	KAUA'I	MAUI	HHFDC	TOTALS
Purchase/Rehab/Sell	B	\$0	\$0	\$2,343,678.22	\$3,000,000	\$0	\$5,343,678.22
Ewa Villages Apts.	E	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000.00
Seawind Apartments	E	\$4,900,000	\$0	\$0	\$0	\$0	\$4,900,000.00
Kaloko	E	\$0	\$4,887,800	\$0	\$0	\$0	\$4,887,800.00
Waimea/Eleele LELP	E	\$0	\$0	\$854,000.00	\$0	\$0	\$854,000.00
Administration	Admin	\$0	\$486,400	\$351,201.57	\$0	\$776,920.21	\$1,614,521.78
TOTALS		\$6,900,000	\$5,374,200	\$3,548,879.79	\$3,000,000	\$776,920.21	\$19,600,000.00

*** Key for NSP Uses:**

- (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income buyers;
- (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
- (C) Establish land banks for homes that have been foreclosed upon;
- (D) Demolish blighted structures; and
- (E) Redevelop demolished or vacant properties.”

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$6,900,000.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

The minimum amount of NSP funds to be used for housing individuals or families whose incomes do not exceed 50 percent of area median income is \$4,900,000 (the State of Hawaii’s allocation of \$19,600,000 x 25% = \$4,900,000). The HHFDC estimates that \$6,900,000 in two projects will be used to meet this requirement.

The Waianae Supportive Housing project (Seawind Apartments) will use \$4,900,000 in NSP funds to construct twenty studio units. All twenty units will serve households with incomes that do not exceed 50% AMI.

The Ewa Villages Apartments will use \$2,000,000 in NSP funds to construct eight units, all of which will serve households with incomes that do not exceed 50% AMI.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Honolulu - Waianae Supportive Housing Project (Seawind Apartments)

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use: 2301(c)(3)(E) – Redevelop demolished or vacant properties

CDBG Eligible Activity: 570.201(m) – Construction of housing

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

LMMH: Provides permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

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.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

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

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Twenty units will be produced in Phase II of the project that will serve households with incomes that do not exceed 50% AMI. The NSP allocation of \$4,900,000 for Phase II of this project will be targeted for all 20 units. NSP funds used 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.

(7) Total Budget: (Include public and private components)

The total budget for the 50-unit project is \$13,702,159. The budget for Phase II is \$5,500,000; the request for NSP funds of \$4,900,000 will be used for all 20 units in Phase II.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Housing Solutions Incorporated
P. O. Box 11360
Honolulu, Hawaii 96828
Contact: Terry Brooks, President and CEO
(808)222-5510

**(9) Projected Start Date:
February, 2009**

**(10) Projected End Date:
June, 2010**

(11) Specific Activity Requirements:

For acquisition activities, include:

- **discount rate**

For financing activities, include:

- **range of interest rates**

For housing related activities, include:

- **duration or term of assistance;**

At a minimum, the project will be kept affordable for a 20-year period; in addition, the project will be leased under a 50-year land lease from the State of Hawaii.

- **tenure of beneficiaries--rental or homeownership;**

Rental housing.

- **a description of how the design of the activity will ensure continued affordability**

Continued affordability will be assured through a recorded use restriction on the property. In addition, the 50-year land lease from the State of Hawaii requires the property to be used solely to provide rental housing opportunities for low-income households. Non-compliance with the affordability period would trigger a recapture / repayment of the entire amount of NSP funds utilized for the project. For the duration of the affordability period, the twenty NSP units will be floating units serving households with incomes that do not exceed 50% AMI. Lease-up procedures have been established to ensure that applicants are income-eligible under the NSP program. As part of the ongoing monitoring, tenant annual income re-certifications will be reviewed to ensure continued occupancy by households in the intended income target groups. The project will be monitored for 20 years to ensure continued affordability.

The non-profit will maintain project and participant records evidencing compliance with NSP regulations and other applicable federal, state and county laws. The non-profit will be required to submit compliance reports to the HHFDC.

The HHFDC will conduct compliance monitoring reviews to ensure compliance with the NSP program.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Kaua'i - Purchase, rehabilitate, and sell foreclosed real estate.

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use: 2301(c)(3)(B) – Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, or transferred in lieu of foreclosure, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activity: Acquisition; Disposition; Direct homeownership assistance; rehabilitation and preservation activities for homes and other residential properties.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

Provide housing that will be occupied by a household whose income does not exceed 120% AMI.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

Information obtained from realtytrac.com revealed that foreclosures during the period of March/April 2008 to present were scattered throughout the county of Kaua'i. Foreclosure activity was high in the Kapaa, Koloa, Kalaheo, Lihue, and Princeville areas.

On October 9, 2008, foreclosureconnections.com showed 10 foreclosure properties located mainly in Kapaa (5) with others in Princeville, Koloa and Kilauea. The Fifth Judicial Circuit Court records provided the following information on judicial foreclosures:

January 2007 – December 2007:	35 foreclosures (filings)
January 2008 – September 26, 2008:	49 foreclosures (filings)

On October 8, 2008, the Court's records noted 11 foreclosures filings during the period of August 25, 2008 to September 29, 2008. Reference properties were scattered around the County of Kaua'i.

The Kaua'i County Real Property Tax Collection Office reported that the County's non-judicial foreclosures were as follows:

2006 2 foreclosures (both in the Kawaihau district which includes Kapaa, Wailua and Moloaa);

- 2007 3 foreclosures (two in Lihue and one in Hanalei)
- 2008 Auction scheduled for November 2008. To date, listing includes 1 property in Hanalei.

Additionally, the same office reported that it has recorded liens on 150+ condominiums at the Kaua'i Beach Resort in Wailua.

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.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

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.

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Approximately six or more foreclosed units will be purchased, rehabilitated or reconstructed if necessary to meet HUD's housing quality standards, and then sold to households who are at or below 120% AMI.

(7) Total Budget: (Include public and private components)

Estimated budget for the purchase, rehabilitation, and resale of foreclosed real estate is \$2,343,678.22 (approximately \$390,613 x 6 units).

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Kaua'i County Housing Agency
Piikoi Building, Suite #330
444 Rice Street
Lihue, Hawaii 96766

NSP Contact: Jo Ann Shimamoto
Ph: (808) 241-4428
Fax: (808) 241-5118
E-mail: jshimamoto@kauai.gov

(9) Projected Start Date:

Upon receipt of NSP funds (Est. February 2009)

(10) Projected End Date:

16 months after receipt of funds (Est. May 2010)

**(11) Specific Activity Requirements:
For acquisition activities, include:**

- **discount rate**

Depending on the area and circumstance, units will be purchased at a minimum discount of 5% from the current market-appraised value of the home (as determined through an appraisal completed within 60 days prior to an offer to purchase), but in the end, the County will have an aggregate discount of 15% as required.

For financing activities, include:

- **range of interest rates**

For housing related activities, include:

- **duration or term of assistance;**

The minimum NSP affordability of 15 years will apply to the units.

- **tenure of beneficiaries--rental or homeownership;**

Homeownership

- **a description of how the design of the activity will ensure continued affordability**

The County of Kaua'i will retain fee ownership of all properties and sell the leasehold interest to buyers under 99-year leases. Non-compliance with the affordability period would trigger a recapture / repayment of the entire amount of NSP funds utilized for the project. There will be a separate document mandating a minimum NSP affordability period of 15 years for the units. Buyers must be income-qualified as required by the NSP program. There will be a separate document mandating a minimum NSP affordability period of 15 years for the units.

Throughout the affordability period, the NSP units will serve households with incomes that meet NSP requirements. As required under the County of Kaua'i's LELP, households wishing to sell their leasehold interest in an NSP-assisted unit may only sell to the County of Kaua'i; the County of Kaua'i will ensure that the leasehold interest is then sold to other NSP-eligible, income-qualified applicant households.

The resale of the NSP-assisted property will follow the County of Kaua'i's LELP program. The County of Kaua'i will permit the leasehold estate to be transferred to a qualified family member, or the leasehold estate may be re-issued to a qualified family member with a revised term to facilitate the refinancing of the property. However, if there are conflicts between the County of Kaua'i's LELP and the resale / recapture provisions under the HOME Investment Partnership Program, provisions under the HOME Investment Partnership Program shall prevail.

The County of Kaua'i will maintain project and participant records evidencing compliance with NSP regulations and other applicable federal, state and county laws. The County of Kaua'i will be required to submit compliance reports to the HHFDC.

The HHFDC will conduct compliance monitoring reviews to ensure compliance with the NSP program.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Kaua'i - New Construction to Redevelop Vacant Land

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use: 2301(c)(3)(E) New construction to redevelop vacant land.

CDBG Eligible Activity: Direct Homeownership assistance

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

Provide housing that will be occupied by households with incomes that do not exceed 120% AMI

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

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 Kaua'i's Limited Equity Leasehold Program (LELP), which provides an inventory of permanently affordable housing units. The County of Kaua'i 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 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 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 homes is estimated at \$285,000 per unit, a total of \$854,000 for the 3 homes.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

- a. Census Tract 409.00. Waimea, TMK (4)1-2-008-007. The lot is 90 feet wide by 150 feet deep. It will eventually be divided into two CPR units, identified as Unit “a”, 6,150 square feet, and Unit “B”, 7,350 square feet. One house will be built on this lot with NSP funds. Electrical power, telephone and CATV are located overhead. The property will be serviced by the Waimea wastewater treatment facility. There are existing dwellings on all three sides of this vacant parcel.

The County will not be able to build on the remnant CPR lot because the Waimea sewage treatment plant does not have adequate capacity at this time. The County’s Wastewater Division will not approve construction of a second unit on the lot until capacity is increased.

- b. Census Tract 407.00. Eleele Nani, TMK (4) 2-1-009-074. The lot is located on the corner of Lilia Place and Akalei Street in the Eleele Nani subdivision. It is rectangular, 100 feet by 65 feet with one rounded corner. The area is 6,414 square feet. All necessary utilities are located in the adjacent streets.
- c. Census Tract 407.00. Eleele Nani, TMK (4) 2-1-009-077. This is a flag lot located on Akalei Street in the Eleele Nani subdivision. It has an odd shape with an area of 7,661 square feet. All necessary utilities are located on Akalei Street. The lot is surrounded by adjacent homes on all sides.

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Three housing units will be constructed and sold to households with incomes that do not exceed 120% AMI.

(7) Total Budget: (Include public and private components)

The estimated cost for new construction to redevelop three (3) vacant parcels of land in Waimea and Eleele is \$854,000 (approximately \$285,000 per unit).

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Kaua'i County Housing Agency
Piikoi Building, Suite 330
4444 Rice Street
Lihue, Hawaii 96766

NSP Contact: Jo Ann Shimamoto
Ph: (808) 241-4428
Fax: (808) 241-5118
E-mail: jshimamoto@kauai.gov

(9) **Projected Start Date:**
Upon receipt of NSP funds (Est. February 2009)

(10) **Projected End Date:**
12 months after receipt of funds (Est. January 2010)

(11) **Specific Activity Requirements:**

For acquisition activities, include:

- **discount rate**

For financing activities, include:

- **range of interest rates**

For housing related activities, include:

- **duration or term of assistance;**
The minimum NSP affordability of 15 years will apply to the units.
- **tenure of beneficiaries--rental or homeownership;**
Homeownership
- **a description of how the design of the activity will ensure continued affordability**
The homes will be sold through the County of Kaua'i's Limited Equity Leasehold Program (LELP), which provides an inventory of permanently affordable housing units. The County of Kaua'i will retain fee ownership of all properties and sell the leasehold interest to buyers under 99-year leases. Non-compliance with the affordability period would trigger a recapture / repayment of the entire amount of NSP funds utilized for the project. Buyers must be income-qualified as required by the NSP program. There will be a separate document mandating a minimum NSP affordability period of 15 years for the units.

Throughout the affordability period, the NSP units will serve households with incomes that meet NSP requirements. As required under the County of Kaua'i's LELP, households wishing to sell their leasehold interest in an NSP-assisted unit

may only sell to the County of Kaua'i; the County of Kaua'i will ensure that the leasehold interest is then sold to other NSP-eligible, income-qualified applicant households.

The resale of the NSP-assisted property will follow the County of Kaua'i's LELP program. The County of Kaua'i will permit the leasehold estate to be transferred to a qualified family member, or the leasehold estate may be re-issued to a qualified family member with a revised term to facilitate the refinancing of the property. However, if there are conflicts between the County of Kaua'i's LELP and the resale / recapture provisions under the HOME Investment Partnership Program, provisions under the HOME Investment Partnership Program shall prevail.

The County of Kaua'i will maintain project and participant records evidencing compliance with NSP regulations and other applicable federal, state and county laws. The County of Kaua'i will be required to submit compliance reports to the HHFDC.

The HHFDC will conduct compliance monitoring reviews to ensure compliance with the NSP program.